

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 120015-EI

In the Matter of:

PETITION FOR INCREASE IN RATES
BY FLORIDA POWER & LIGHT COMPANY.

PROCEEDINGS: DAYTONA BEACH SERVICE HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

DATE: Tuesday, June 12, 2012

TIME: Commenced at 4:00 p.m.
Concluded at 6:38 p.m.

PLACE: Sunset Harbor Yacht Club
& Conference Center
861 Ballough Road
Daytona Beach, Florida 32114

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

1 APPEARANCES:

2 PATRICK BRYAN, ESQUIRE, Florida Power & Light
3 Company, 700 Universe Blvd., Juno Beach, Florida 33408,
4 appearing on behalf of Florida Power & Light Company.

5 ROBERT SCHEFFEL WRIGHT, ESQUIRE and
6 JOHN T. LaVIA, III, ESQUIRE, Gardner Law Firm, 1300
7 Thomaswood Drive, Tallahassee, Florida 32308, appearing
8 on behalf of the Florida Retail Federation.

9 J.R. KELLY, ESQUIRE, Office of Public Counsel,
10 c/o The Florida Legislature, 111 W. Madison Street, Room
11 812, Tallahassee, Florida 32399-1400, appearing on
12 behalf of the Citizens of Florida.

13 THOMAS SAPORITO, 177 US Hwy 1N, Unit 212,
14 Tequesta, Florida 33469, appearing on behalf of himself.

15 CAROLINE KLANCKE, FPSC General Counsel's
16 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
17 32399-0850, appearing on behalf of the Florida Public
18 Service Commission Staff.

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2 **CHAIRMAN BRISÉ:** Good afternoon. We want to
3 call this service hearing to order. It's Docket Number
4 120015-EI. My name is Ronald Brisé, and I have the
5 privilege of serving as the Chair of the Public Service
6 Commission for the time being. I'm going to ask my
7 fellow Commissioners to introduce themselves, and we're
8 going to start from my left.

9 **COMMISSIONER BROWN:** Good afternoon. My name
10 is Julie Brown. It's nice to be here in Daytona Beach.

11 **COMMISSIONER GRAHAM:** Good afternoon. My name
12 is Art Graham.

13 **COMMISSIONER EDGAR:** Hello. Lisa Edgar.
14 Thank you all for coming out.

15 **COMMISSIONER BALBIS:** Good afternoon. I'm
16 Eduardo Balbis.

17 **CHAIRMAN BRISÉ:** All right. At this time
18 we're going to ask our staff to read the notice.

19 **MS. KLANCKE:** By notice issued May 11, 2012,
20 this time and place has been set for a customer service
21 hearing in Docket Number 120015-EI, petition for rate
22 increase by Florida Power and Light Company.

23 **CHAIRMAN BRISÉ:** Thank you. I'm going to see
24 if we can have that music turned down or turned off,
25 that would be helpful. (Pause.)

1 Thank you. At this time we're going to take
2 appearances from counsel.

3 **MR. BRYAN:** Good afternoon. My name is
4 Patrick Bryan. I am representing Florida Power and
5 Light Company. Thank you.

6 **MR. KELLY:** Good evening. My name is
7 J.R. Kelly. I'm with the Office of Public Counsel. We
8 have the honor and privilege of representing the
9 ratepayers in this matter.

10 **MR. WRIGHT:** Good afternoon. My name is Schef
11 Wright, and I have the privilege of representing the
12 Florida Retail Federation in this case.

13 **MR. SAPORITO:** My name is Thomas Saporito. I
14 am a private citizen and an intervenor in this rate
15 case.

16 **MS. KLANCKE:** Caroline Klancke, Commission
17 staff.

18 **CHAIRMAN BRISÉ:** All right. Thank you,
19 counsel, for entering your name into the record. Before
20 I continue, I want to recognize someone from one of the
21 Congress person's office, Jim Ottie (phonetic).

22 **MR. OTTIE:** Yes, sir. I'm here on behalf of
23 Craig Miller. Craig couldn't make it to the meeting, so
24 he asked me to come in and sit in and listen for him.

25 **CHAIRMAN BRISÉ:** All right. Thank you very

1 much. So, first, let me begin by thanking all of you
2 for coming this afternoon. We recognize that these are
3 important issues for all of us, and we appreciate the
4 fact that you have taken the time out to come and
5 express your opinion or listen to what you have an
6 interest in with the petition that has been filed by
7 Florida Power and Light.

8 We are here primarily because we want to hear
9 from you. We are very interested in your concerns and
10 comments related to the company's request. We have
11 company representatives which are present who can assist
12 you with billing issues and other issues that arise or
13 that you are dealing with. We also have PSC staff
14 members here that can help you with some of those
15 issues, as well.

