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STATE OF FLORIDA



OFFICE OF COMMISSION CLERK
ANN COLE
COMMISSION CLERK
(850) 413-6770

Public Service Commission

February 8, 2010

To: Parties of Records and Interested Persons

Re: Docket No. 080677-EI, Petition for increase in rates by Florida Power & Light Company

To Whom It May Concern:

The Commission is reporting the attached Communications in the above-referenced docket which has been made a part of the record in this proceeding:

Letter dated January 20, 2010, to Mr. Lew Hay, Chairman and Chief Executive Officer, FPL Group, Inc., from a growing group of FPL employees who seek change management from our CEO and our Board

Letter dated February 3, 2010, to Mr. Lew Hay, Chairman and Chief Executive Officer, FPL Group, Inc., from a continually growing group of FPL employees who seek change management from our CEO and our Board

Any party who desires to respond to this communication may do so within 10 days by sending a response to the Office of Commission Clerk, 2450 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.

Sincerely,

Handwritten signature of Ann Cole in black ink.

Ann Cole, Commission Clerk
Office of Commission Clerk

/ac

Enclosure

cc: Curt Kiser, General Counsel
Public Service Commission

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

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DOCUMENT NUMBER-DATE
00858 FEB-8 2010

FPSC-COMMISSION CLERK

State of Florida



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-

DATE: February 8, 2010
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Andrew J. Lutostanski, Executive Secretary to Chairman Argenziano *AL*
RE: Communication in Docket 080677-EI

Please place the attached letters in the above docket and disseminate copies to all parties.

DOCUMENT NUMBER-DATE

00858 FEB-8 2010

FPSC-COMMISSION CLERK



January 20, 2010

Mr. Lew Hay
Chairman & Chief Executive Officer
FPL Group, Inc.
700 Universe Boulevard
D Building, 5th Floor
Juno Beach, FL 33408

Dear Mr. Hay:

This is a difficult letter for employees to write to its chairman and board of directors. We are very saddened to do so. In light of the rate case decision, the Employee Town Hall meeting for all FPL Group employees that took place on Friday, January 15 presented by you and senior management, newspaper articles like those attached, and the continued actions by some in our company, we feel compelled to write this. We are sending this to you on FPL stationery via interoffice mail to prove that this is not some effort by FPL opponents or intervenors to discredit the company. We work right here in Juno.

We are a group of exempt employees who currently work in or have worked in Marketing & Communication, Project Development, Demand Side Management and Investor Relations. When you combine our years of service together, we have over 200 years at FPL. Some of us have seen the traumas of the reorganizations of 1991 and 1993. Most of us have seen the traumas of the 2004 and 2005 hurricanes. These challenges to the company are nothing compared to the crisis we face now. We have a crisis of confidence in management, and our views represent those of hundreds and hundreds of other employees, let alone customers, regulators, legislators, investor analysts and the media.

We did not intend to band together to write to you. However, during the past few weeks, and after seeing the house on fire, who is leading us down a path of company destruction, and now with what was said at the Town Hall meeting, we must speak up and speak up loudly. We have worked as loyal employees of the company, many of us for years, and to a person we have received high performance appraisals in our PIPs. We are not otherwise in the disgruntled category.

At the Employee Town Hall you told all employees that the company behaved "ethically, responsibly and with the best interest of the customers in mind" during this rate case. That is not true. Either you and the Board of Directors do not really know what is happening, or you have ignored what we have done and continue to do. You asked us to "avoid fingerpointing," but what if the finger needs to be pointed right at management and the people running our business units? You said on Friday that "we either win as a team or we lose as a team." What if some team leaders you have are not good? You said on Friday that we have a "culture of continuous improvement," but what if that improvement cannot take place with the leaders we have now in Marketing & Communication and in Development?

At first we thought of asking for a confidential survey of our employees, but given that the Employee Engagement Survey has been postponed until March, and that survey, done on-line, still exposes us to our computers being monitored if you saw fit to do so, we are left with writing this critical letter, an open letter to you and the Board of Directors. Now we are working to self-nominate ourselves as one of Fortune's 100 Best Companies to Work For award, and we can't even bear to roll out the Employee Engagement Survey until March or later – certainly after we announce significant layoffs. Although you told us at the Town Hall that we will be looking to "tighten our belts" as a company, we are not writing this

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letter out of fear for our individual jobs or positions. We write this because we fear we are continuing down a path of bad acts, managed by people who, to quote the Palm Beach Post editorial, "don't get it."

Under Tim Fitzpatrick and Eric Silagy, we are destroying FPL's goodwill to its core. They are, in the opinion of all of us writing to you, driving this FPL train off the tracks and over a cliff. Although both are talented in a number of ways, they are self-righteous, aggressive and lack any touch with the reality of our customers or our business landscape. They have a vote of no confidence from many of us. We are terrified about how we are behaving, our style and our approach. These business unit heads are at the core of the problem. We do not blame Armando Olivera. To a person we believe he has done a good job of leading this company. However, it is clear based on the directions we get, he is obviously relying on Tim and Eric. As employees who work under them, we can tell you they are not helping to lead the company to success. Just the opposite.