16 Let me introduce some of the staff from the
17 Public Service Commission who are here with us this
18 afternoon. And I want to say that we probably have the
19 best staff in government, so thank you for the great
20 staff that we have. We have with us Mr. Willis, Mr.
21 Maurey, Mrs. Draper; we have Cindy Muir, who probably
22 helped you sign in; we have Mr. Durbin in the rear
23 there, and we have our court reporter that is present
24 with us this afternoon. We also have one of our staff
25 attorneys, as you heard her introduce herself, Ms.

1 Klancke.

2 This is a official meeting, so the comments
3 that will be put on the record via your testimony will
4 be transcribed. So at the appropriate time we are going
5 to ask you to stand up, and we are going to swear you in
6 so that everything that is said by you can be put into
7 the record for our uses as we move forward in this
8 process. Please note that you may be asked questions by
9 either the company, or intervenors, or any one of the
10 Commissioners sitting up here.

11 You probably noticed that you had the
12 opportunity to sign in and, therefore, that list comes
13 to us, and it goes to Mr. Kelly, as a matter of fact,
14 and he is going to call you up to come forward and
15 speak. We'll probably do it by twos so that you know
16 that you are next, and so forth, so that it gives you an
17 opportunity to prepare. With that in mind, if you are
18 not comfortable speaking in public, feel free to use the
19 comment cards that are present, that were provided to
20 you at the beginning. And you can fill those out, and
21 those comments are just as good as the comments made
22 over the microphone here in public. If you have friends
23 or family who reside in this area and couldn't make it
24 today, they have the opportunity of filling out the
25 cards and mailing the information to us, as well.

1 I would also like to make some comments about
2 smart meters. We know that it's an issue that is of
3 great interest to many, and we have created a document
4 that provides an opportunity for you to make comments on
5 this document, as well. This service hearing is
6 primarily about the issues related to the rate case. So
7 we don't want to curtail what your comments should be,
8 but bear in mind that, you know, we are trying to stick
9 to the issues as they pertain to the rate case.

10 And so that you are aware, the Public Service
11 Commission is having a staff workshop dealing with smart
12 meters, specifically on the 20th of September. And
13 within the time between now and then there is
14 information gathering that is going on, so your input is
15 very important and valuable to us as we get to that
16 stage. There are things that we are trying to figure
17 out, jurisdiction and so forth, so as we go through that
18 process we definitely want to hear from you.

19 At this time I'm going to ask that the
20 attorneys prepare to come and make their opening
21 statements. The opening statements by the attorneys for
22 FPL will be limited to eight minutes. And they have the
23 option of using all of the eight minutes at the
24 beginning, or using some of it at the beginning and
25 using the balance of it at the end after all the other

1 attorneys speak.

2 Mr. Kelly from the Office of Public Counsel
3 also has eight minutes, and then all the other
4 intervenors have five minutes to make their opening
5 statements. Beyond that, we ask that when you come
6 forward to speak that you limit your comments to, you
7 know, roughly two minutes. You know, we may provide a
8 little bit of latitude, but we're trying to stick to as
9 close to two minutes as possible, understanding that we
10 want to give everyone an opportunity to speak. So with
11 that, I think we can move forward with our opening
12 statements.

13 **MR. BRYAN:** Thank you, Mr. Chairman.

14 Good afternoon. Again, my name is Patrick
15 Bryan. I'm an attorney for Florida Power and Light
16 Company. I want to first thank you all for coming out
17 this afternoon. Your comments are very important to us,
18 and we do take them very seriously. In a moment you
19 will hear from FPL's Vice-President of Customer Service,
20 Marlene Santos. She will explain to you what we are
21 asking for in this rate case and why we are asking for
22 it.

23 But before you hear Marlene speak, I wanted to
24 also let you know that we brought several customer
25 service representatives along with us today. If you

1 have any question or problem about your bill or your
2 electric service, please feel free to speak to them.
3 They are set up in a room that is just to the left of --
4 you go out of this room and just to the left, and we
5 have folks who are outside the room who would be happy
6 to assist you to the customer service room. They have
7 computers and can access your account information and
8 will do their best to resolve your problem or question
9 while you are here today.

10 So with that, I'd like to introduce Marlene
11 Santos.

12 **MS. SANTOS:** Commissioners and Mr. Chair, if I
13 could face the audience.

14 Thank you for coming today. Like the
15 Commissioners, we are here to listen to you, so I will
16 be brief. I'm proud to be among the 10,000 FPL
17 employees who work every day to provide affordable,
18 reliable, and clean electricity for you. While we
19 operate in a regulated environment that makes us the
20 only electric company in our service area, we work hard
21 to provide the prices, the reliability, and the service
22 that would cause customers, if they have a choice, to
23 choose us.

24 Consider this; FPL's typical residential
25 customer bill is the lowest in the state's 55 electric

1 utilities. A typical FPL residential customer saved
2 \$357 last year compared to Florida utility average.
3 Even after the requested rate increase, we expect our
4 bill to remain the lowest in the state.

5 Our service reliability ranks in the top
6 25 percent of comparable utilities nationwide. Our
7 missions profile is one of the cleanest in the country,
8 and our customer service has been ranked number one by a
9 leading national study eight years in a row. We have
10 accomplished this by investing in clean, cost efficient
11 technologies and keeping our operating costs down.

12 For example, our investments in efficient
13 natural gas power plants has saved our customer
14 \$5.5 billion in fuel costs since 2001. Those savings
15 are the result of greater fuel efficiency, not lower
16 fuel prices, and that money goes right into the pockets
17 of our customers. It's like trading in your old clunker
18 for a new hybrid car. Savings from lower fuel prices
19 are above and beyond the \$5.5 billion.

20 In addition, our strategy to switch to natural
21 gas has helped our environment and keeps your money here
22 in America instead of buying foreign oil. This isn't
23 just about fuel, it's about having a vision and an
24 investment strategy that will provide benefits for many
25 years to come for our customers, our state, and our

1 country.

2 We are also focused on benefits today. Our
3 investments in the smart grid and hardened
4 infrastructure have helped make our service more
5 reliable and efficient. In fact, because of our
6 investments and our focus on keeping operating costs
7 down, FPL is more efficient than 90 percent of the
8 nation's utilities; that translates into lower bills for
9 you.

10 We also work hard to be sensitive to the needs
11 of less fortunate customers. Our care-to-share program,
12 which is funded by shareholder, employees, and
13 customers, helps customers who are unable to pay their
14 electric bills. Approximately 68,000 Florida families
15 have received help through this program.

16 Our current rates or based on a multi-party
17 settlement approved by the Commission in 2010 and signed
18 by the Public Counsel and many of the same parties who
19 have intervened in this rate case. The current
20 agreement expires at the end of the year, which is why
21 we are filing at this time. This agreement effectively
22 froze our base rates for three years, but it also
23 allowed for cost-recovery for a new power plant and
24 temporarily addressed our return on equity needs. The
25 agreement allowed us to maintain earnings at an

1 acceptable level sufficient to attract the capital
2 necessary to invest and provide reliable service for
3 you.

4 Now, to help us continue our successful
5 performance for you, we are asking for an increase of
6 seven dollars a month, or 23 cents a day, on the base
7 portion of the typical residential bill. With the
8 latest estimates for lower fuel use by our power plants
9 and lower fuel prices, this would actually result in a
10 bill increase of \$1.41 a month, or about five cents per
11 pay. For the small businesses that make up more than
12 80 percent of FPL's commercial customers, the net impact
13 is expected to be negligible, and in some instances
14 actually result in a net reduction.

15 So what will the increase pay for? First, is
16 a new clean energy center at Cape Canaveral. We will
17 have spent about a billion dollars on this facility when
18 it goes into service in 2013. This plant more than pays
19 for itself due to the fuel savings estimated at more
20 than a billion dollars over its 30-year operational
21 life.

22 Second is the impact of the accelerated
23 amortization of surplus depreciation which was ordered
24 by the Commission in 2010. While this provided a
25 temporary way to avoid a base rate increase at that

1 time, the surplus depreciation essentially runs out in
2 2013.

3 Third, we anticipate adding 100,000 new
4 customer accounts that we have a duty to serve, so our
5 request includes the costs of the infrastructure such as
6 the poles and the wires needed to serve them.

7 Our request also includes an adjustment to our
8 return on equity, or ROE. Our current rates are based
9 on an authorized ROE midpoint of 10 percent, which is
10 the lowest of Florida's investor-owned utilities and in
11 the bottom third of the country, despite providing our
12 customers with the lowest typical residential bills in
13 the state and reliability that is among the best in the
14 nation. We are specifically asking for an allowed ROE
15 midpoint of 11.25 percent and a performance incentive of
16 one quarter of one percent that would be allowed only if
17 we maintain Florida's lowest typical residential bill.

18 We are asking to be treated fairly when our
19 performance is compared to the other investor-owned
20 utilities in the country, nothing more. An appropriate
21 ROE is crucial to our ability to finance the billions of
22 dollars in improvements that keep reliability high and
23 bills low and that create thousands of jobs for you and
24 your neighbors.

25 On average over the past five years our

1 capital investments have far exceeded our net earnings.
2 In fact, FPL is the biggest investor in Florida with
3 plans to invest roughly \$15 billion over the period 2010
4 through 2014.

5 We are a major taxpayer, too. Last year alone
6 FPL paid more than one billion dollars in taxes to state
7 and local governments. It's important to note that even
8 with our request, our 2013 bill will be 11-1/2 percent
9 lower than it was in 2006. Compare that to food and
10 health care costs, which are both up 20 percent, or a
11 gallon of gas, up more than 40 percent. We are proud of
12 keeping bills low and making Florida an even better
13 place to live, to work, and raise a family, and we are
14 asking for your support to continue to do so.