We are doing the wrong thing the wrong way with the wrong people. We recognize this sounds mutinous, but Tim and Eric in particular, through their direction, strategy and tactics, are telling us to misinform and be dishonest with our customers and regulators, and really with our investors. They have done more to lose our credibility and trust in six months that it took seven decades to build it up.

We are at a crossroad as a company. Our shareholders are suffering, our employees are suffering, and our reputation has suffered long term damage. We feel, particularly because we are each involved in some aspect with our stakeholder communications, that they are leading us purposely to cherry pick facts and data, and parse statements such that we are being dishonest as a company – to our customers, to our investors, to our business partners and to the media.

We are taking the liberty of enclosing a number of recent media clippings, in the event that maybe you and members of the Board of Directors can better see a pattern of bad acts occurring by the company you and they are responsible to ultimately direct and oversee. You are each responsible for our employees, our vendors, contractors and customers, and our investors.

We will never change course and will continue on a path of reputation destruction if we continue with to allow Tim and Eric to do what they are doing. Even the poor public and external relations leadership by our company after the Christmas Day 1989 blackout paled in comparison to what Tim and Eric are tripping over now. Their decisions are bad, their strategies are poor, the messages they direct us to craft and deliver are inexcusable. Now we are being constrained more than ever by Eric in how we can execute on matters.

Have you and the board abdicated your responsibilities? The PSC started cleaning its house. We must do so here! Please do not allow the poor judgment, decisions and direction of Eric and Tim to continue. The track record of the past few months demonstrates these are leaders who are not right, and they are consistently not right.

We can't just lie to ourselves and to others and simply have a message that politics trumped economics with the PSC's decision on our rate case. We lost with our messages, and with those who are directing and developing and delivering those messages. Now we have embarked on a massive effort to convince the legislature and Tallahassee thought leaders that there should be new legislation to support new solar and immediate cost recovery for it. Eric is leading us to tell half-truths, to do the same unwise and unscrupulous public relations outreach we did during the rate case under his direction with Tim's help the past few months during the rate case.

Please take this time – a unique time in our company's history – to get us back on the right track. Please do not be blind. There must be consequences for those who are running this company from within. Thank you very much.

Respectfully submitted,

A growing group of FPL employees who seek change management from our CEO and our Board

The Palm Beach Post

FPL's low-wattage PR

By **RANDY SCHULTZ**, EDITOR

Saturday, Jan. 15, 2010

The Public Service Commission spent 10 hours on Wednesday cutting Florida Power & Light Co.'s \$1.2 billion rate increase almost to nothing, and one of the most interesting moments came late in the afternoon.

Commissioners were sounding less like regulators and more like board members of FPL's parent company, Juno Beach-based FPL Group. They discussed executive compensation. Then they went over what FPL pays its platoons of public relations and marketing employees. Why so many in this economy? Shouldn't the company focus instead on delivering reliable, reasonably priced electricity?

The irony was that despite all those PR people, FPL made a stinker of a case. If FPL delivered electricity as badly as the company campaigned for the money, many more of us would have shivered in our homes the past two weeks.

Start with the cluelessness. It didn't occur to the smart people who run FPL Group and FPL — and they really are smart people, when it comes to electricity — to begin their campaign with an apology that went something like this: "We're sorry, in the worst recession since the Depression, to be asking to raise rates. But when the economy recovers and Florida starts to take off again, the new Florida economy will need more power, and we need the money now so we can deliver it."

Move to cluelessness mixed with arrogance. FPL wanted to bill customers for the cost of seeking the rate increase. That's like getting a bill from a law firm for time preparing the bill.

FPL President Armando Olivera griped afterward that "politics trumped economics," and Gov. Crist certainly used the issue to score political points. When preparing to pick two new commissioners last fall, Gov. Crist basically made rejection of the rate increase a litmus test for appointment.

Still, FPL practiced its own politics. The company invited a then-commissioner to a private dinner in New York. She resigned under pressure. An FPL exec invited a commission staff member — the staff makes recommendations on rate cases to the commission — to a party at his house. An FPL lawyer got private BlackBerry access to some of the commissioners' own staff. And FPL had given \$1 million to the political action committee that campaigned for Amendment 1, which voters approved in January 2008. Gov. Crist wanted the amendment, and FPL wanted to mend fences after spending big trying to defeat the governor in 2006.

Because FPL is a regulated monopoly — it's the sole electric provider in most of the state — the company must get approval for any increases in bills. The trade-off is that FPL gets a guaranteed profit, within limits. Overall, the arrangement has been good for consumers and the company.

This time, though, FPL wanted a big increase in the "base rate," which covers the cost of delivering the power and makes up about 40 percent of the average bill. FPL wanted the money to help finance \$16 billion in projects to deliver power more efficiently and cut greenhouse gas emissions.

To counter criticism of the timing, FPL could have talked from the start about all the jobs the projects would create — in this economy. FPL could have noted that the company is one of the largest property taxpayers in the state. FPL could have talked about the environmental benefits.

Instead, FPL tried to claim that the increase actually would be a decrease because of lower fuel costs from the upgrades. The company never could guarantee that promise. Then came all the stories about FPL seeking private contact with regulators.

And then Wednesday evening, Mr. Olivera and the FPL team flew back from Tallahassee on the company jet, after trying to bill customers for the jet's costs. When I asked about that on Thursday, Mr. Olivera noted that the company dropped its request. (True.) He noted the high cost of air travel between South Florida and Tallahassee. (True.) Then he sighed, and said, "But in this climate, in this economy, I totally get it."

A company's top PR people are those who run the company. The people who run FPL didn't get it, and still may not get it.

Randy Schultz is the editor of the editorial page of The Palm Beach Post. His e-mail address is schultz@pbpost.com

Find this article at:

<http://www.palmbeachpost.com/opinion/columnists/fpl-s-low-wattage-pr-181549.html>

THEBUZZ FLORIDA POLITICS

News from the Times staff

January 16, 2010

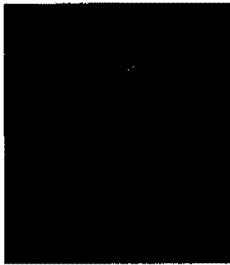
Winner and loser of the week

Winner of the week

Pam Bondi. The former prosecutor from Tampa came roaring out of the gate in the Republican primary for attorney general. She raised \$200,000 in her first 30 days as a candidate (nearly as much as Holly Benson did in 60 days), and then at a Pinellas GOP meeting not only oushined rivals, Lt. Gov. Jeff Kottkamp and former state health administrator Benson as a speaker, but handily beat them in a popularity vote. Bondi is the Republican the Democrats least want to face in November.

Runner up: U.S. Rep. Adam Putnam. He is the first candidate for agriculture commissioner to begin the election year with \$1-million in his campaign account (compared to nearly \$190,000 for likely Democratic nominee Scott Maddox). He was also the strongest speaker at last weekend's GOP annual meeting, overwhelmingly won a Pinellas GOP straw poll, and looked like the ag commissioner touring freeze damage in rival Carey Baker's back yard.

Loser of the week



Florida Power & Light CEO **Armando Olivera.** FPL's aggressive tactics pursuing its rate increase led to turmoil and a revamping of the Public Service Commission and ultimately to a complete rejection of its rate case. The FPL problems also overshadowed the rate case of Progress Energy, whose request was also rejected this week by commissioners. Wacky suggestion for FPL: Next time don't ask consumers to pay for your corporate jet travel and big executive bonuses. **Runner up: State Rep. Dave Murzin,** snubbed by Senate president-designate Mike Haridopolos and state Sen Don Gaetz, R-Niceville, who endorsed State Rep. Greg Evers over Murzin for the senate seat being vacated by Durrell Peaden.

Posted by Adam Smith at 04:23:11 PM on January 16, 2010

January 16, 2010

Editorial: Consumers win in FPL rate request

You won big Wednesday in Tallahassee when the Public Service Commission rejected almost all of a huge rate hike request by Florida Power & Light.

FPL cried poor before the commission, saying its ability to borrow money to finance new projects would be badly damaged without a \$1.3 billion rate increase this year, including plans to decommission its four-decade-old Port St. John power plant and build a cleaner, natural gas plant in its place by 2013.

The power giant was really just trying to protect its shareholders' profit, commissioners rightly argued, and approved only a \$75 million increase for 2010.

Don't sweat it for FPL's profit margins. The regulated monopoly is guaranteed a 10 percent rate of return that would thrill free-market corporations who must compete for consumers' dollars in a deep recession.

Despite the slap-down, FPL President Armando Olivera doesn't seem to get it.

"Politics trumped economics," Olivera said of the PSC's decision to deny the unreasonable rate boost.

Not so. Rather, it's the economy that trumped politics as usual.

The PSC has long been exceedingly compliant when powerful utilities come asking for more dough.

Now, it is rightly stepping up to protect consumers hard hit by the recession who can't afford to pay higher electricity bills just so FPL can keep its shareholders happy.

The regulatory shift also can be linked to the scandals that rocked the PSC last year with revelations a commission lobbyist partied at the home of an FPL vice president and staff aides had improperly traded instant messaging passwords with FPL officials, allowing them to communicate off the record.

Those breaches of ethics led Gov. Charlie Crist to appoint two new members to the panel who have no ties to utilities, a smart move that appears to have severed the too cozy relationship between the commission and the industries it regulates.

The PSC also denied a big revenue increase for Progress Energy this week.

But there's one other person you can thank for the reversal of the regulatory tides.

That's Florida's public counsel J.R. Kelly, who advocates for customers in complex electric, water and telephone utility rate proceedings.

Kelly's arguments heavily influenced the PSC's decision to largely reject FPL's request.

That means he's doing his job effectively, but guess what it's getting him?

Possibly canned.

The public counsel is hired by the Legislature and usually is routinely reappointed every two years without competition.

But in a maneuver that stinks to high heaven, the newly formed Joint Committee on Public Counsel Oversight on Monday announced it would take applications from other people for the position in February this year.

Could it be they're under pressure from utilities who provide generous campaign dollars to force out Kelly for his successful efforts on the part of average Floridians?

Kelly has held the post since 2007.

His predecessor, Jack Shreve, served for 25 years, during which time the Legislature never asked other applicants to step forward.

Senate leaders say there's no vendetta against Kelly, but you don't have to be a genius to connect the dots.