15 I know this is a lot of information. You can
16 learn more reading the fact sheets available at the
17 door. We have asked a few local customers who have said
18 they value our service if they would be willing to share
19 their thoughts today. We also want to hear from anyone
20 who has a complaint. We are a company of human beings,
21 and try as we, may we are not perfect. It's that that
22 brings us here. And if that brings you here, our
23 customer advocates are here to help you.

24 We appreciate your business. We respect your
25 opinions. And in closing, I assure you that we are

1 committed to exceeding your expectations today and
2 continually improving for tomorrow. Thank you so much
3 for coming.

4 **CHAIRMAN BRISÉ:** Thank you. You have about 30
5 seconds left on your time.

6 Mr. Kelly.

7 **MR. KELLY:** Good evening. Again, my name is
8 J.R. Kelly. I'm with the Office of Public Counsel, and
9 I do want to echo the Chairman and thank you for coming
10 out tonight because this is your hearing. Your hearing,
11 ratepayers.

12 My office, for those of you that are not
13 aware, we are a separate office. We are not part of the
14 Public Service Commission. We are funded by the
15 Legislature and we have one responsibility and that is
16 to represent ratepayers in matters in front of the
17 Public Service Commission, such as this rate case that
18 we are here tonight about.

19 Now, why are we here? We are here because
20 Florida Power and Light has filed a request to increase
21 rates by \$690 million annually. That's approximately a
22 16 percent increase in the base rates that you pay
23 today. We have intervened in this matter, and we are
24 going to contest those areas that we feel the evidence
25 does not support any increase.

1 Now, let me state right up front this case is
2 not about personalities. Many of you may have very
3 positive experiences with Florida Power and Light. And,
4 folks, let me tell you, I agree. They are made up of
5 good men and women that work there. They are a good
6 corporate citizen. They give a lot of donations to
7 charitable organizations. We don't dispute any of that,
8 but here's the facts. They are given a monopoly to
9 operate in the state, and in return they are to provide
10 safe and reliable service to you. And in return they
11 come in front of the Public Service Commission and they
12 are required to prove the expenses that they need to
13 operate their company in a safe and reliable fashion.
14 And they have to prove that the expenses they are asking
15 for are reasonable and prudent. And our office will
16 ensure that the PSC approves rates that are based upon
17 that standard.

18 Now, at this point in time we have not
19 crystalized all the issues that we are going to be
20 contesting in this matter. We have hired approximately
21 five accounting experts, capital structure experts, and
22 some affiliated transaction experts that are poring
23 through voluminous documents at this time to ensure that
24 what they are asking for is reasonable and prudent.

25 And let me just give you an idea of what we're

1 currently looking at. One area that we are definitely
2 going to be contesting is the excess profit that we
3 believe Florida Power and Light is asking for. They are
4 asking for 11.5 percent return on equity. Bottom line,
5 we do not feel that is reasonable in today's economy.
6 We believe quite the contrary, it is very excessive.
7 Many businesses are going under today, many people are
8 still out of jobs, and many businesses would love to
9 even earn a fraction of that amount.

10 Additional issues we are reviewing: The
11 amount of salaries and benefits that FPL is requesting,
12 the reasonableness of their affiliate charges and
13 transactions, and those are the transactions they have
14 between their brother and sister subsidiaries and parent
15 company. We're looking at their projection of revenues
16 and expenses and the number of customers that they
17 contend they are going to have in the future. We are
18 looking at the prudence of their expenses related to
19 their upgrades and modifications that you heard
20 Ms. Santos mention that they are doing a lot of plant
21 expansions and building, and we want to just ensure that
22 what we are asking for is reasonable and prudent with
23 respect to those upgrades and modifications. We are
24 also looking very carefully at the proportions of equity
25 and debt within their capital structure as it relates to

1 their parent and as compared to other utilities across
2 the nation of like size and kind. And, lastly, we are
3 also looking at their proposal for future storm cost
4 recovery.

5 Now, you heard me start my remarks by saying
6 this is your meeting. This is your meeting. It is so
7 vitally important that you come and speak tonight and
8 speak to the Commissioners sitting behind me. They need
9 to hear from you. They want to hear from you, okay.
10 And all I ask is you be truthful. If you think FPL is a
11 good company, say so. If you are having a problem, say
12 so. But most importantly, we are here because of a base
13 rate increase request of \$690 million annually. They
14 need to hear -- the Commissioners behind me need to hear
15 from you how that will affect you in your pocketbooks,
16 in your daily lives.