The sudden assault on Kelly's job security is another attempt by lawmakers beholden to special interest to put corporate greed ahead of the public good.

Kelly has done exceptional work for all Florida consumers and should be quickly reconfirmed without a show trial.

The Miami Herald

Sun, Dec. 13, 2009

FPL plays hardball in campaign for rate hike

BY MARY ELLEN KLAS
Herald/Times Tallahassee Bureau

When Florida Power & Light's chief executive visited newspaper editorial boards across the state this month as part of a public relations campaign to win support for the company's \$1.3 billion rate-increase request, he vowed to "strive for transparency in everything we do."

But sources and documents say that FPL is also working behind the scenes with hardball tactics that include using people inside and outside the company to investigate state utility regulators, challenge their impartiality and post negative comments about them and the governor on the Internet.

FPL strongly denies it is using secret tactics to help its case.

The company's CEO, Armando Olivera, said in an interview with The Miami Herald that the company originally thought it would easily be able to persuade the public that the rate request is justified.

But the message became "completely messed up along the way," he said, and the company decided to launch a public relations campaign before the Public Service Commission rules on the rate case Jan. 13.

FPL is seeking a 30 percent increase, the largest in 25 years, and promises to invest \$16 billion in new technology and construction, create thousands of jobs and keep shareholder profits steady. Even with the rate increase, the company says customer bills will drop -- at least for next year -- because of reduced fuel costs and efficient operations.

The vote on the rate case, originally set for November, was delayed when reports emerged that some PSC members and staff were too close with utilities, particularly FPL. Gov. Charlie Crist, who has publicly opposed the rate increase, said he was going to "clean house" and appointed two new commissioners with no ties to the industry, then asked the commission to vote on the rate request in January when the new appointees are in office.

Concerned that its rate case is in trouble, FPL has launched television ads, a new website -- OurFloridaEnergyFuture.com -- written guest newspaper columns and made editorial board visits to push the message that the company has the lowest electric bills in the state.

But it is the behind-the-scenes effort, and using employee time to lobby the governor, that is troubling to some FPL employees, sources within the company said. FPL's negative effort -- which seems to pit the company against the commissioners who decide its fate -- does not appear to violate any laws but has caused dissent within its ranks.

BLAMING EVERYONE



January 16, 2010

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The regulatory shift also can be linked to the scandals that rocked the PSC last year with revelations a commission lobbyist partied at the home of an FPL vice president and staff aides had improperly traded instant messaging passwords with FPL officials, allowing them to communicate off the record.

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BY MARY ELLEN KLAS
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BLAMING EVERYONE

Some employees say executives are blaming everyone -- the governor, Tallahassee politics and the media -- but themselves for the faltering rate case as they try to protect shareholder profits. The employees spoke to The Miami Herald/St. Petersburg Times on condition their names not be disclosed.

"Most of my team see this as something of our company's own fault," said one FPL manager, who reported being among dozens of employees who were briefed on the plan orally to avoid a paper trail. "We failed to appreciate the plight of customers and yet we still are seeking to raise their rates, all in the name of long-term investment, when it is our shareholders who will benefit from all of this. A lot of my employees are demoralized and embarrassed before our customers."

FPL says it has not organized criticism of the governor or PSC commissioners. Olivera told The Miami Herald's editorial board: "We don't have a strategy nor have we engaged anyone to do that. We absolutely do have a strategy to build the grass-roots support."

But the sources inside and close to FPL said three company executives helped organize a business lobbying group's news conference that specifically targeted PSC Commissioner Nancy Argenziano on grounds she sent Blackberry messages to her former aide that raised questions about her impartiality.

The October news conference was called by Associated Industries of Florida, which has publicly backed FPL's rate-increase request. But the executives helped decide what AIF should say and what allegations would be leveled against Argenziano, and FPL media relations director Mark Bubriski helped write the talking points, sources in and close to FPL said.

Bubriski acknowledged making edits to the AIF press release but denied further involvement.

Argenziano said she is aware there has been "extensive opposition research" and attempts to "smear" her but said she doesn't know whether FPL is involved.

FPL also has assigned James Ratchford, its director of development communications, to "plan and execute opposition research, media countermeasures and a social media campaign," according to an internal FPL document obtained by the Herald/Times.

FPL's Bubriski said he didn't "know anything" about the document and that Ratchford did not do "opposition research." After being read the passage describing Ratchford's duties, he added: "I don't think we can comment on a document we haven't seen."

An FPL manager told the Herald/Times that "under the watchful eye of my supervisors and management," Ratchford used computers untraceable to FPL to post blog comments about commissioners and the governor using aliases. Ratchford also conducted, or worked with others to conduct credit, property-records and criminal-background checks on commissioners Argenziano and Nathan Skop, along with Crist's new appointees, David Klement and Benjamin "Steve" Stevens, the FPL manager said.

Ratchford's work, the FPL sources said, has included researching Argenziano's purchase of property in North Carolina with the help of a legislative lobbyist when she was a state senator.

Two FPL managers said Ratchford was behind comments posted on The Herald's Naked Politics site signed "The Anticrist." One comment read: "Crist is such a fool. He sure hired outsiders alright," and called a college bar owned by Stevens a "sex club."

Ratchford would not comment.