17 Now, real quickly I want to tell you what this
18 case is not about. You may have picked up a special
19 report when you came in the door tonight, you may have
20 read in the newspaper, and you may have heard Ms. Santos
21 mention that, well, if you calculate in fuel your bill
22 is only going to go up a dollar or so. Folks, fuel has
23 nothing to do with this hearing. Nothing. Fuel is a
24 separate charge on your bill. We have a separate
25 hearing in November with this Commission totally on

1 fuel. It has nothing to do with tonight's hearing.
2 Whatever they pay for fuel, you pay for fuel. If their
3 costs go down, your costs goes down. If they go up,
4 yours goes up.

5 Right now natural gas is low. Thank goodness.
6 That means you pay a lower bill. How many of you
7 remember 2007 and 2008 when natural gas went where;
8 through the roof. Did your bill go down then? No.
9 It's not about fuel. We are here tonight about an
10 increase in base rates, and that's what I want to hear
11 you come up and speak on tonight. Please take this
12 opportunity. This is your hearing. Come up here and
13 speak. Thank you.

14 **CHAIRMAN BRISÉ:** Thank you, Mr. Kelly.

15 Mr. Wright.

16 **MR. WRIGHT:** Thank you, Mr. Chairman. With
17 your permission I will address the gallery.

18 **CHAIRMAN BRISÉ:** Sure.

19 **MR. WRIGHT:** Thank you.

20 Good afternoon. Thank you all very much for
21 coming out. My name is Schef Wright, and I have the
22 privilege of representing the Florida Retail Federation
23 in this case.

24 First, a couple of personal notes, I was born
25 in Miami 62-plus years ago, and I have lived all but

1 nine years of my life in this wonderful state. I love
2 it. My daddy was born in Daytona Beach in 1917, and
3 thank God he is still with us.

4 I have been working on Florida energy matters
5 for more than 31 years, first for Governor Bob Graham's
6 Energy Office, then as a member of the Public Service
7 Commission staff for about seven years, after which I
8 went to law school and now I represent customers, the
9 Retail Federation, cities and towns, and producers of
10 renewable energy.

11 I'm here this afternoon on behalf of the
12 Florida Retail Federation. The Retail Federation is a
13 statewide organization of more than 9,000 members from
14 the largest grocery stores, big-box stores, department
15 stores, pharmacies, and so on including: Publix,
16 Wal-Mart, Best Buy, and Macy's, all the way to literally
17 thousands of mom and pop retailers.

18 In this case, we are working, fighting
19 alongside your Public Counsel and the other consumer
20 intervenors in this case for the lowest possible rates
21 for all customers. Not just commercial customers, all
22 customers. We are all in this together. And Mr. Kelly,
23 with whom I agree strongly on everything he said, put
24 the rhetorical question out there, "Why are we here?"
25 First off, we are here to hear from y'all. Tell the PSC

1 what you think about FPL's service. If you are for the
2 rate increase, tell them and tell them why. If you're
3 against it, tell them and tell them why.

4 The underlying reason we are here is that FPL
5 has asked for the PSC's authorization to charge y'all
6 another -- and our members -- another \$690 million a
7 year for your electric service. To put this request in
8 some historical perspective, three years ago FPL filed a
9 case not too much unlike this one in which they wanted
10 more than a billion and a quarter dollars a year of
11 extra money from customers.

12 The Commission in that case, fortunately in
13 our view, only granted them about 6 percent of their
14 request, \$76 million a year, and since that time FPL and
15 its parent, NextEra Energy, have been doing just fine.
16 High profits, consistently high profit, stock price up
17 more than 30 percent since the PSC voted to give them a
18 fraction of what they asked for, and they have increased
19 their dividend three times in the last three years.

20 Now at the Retail Federation here is how we
21 look at this. We are business people. We know that
22 every business -- Florida Power and Light, Publix,
23 Wal-Mart, Mom's Florist -- has to have enough money to
24 provide its goods and services, pay its employees, and
25 stay in business. Where we differ with FPL is on the

1 question of how much money does FPL really need to
2 provide safe and reliable service at the lowest possible
3 cost. That's FPL's job. That's their part of the
4 regulatory bargain. In return for being a monopoly,
5 they are obligated, it is their duty to provide safe and
6 reliable service at the lowest possible cost.

7 We are not convinced that they have made a
8 reasonable case that they need any increase at all. Why
9 not? First, as Mr. Kelly said, they are asking for
10 excessive profit. They are asking for an 11-1/2 percent
11 rate of return profit after taxes. That's 18.7 percent
12 before taxes. We believe that an after-tax return of
13 9 percent would be reasonable. Frankly, even generous.
14 That one adjustment would cut 340 million a year off
15 their request.