In his Herald editorial board interview, Olivera said some FPL employees have posted comments on the Internet but said the practice is neither "condoned" nor part of company strategy. "Absolutely not," he said.

'CALL TO ACTION'

Ratchford's work and the image-enhancement project known within the company as the "call to action" are being directed by FPL Vice President Eric Silagy, sources in and close to FPL said. Part of the effort includes hiring former Florida Attorney General Bob Butterworth to aid the public relations campaign.

Butterworth's fees are paid from FPL profits. The salaries of vice presidents such as Silagy are paid with customers' money, according to documents filed in the rate case. Silagy did not return calls for comment.

Silagy has enlisted company managers and community leaders to promote the rate increase, the FPL managers said, adding that Silagy has told them to put nothing in writing.

FPL was embarrassed during the rate case when it first denied and then admitted under oath that it orchestrated an effort to recruit people last summer to say favorable things about it at public hearings held by the PSC. The tactic was exposed when a disgruntled former employee leaked documents to the PSC detailing the strategy.

Now, as some FPL employees are speaking up internally against using the same sort of tactics in the current campaign that had backfired before, they've been told: "We have no choice but to do the things we are being told to do. It's do or die time," one FPL manager said.

This month, Crist has received 14 letters from community leaders urging him to support FPL's rate increase or remain unbiased about it. One of the writers, Troy McClellan, president of the Boca Raton Chamber of Commerce, said FPL "provided me with information" to use in his letter but said it was offered "objectively."

When the rate case is decided next month, two of the commissioners, Klement and Stevens, will still be awaiting final confirmation by the state Senate -- though they will be able to cast votes on the increase. Olivera told The Herald editorial board that it is "highly unlikely" FPL will oppose their confirmations but he did not rule it out if it appears the appointees "would not be fair."

Stevens, a former budget director for the Escambia County Sheriff, said he has been unfairly targeted by negative comments on Internet stories and blogs that question his qualifications and criticize him for owning a college bar that once held a "Dominatrix night." Stevens, who said he doesn't know if FPL is behind the posts, said the Dominatrix event was a private birthday party.

"If the Senate decides not to confirm me that's their decision," he said. "I don't understand why a small business is a target."

Klement, who was on The Bradenton Herald's editorial board for 32 years, said he believes he is sufficiently skilled to handle the rate-case decision.

Commissioner Skop said he is not aware of being the subject of any FPL research. Commissioner Lisa Edgar was not a target of the negative campaign, an FPL manager said, because her approach is perceived to be more favorable to FPL.

Crist said that FPL had a right to conduct as aggressive a public relations campaign as it wishes.

"They have a right to advocate what they want," he said. But, he added, "whether or not it has an impact is another question. I don't know how many people would view a rate increase favorably, no matter what amount of money is spent."

Herald/Times staff writer Lee Logan contributed to this report. Mary Ellen Klas can be reached at meklas@MiamiHerald.com.

The Miami Herald

Fri, Dec. 04, 2009

Boss: FPL's image has suffered

By MARY ELLEN KLAS
Herald/Times Tallahassee Bureau

Florida Power & Light chief Armando Olivera said Thursday that he was embarrassed to learn earlier this year that his top officials sent personal Blackberry messages and socialized with staff at the Public Service Commission, tarnishing the company's image as it awaits a ruling on its \$1.3 billion rate increase request.

"I was embarrassed by the appearance of impropriety," Olivera told The Miami Herald editorial board on Thursday. "I think it undermines the public's trust."

Olivera said the company is mounting a campaign to "tell our story" and "build public confidence" before the PSC's decision in January.

FPL has asked the PSC, which regulates utilities, to approve a 30 percent increase in customers' base rates beginning next year. The increase would pay for modernizing FPL's two oil-fired plants, developing new nuclear power generators, strengthening power lines, and expanding the company's transmission grid, Olivera said.

The increase will cost the average residential customer \$8.85 more per month in 2010 and another \$2.71 in 2011, he said.

LAYOFFS?

But if the PSC rejects the request, he warned, some improvement projects already approved by regulators will have to be put on hold, and layoffs might be inevitable.

"We can't spend money that we don't have, so we absolutely have to, at minimum, slow down," he said. "We will have to shut down some of the projects we currently have been developing and that also will mean loss of jobs."

Opponents of the rate increase, such as the attorney general, the state's consumer advocate, the Florida Retail Federation and the Florida Industrial Power Users Group, have urged regulators to reject the hike, arguing that the company has sufficient funds to complete its projects without raising the cost to consumers.

Gov. Charlie Crist and Chief Financial Officer Alex Sink have also said that because of the declining economy, they do not believe the PSC should grant FPL a rate increase.

Olivera took responsibility for failing to do a better job explaining to the public the need for the rate increase. He said the effort has been overshadowed by revelations that the company's senior staff

members exchanged Blackberry PIN messages with PSC commissioners and their staff, and a PSC lobbyist attended a private party at the home of an FPL vice president. Blackberrys have PINs – or personal identification numbers -- that allow private texting.

“I did not know they were doing PIN-ing back and forth because obviously it is a way not to have anything on the record,” Olivera said, adding the incident undermines the company's attempt to provide the public with “transparency in everything we do.”

FALLOUT

Two PSC staff members were put on paid leave and one resigned as a result of Miami Herald/St. Petersburg Times reports about the communication. But the Florida Department of Law Enforcement and the PSC inspector general concluded no laws had been broken.

Olivera said he asked former Attorney General Bob Butterworth to review company practices and advise him how to improve the company's image.

He said Butterworth is helping the company decide “how do we rebuild some trust with the public in particular and make sure they're getting a fair shake and the utility is getting a fair shake.”

SETTLEMENT

Olivera said that he is open to settling the rate case but believes that in the current “heated” environment, that is unlikely.

“I would have loved to have had a settlement,” he said, noting that settlements of two previous rate cases were beneficial to the company and customers. “There's just been a lot less willingness because it has become so politicized and, quite frankly, I think people are afraid that any settlement that is signed will be criticized.”

Rick McAllister, director of the Florida Retail Federation, and J.R. Kelly, the lawyer who represents the public in rate cases, each said they have not been approached by FPL to settle the case. “If they'd love one so much, why haven't they offered one?” McAllister asked.

Olivera attended the meeting with Eric Silagy, vice president for development, and Tim Fitzpatrick, vice president of corporate communications.

Mary Ellen Klas can be reached at meklas@MiamiHerald.com

October 16, 2009

FPL worked with AIF to call for Argenziano probe

Associated Industries of Florida President **Barney Bishop** makes no secret of the fact that Florida Power & Light is a member of its board and the lobbying organization supports its members, even to the point of intervening in support of the company's rate case.

But when Bishop called the press conference on Thursday to bash Public Service Commissioner Nancy Argenziano for being impartial and unethical, he made no mention of the fact that **FPL had helped coordinate the event.**

As reported by the [Palm Beach Post](#), Bishop's public relations firm, **Ron Sachs**, asked FPL to edit the press release before AIF put it out. FPL spokesman **Mark Bubriski** told the Herald/Times, "they sent it to us as a courtesy. I corrected a typo and sent it back." According to the Post, the press release appears to be authored by FPL. But **Alla Faraj**, a Sachs executive, told the Herald/Times they wrote it but "they wanted us to show it to them." Clarification: Faraj says "they" meant Bishop.

Sources close to FPL said that **Bishop also met on Wednesday to discuss the press conference with FPL executives Wade Litchfield, Ed Tancer and Ken Hoffman.**

Posted by Mary Ellen Klas at 09:54:48 AM on October 16, 2009

The Palm Beach Post

FPL linked to biz group's demand for investigation of utility regulator Argenziano

by Dara Kam | October 16th, 2009

Associated Industries of Florida sent a press release demanding an investigation of Public Service Commissioner Nancy Argenziano to Florida Power & Light Co. for review yesterday, officials for both groups said.

A version of the release posted on The Sayfie Review shows the author of the release as "FPL_User" last saved by "Lisa Garcia" and the company as "Florida Power & Light."

Lisa Garcia works for Ron Sachs Communications, the Tallahassee-based PR agency handling media for AIF on the issue.

AIF has joined FPL in support of its requested \$1.3 billion base rate hike.

FPL is a member of the business backed association that refuses to reveal its membership or how much they pay to belong to the group.

The latest bit of drama in the FPL/Argenziano/PSC serial unfolds as the regulatory panel is scheduled to vote on the Juno Beach-based utility proposed \$200 million rate increase to cover the costs of nuclear plants not yet built.

Sachs executive Alia Faraj, a former spokeswoman for Gov. Jeb Bush, said that her shop crafted the press release and gave it to FPL.

FPL spokesman Mark Bubriski said Faraj sent the release to him "as a courtesy" before releasing it and that he "fixed a typo" on it.

Bishop put thousands of PSC regulators' and their chief aides' BlackBerry PIN messages on AIF's website yesterday to illustrate his complaint against Argenziano.

He accuses her of showing bias against FPL and conduct unbecoming a commissioner and said he may file an ethics complaint against Argenziano, already slapped with two other complaints.

Argenziano, a former state senator appointed to the PSC by Gov. Charlie Crist in 2007, is convinced FPL and AIF are out to get her and are trying to intimidate her. She is slated to become chairwoman of the PSC next year.

She says they want her off the panel because she's publicly questioned potential conflict of interests between the PSC and the utilities it regulates and asked a state attorney to investigate the matter.

Leon County State Attorney Willie Meggs said recently his investigators have not found any evidence of wrongdoing at the agency.

ST. PETE TIMES

A sleazy campaign to get the wrong one

By Howard Troxler, Times Columnist

Monday, October 19, 2009

I'm stickin' up for Nancy. Nancy Argenziano is the least pro-utility, most skeptical member of the Florida Public Service Commission. She can be crude. She can be rude. She can be an awful pain in the neck. But she is tough and independent, and she is not going to go along. Take the PSC's vote last week to allow Progress Energy Florida to start billing in advance for its nuclear plants. The vote was 3-1, with Argenziano the lone dissenter.