16 They have asked for their rates to be set
17 assuming an equity percentage using a high percentage of
18 high cost equity capital as opposed a more balanced
19 combination of high cost equity and lower cost debt
20 capital. Making that adjustment could easily cut 100 to
21 \$200 million off their request. And we believe that
22 their ask, their request is based on an unrealistic,
23 unreasonable sales forecast. They are projecting, one,
24 that they will sell less electricity in 2013 than they
25 did in 2011, and, two, that average customer usage will

1 be down significantly from 2013 to 2011. This is not
2 consistent with their own recent history as reflected in
3 their own documents and is not consistent with the
4 projections of other Florida utilities. A reasonable
5 sales forecast would probably cut their need for a rate
6 increase by at least \$100 million, probably more than
7 that.

8 Bottom line, we want FPL to have enough money
9 to do its job, to provide safe and reliable service at
10 the lowest possible cost. Y'all want Publix to have
11 enough money to have the groceries on the shelf when you
12 go there, and Wal-Mart to have everything you want on
13 the shelves when you go there. In this case, FPL with
14 no rate increase at all will get at least \$10.4 billion
15 in revenues in 2013, of which nearly \$1.2 billion will
16 be profit. We don't think they have justified, and we
17 don't think they can justify getting any more of your
18 money. And like Mr. Kelly said, if the PSC denied this
19 rate increase, your rates will go down by 6 or \$7 a
20 month, depending on how much you use, because of lower
21 fuel costs.

22 Thank you very much for listening to what I
23 have to say. Tell the Commission what you think.

24 (Audience applause.)

25 **CHAIRMAN BRISÉ:** Thank you, Mr. Wright.

1 Before I call Mr. Saporito, a couple of ground
2 rules. Your cell phones, please put them on vibrate or
3 off. We certainly would appreciate that. We recognize
4 that you definitely have an interest in the issues and
5 comments that will be made. We would appreciate that we
6 refrain from applause or things of that nature. We
7 recognize that you have signs. We don't have a problem
8 with you putting up your signs. That's absolutely fine
9 with us, but we would refrain from applause, or booing,
10 or anything of that nature.

11 Mr. Saporito.

12 **MR. SAPORITO:** Good afternoon.

13 My name is Thomas Saporito. I'm a nonattorney
14 intervenor and I am also an FPL stockholder. I'm here
15 to oppose FPL's rate increase.

16 This Commission behind me should be ordering
17 them to reduce their rates, not increase them. FPL's
18 rate increase is frivolous. FPL is requesting a base
19 increase of approximately \$690.4, or an increase of
20 \$7.09 a month on each consumer's electric bill. FPL
21 alleges that because natural gas prices have dropped,
22 consumers' electric bills will only increase by \$1.41 a
23 month. However, according to a recent by Goldman Sachs
24 in *The Financial Times*, prices are expected to rise for
25 natural gas. FPL alleges the base rate increase is

1 needed to add an estimated 100,000 new customer
2 accounts. However, year over year FPL customer accounts
3 accounting decreased by 27,000 customer accounts, and
4 FPL's energy sales decreased year over year by 1,316
5 million kilowatt hours.

6 FPL alleges that the base increase is needed
7 to maintain reliability of service. However, FPL's
8 service reliability as measured by the system average
9 interruptions (inaudible) index was among the best
10 Florida investor-owned utilities during the five years
11 ending in 2011.

12 FPL alleges that the base rate increase is
13 needed to modernize the Cape Canaveral Plant and that
14 there is never a good time for a rate increase.
15 However, there could never be a worse time for a rate
16 increase as Florida's unemployment rate is 8.7 percent
17 and above the national average. FPL's rate increase
18 would not only cause economic harm to residents and
19 consumers, it would cause significant economic harm to
20 major industrial, school, and government consumers who
21 would suffer huge blows to their budgets. School
22 districts have been slashing their budgets for years.
23 Additional costs for electric power would be difficult,
24 if not impossible to absorb. Should we lay off teachers
25 to pay FP&L?

1 FPL's rate increase would harm Florida's
2 fragile economy and be a step back for large employers
3 and taxpayers, and would worsen the unemployment picture
4 and stifle growth in our state. FPL should be a good
5 corporate citizen and delay the Cape Canaveral project
6 until Florida's economy significantly improves and
7 creates jobs.

8 FPL alleges that the base rate increase is
9 needed to operate their Florida-based nuclear plant.
10 However, according to a May 2012 *Palm Beach Post*
11 newspaper article, FPL added \$600 million to the cost of
12 the nuclear project. FPL apparently mismanaged the
13 project and now wants more money.

14 FPL alleges that the base rate increase is
15 needed to pay for expenses and obtaining licenses to
16 build two more nuclear plants in Florida. However,
17 according to John Rowe, the retired CEO of Exelon,
18 America's largest producer of nuclear power, nuclear
19 power is no longer an economically viable source of new
20 energy in the United States, that new ones don't make
21 any sense right now, and that you won't get better
22 results with nuclear. It just isn't economical, and
23 it's not economical within the foreseeable time frame.