Now Argenziano is under a bizarre attack. Certain people in Tallahassee are trying to turn the current scandals at the PSC against *her*. The irony is staggering. After 30 years of a PSC rigged by the Legislature to be in favor of utilities ... After a 30-year parade of PSC members voting for utility profits, and then going off to take jobs with those industries as a payback ... After 30 years of regulators and regulated socializing together, taking ski trips, holding cocktail parties, waging the occasional love affair, passing around ghostwritten speeches and attending conferences together ... After all the scandals *this year alone* about parties, phone calls, and dozens of contacts between the PSC members or their staffs and the regulated companies ... It's *Argenziano* who is the target? Give me a break.

Yet the other day, the state's big business lobby, Associated Industries of Florida, piously called for her head. I loved this quote from Barney Bishop, AIF's president: "Associated Industries of Florida cannot sit idly by and watch the deterioration of a body that is tasked with making impartial decisions about Florida's regulated industries based on evidence and information brought before them."

Almost immediately after AIF's little show, we learned that the message had been coordinated with Florida Power & Light, the state's biggest electric company. Really? An electric company scheming to go after a sitting commissioner in the middle of a rate case? Who ought to be investigated here? As for the nature of AIF's gripe: While some of the other PSC members or their aides are in hot water for being buddy-buddy with utilities, Argenziano's supposed troubles stem from messages she sent *to her own aide*. Those messages, now public, are indeed saucy and titillating. Argenziano shares her scorn for other PSC members, calling one a "fool" and an "idiot," and another a "hypocrite." Her aide cheerfully replies that a third is a "mean-spirited anorexic b----."

But the closest thing to an improper action comes when Argenziano asks her aide to try to delay the timing of questions to be asked at a PSC hearing by a utility opponent. Even if this is an improper communication, it's trivial compared to the PSC's history. As if on cue, a ranking member of the Legislature tut-tutted that these messages "raise serious questions about Commissioner Argenziano's impartiality and her ability to give a fair hearing to those appearing before her." Puh. Leese. If the Legislature wants to "clean up" the PSC, it should do now what it should have done 30 years ago. It should ban *all* contact between the PSC and its staff with regulated parties outside of official proceedings. Of course, that would deny the utilities their inside track. Instead, the utilities, their hired goons and their friends in the Legislature are making a misdirection play against Argenziano. This is a rank, stinking affair.



February 3, 2010

Mr. Lew Hay
Chairman & Chief Executive Officer
FPL Group, Inc.
700 Universe Boulevard
D Building, 5th Floor
Juno Beach, FL 33408

Dear Mr. Hay:

We need to write you after our January 20th letter to you and the FPL Group directors. Since that time, as you are aware and probably at your command, the company has initiated an internal investigation into our allegations. The company has now sought to interview all of us in the business units cited in our January 20th letter. In our minds HR is just trying to identify those of us who had the courage to report the improper behavior and inexcusable approach of some of our leaders in management – particularly Eric Silagy, Tim Fitzpatrick, Wade Litchfield and others.

Before we gained the courage to write to you two weeks ago, we discussed the likelihood that you would work to identify each of us and do so under the premise of trying to investigate our claims. To a person we all decided that no one would say anything directly to anyone in the company because, and we all agreed, if we did, we would certainly be the subject of retaliation by management. We have refused to say anything during the internal investigation, and will not criticize our business unit heads personally or other leaders and their decisions and actions except as anonymous, where we can not suffer retaliation. We were all told to keep the matter confidential and within FPL. That is not in the real best interests of the company good. You and management need to act now and should not whitewash this or keep this quiet. We are all scared for our jobs at this point. We have no doubt that Mr. Noznesky and Corporate Security are monitoring everything in our departments right now, including all the cameras near inter-office mail pick up and delivery locations. So we are sending you this letter through the mail rather than as we did with the last letter by inter-office mail.

We cannot all sit idly by while this company continues an image, leadership and financial downward spiral of unprecedented proportions. You ask our motive? Some of us have been with the company for nearly three decades, some more than twenty years, some less than ten. What we have worked for and been proud of is falling apart before us because we are being run by some in management who are in over their heads in many ways, who make bad decisions the wrong way and who execute poor strategies. We must speak up on behalf of hundreds of employees in staff and operating units who want us to do things right and have management courageous enough to do it for us. Just based on what we all are hearing here in Juno and in Jupiter West, we know that employees in other units, from Development, Finance, Distribution, ISC, IM, Regulatory, Law, Transmission, Nuclear, External Affairs, Marketing & Communication and PGD, as well as from NextEra, are questioning our management. We are upset because some anonymous employee engagement or targeted investigation to uncover these issues is not going to solve the problem. No one is going to risk their careers to speak up publicly, or identify themselves to HR or to Eric, or respond to some paper or paperless survey.

To prove again we are actual FPL employees, and not external opponents or customers trying to smear us, some of us attended Monday's Florida Power and Light Annual Meeting along with the 150 or so others, and saw you and Mr. Noznesky sitting at Table 1 together. You told those present there were some anonymous letters circulating around. You said you hated anonymous letters and that we should

not be afraid to speak up. Are you really telling us the company will allow any of us to stay where we are, or get promoted for those of us not about to retire, to get good bonuses, to be treated without retribution if you knew we were whistleblowers. You said you promised to investigate claims, but then you immediately said you didn't believe that anything that was done were conscious violations. That is not true!! How would you know? Either you are not telling us the truth, you do not know the truth, cannot find it, or you do not want to know the truth. At the Employee Town Hall, you asked for teamwork. If we had real teamwork, if our views were really heard by Eric and Tim the past few months, we would not have done what we did.

We cannot continue with this behavior and destroy the integrity of the company. Here are two more recent examples of our leaders doing the wrong thing. On Monday you personally spoke to some of us at the Florida Power & Light Annual Meeting. Mr. Hay you said it doesn't matter what regulators think, what you think or what we employees think, only what investors think. Do you really believe that? Only our investors matter? If our chairman says this, then what do you expect us to do as employees?

Then later that morning Wade Litchfield, our VP of Regulatory Affairs, apparently told the meeting the regulatory world in Florida has become adversarial, that FPL's image has suffered because we are viewed as heavy handed and arrogant. He joked to everybody there that the rate case decision was a foregone conclusion by the governor and the PSC commission. He actually ridiculed and degraded the commissioners saying they were like referees in football game who called every penalty against us and none against our opponents. Does he believe that? If we tell jokes about our regulators and our political leaders, we can't be expected for them to do anything but make a joke of us. If we have no respect for the PSC, how can they have respect for us? We are acting shamefully.

After Monday's meeting those of us who attended the meeting reached out to others in our informal concern group to let all of us know what was said at the Annual Meeting. When are you going to open your eyes? Others have come forward to us to tell us that Eric and Tim are not the only ones to blame. We know Wade Litchfield and some of the people who worked with us from Finance and Regulatory Affairs are just as blameworthy.

Two of us spoke this past weekend with a lawyer. We feel more and more that our concerns about the actions of management and executives such as Eric Silagy, involve breaking laws, possibly SEC and Florida PSC regulations. The lawyer tells us that actions may also be considered direct threats to public interests and may involve fraud upon our employees, our customers, our regulators and our investors. We now are seeking official whistleblower status, even if just anonymously right now.

Under the personal direction, command and control and knowledge of leaders in Development, Corporate Communication, Regulatory Affairs and likely Finance:

- + We were involved in providing selective, self-serving and inaccurate information to the PSC regarding DSM and RPS dockets and filings, with the full knowledge and direction of Eric Silagy.
- + We were involved in preparing selective, self-serving and incomplete information to the PSC in the rate case regarding business unit O & M and Capital budgets.
- + We were directed or instructed to create, draft and manipulate facts, data and information, and present half-truths for key messages and other communications used by us in Marketing & Communication, in Customer Service, External Affairs and Project Development during the rate case and other regulatory filings before the Florida PSC. Also during the recent, aggressive public education initiative that began in November under the control of Eric Silagy, directed by Tim Fitzpatrick and executed by some of us in Development, Marketing & Communication, Customer Service and External Affairs, we were dishonest and deceptive with our stakeholders in trying to influence opinion leaders, politicians and customers to support FPL's position in the rate case.

+ Even though the project should have been successful on its own merits, some of us were directed or instructed to create, draft and manipulate facts, data and information during the failed gas pipeline docket before the PSC.

+ We were at times forced or told to provide many of these incomplete or inaccurate "facts," data, messages and figures on new generation projects, on renewables, and on the rate case to Investor Relations with the full knowledge of Eric. These deceptive messages or data were then used to drive and support our communications with investor analysts and others in the investment community. It is important you know Rebecca Kujawa did not know of these manipulations, and Jim VonRiesemann didn't either.

+ Just Monday Armando Olivera told those who attended the Annual Meeting that we need to be flexible with our spending. Yet we are going to keep O&M budgets at current or higher levels. Some of us in this growing concern group believe it is now the strategy of FPL to keep O&M budgets for 2010 artificially high, so that the next time we go in for a rate case later this year or next year, we do not prematurely cut O&M but instead keep our revenue requirements as high as possible. The truth is we will all suffer, as we did in Marketing & Communication, Distribution and elsewhere with cuts like we did last year. Our actual spend and our budgeted dollars will be very different. Otherwise if we officially cut our budgets for 2010 we will not be able to demonstrate to the commission the need for higher O&M in following years. Others in our concern group believe our goal to keep expenses high enough so that our ROE can fall below 9.0%, given the approved range given by the PSC, and we can then go back to the Commission? Either way, is any of this in the public interest? Is any of this a fraud on our employees who need their jobs and we may be sacrificed for investor returns, a fraud on our customers who can get lower rates, our regulators who deserve the truth and our investors who count on us because we are spending their money?

You may not like it Mr. Hay, but we will not admit anything to anyone with our names out there, and we will not allow ourselves to be the subject of discipline, ridicule or have our careers endangered by admitting anything in any interview.

We do not believe you or Armando Olivera knew all of this or approved what was and is still going on, and if you don't now with our whistleblowing here, you and the board are not doing your job. All of you, and all of us, must turn this company around and head in the right direction.

Are we that desperate to get a financial return and are some of our new leaders so desperate to prove themselves and get ahead that we are going to sacrifice decades of being a great company? Some of us have invested too much in this company for too long to go out this way. You and the board must clean this company and clean our house.

Respectfully submitted,

A continually growing group of FPL employees who seek change management
from our CEO and our Board

Copies provided to all FPL board of directors, all Florida PSC commissioners, the SEC and the Florida Attorney General