24 John Rowe served on the President's Blue
25 Ribbon Commission on America's Nuclear Future. As an

1 FPL stockholder, I attended the recent FPL stockholder
2 meeting last month. I told Lew Hay, the company's CEO
3 about John Rowe's comments related to nuclear power, and
4 inquired about why FPL is building two more nuclear
5 plants in Florida. Lew Hay replied that the company has
6 not made any decision to build two more nuclear plants
7 in Florida. So why is FPL asking for \$20 million for
8 nuclear plants that the company hasn't even decided to
9 build?

10 FPL alleges that the base rate increase is
11 needed to provide 11-1/2 percent return on equity to
12 FPL's stockholders to attract investors. However, FPL's
13 stockholders currently receive a generous 10 percent
14 ROE, which is well above the 10-year Treasury Bill
15 yielding about 1.6 percent. FPL's stockholder returns
16 from January 2002 through December 2011 with dividend
17 reinvestments was 209 percent, and well above the S&P
18 500 index, which earned 33 percent return over the same
19 time period. Analysts give FPL high marks and expect
20 FPL earnings to increase by more than 4 percent in 2012.
21 Clearly, FPL's 10 percent ROE is more than sufficient in
22 these circumstances where a purchase of 10 shares of FPL
23 stock each time FPL declared a dividend since
24 February 2005 would have provided an investor with 30.13
25 percent ROE.

1 Again, FPL's rate case is frivolous and should
2 be denied. And this Commission sitting behind me should
3 order FPL to lower the base rate for electric just
4 simply because of the dire economic conditions we are
5 now experiencing.

6 Thank you.

7 (Audience applause.)

8 **CHAIRMAN BRISÉ:** Before we move forward into
9 the public testimony, I just want to remind all of our
10 intervenors that as they are going to question consumers
11 as they come forward, that generally we are looking for
12 clarifying questions, things that are unclear as to what
13 the individual said, and we're not looking for new
14 testimony or push them towards new testimony. I know
15 that is a nuance that those who are nonattorneys that
16 are intervenors may have some challenges with, but we
17 are asking everyone to be mindful of that. We provided
18 the first two hearings as an opportunity for us to warm
19 up with that, but now we are going to be a little
20 stricter with dealing with that.

21 So with that, Mr. Bryan, you have 30 seconds
22 for comments.

23 **MR. BRYAN:** Thank you, again, Mr. Chairman.

24 You heard Mr. Kelly say that this case was not
25 about fuel. Well, we agree, it's not about fuel, but

1 what it is about is a history of vision and prudence
2 exercised by FPL over the years to provide the lowest
3 cost, most fuel efficient, clean power plants in the
4 state, and in turn the lowest cost bills in the state.

5 Investing millions of dollars in clean,
6 modern, fuel-efficient technology today prudently saves
7 customers billions of dollars in fuel costs tomorrow.
8 That, in our view, is a wise and responsible course that
9 ought to be continued.

10 Thank you.

11 Mr. Chairman, may I submit the affidavits? I
12 have affidavits from two local newspapers of publication
13 that demonstrate that FPL advertised this service
14 hearing in compliance with the Commission rules.

15 **CHAIRMAN BRISÉ:** Thank you very much. If you
16 would provide that to Ms. Klancke.

17 **MR. KELLY:** Is that Number 8?

18 **CHAIRMAN BRISÉ:** That is Number 8. I'm trying
19 to work our little clock. If there is information that
20 you would like to put into the record with your
21 testimony, let us know and we will go ahead and assign
22 it a number and it will become part of the record.

23 (Exhibit 8 marked for identification.)

24 **CHAIRMAN BRISÉ:** All right. All of those of
25 you who are interested in testifying this afternoon, if

1 you would rise with me.

2 (Witnesses sworn collectively.)

3 **CHAIRMAN BRISÉ:** Thank you very much. You may
4 be seated.

5 Mr. Kelly.

6 **MR. KELLY:** Mr. Chairman, the first speaker I
7 have listed is Mr. George Cameron and he will be
8 followed by Darryl Reichenberger.

9 **CHAIRMAN BRISÉ:** As you come up, please state
10 your name, your address, and phone number for the
11 record.

12 **GEORGE CAMERON**

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

15 **DIRECT STATEMENT**

16 **MR. CAMERON:** Yes. My name is George F.
17 Cameron. I'm a local native of Daytona Beach, and I
18 want to thank the Public Service Commission for coming
19 to Daytona Beach today. You couldn't have picked a
20 better elegant setting, I'll tell you.

21 First of all, I want to say that I'm for the
22 Florida Power and Light rate increase. I like the fact
23 that Florida Power and Light has been in business 80
24 years. They know what they're doing. They keep their
25 costs down, and that gives me confidence in my utility

1 bill.

2 I'm going to reiterate what this lady said
3 before, and that is out of 55 power companies operating
4 in the State of Florida, Florida Power and Light has the
5 lowest power rate of any of them. I like that. And out
6 of the 33 municipalities operating in the state, they
7 are all running 10 to 15 percent higher than Florida
8 Power and Light.

9 You know, a lot of us could stand on the
10 sidelines and not get involved, but I'm of the opinion
11 roll up your sleeves, get involved, and that's why all
12 these people here today are here, and I appreciate that.
13 But, you know, we live in an economy right now that is
14 not as good as it should be. Hopefully that will
15 change, but I am for the Florida Power and Light rate
16 increase. Thank you.

17 **CHAIRMAN BRISÉ:** Thank you, Mr. Cameron.

18 Are there any questions for Mr. Cameron?

19 **MR. SAPORITO:** Yes, Mr. Chairman, I have a
20 question for this gentleman.

21 **CHAIRMAN BRISÉ:** Mr. Cameron, if you would
22 come back.

23 Mr. Saporito.

24 **MR. CAMERON:** Okay.

25 **MR. SAPORITO:** Mr. Cameron, do you own a home?

1 **MR. CAMERON:** Yes, I do.

2 **MR. SAPORITO:** Okay. And can you tell me, to
3 the best of your recollection, what is your typical
4 dollar amount of your Florida Power and Light bill?

5 **MR. CAMERON:** It's probably around \$200.

6 **MR. SAPORITO:** Thank you.

7 **MR. CAMERON:** Any other questions?

8 **CHAIRMAN BRISÉ:** Thank you, Mr. Cameron.

9 **MR. CAMERON:** Thank you.

10 **MR. KELLY:** Mr. Reichenberger will be followed
11 by Doctor Philip Shapiro.

12 **MR. REICHENBERGER:** Good afternoon.

13 **CHAIRMAN BRISÉ:** Good afternoon. Before you
14 begin, there is a little timer on the desk there, and so
15 long as the light is green you can go, when it turns
16 yellow, you have about 15 seconds left; when it turns
17 red --

18 **MR. REICHENBERGER:** Is there a reset?

19 (Laughter.)

20 **MR. REICHENBERGER:** It's been running. It's
21 at 40-something seconds now, so --

22 (Laughter.)

23 **CHAIRMAN BRISÉ:** I control the reset on the
24 switch. Once again, I'm going to remind the intervenors
25 that if something is not within the context of what is

1 provided by the consumer, that the other stuff is
2 relatively out of bounds.

3 **DARRYL REICHENBERGER**

4 appeared as a witness and, swearing to tell the truth,
5 testified as follows:

6 **DIRECT STATEMENT**

7 **MR. REICHENBERGER:** Good afternoon. Thank
8 you. My name is Darryl Reichenberger. I live at 914
9 Ponderosa Drive in South Daytona, and my phone number is
10 area code 386, 527-5871.

11 I am obviously opposed to a rate increase. I
12 think, again, with the economic times it's unreasonable.
13 Volusia County is at 8.2 percent unemployment right now.
14 It's one of the higher in the states. The area has
15 economically been repressed from the rest of the state
16 for a long time, and I just don't see how a company that
17 records record profits and is paying dividends -- I have
18 been following their stock ticker. I put it on with
19 mine. It is up over 10 percent in the last six months.
20 A lot of the other companies aren't even close to that.

21 They want money to build things, somebody said
22 earlier, they have no plans on building. These are just
23 pipe dreams that are coming out of our pockets now. The
24 elderly, people on fixed incomes, they are never going
25 to see these things that FPL wants to collect money for

1 now. Why should all of us be paying for something we
2 may never get anything out of? I understand you have to
3 invest in the future, but right now you don't need a
4 11-point something percent return to pay over how many
5 hundreds of thousands of shareholders, or how many
6 millions of shares of stock. That's ludicrous.

7 There are people out there that are hurting
8 right now that would like to see an even playing field
9 for awhile. Stop letting megacorporations run around
10 and get richer and richer. Let somebody else -- let
11 some small businesses get some breaks that FPL gets.

12 I was looking at the Institute for Tax
13 Fairness. I don't think FPL is a good corporate
14 customer. They are on the Dirty 30 list of the top 280
15 corporations in the country that don't pay their fair
16 share in taxes. As a matter of fact, they pay negative
17 in federal income tax. The same people that are getting
18 cuts on their Social Security and their Medicare,
19 whatever, they are not contributing to any of that.

20 So to ask for more money from us now and not
21 be a good corporate neighbor, I would say no. I just
22 can't see it.

23 Thank you.

24 (Audience applause.)

25 **CHAIRMAN BRISÉ:** Thank you very much.

1 Any questions? Thank you very much.

2 **MR. KELLY:** Doctor Shapiro.

3 **CHAIRMAN BRISÉ:** I would remind everyone, once
4 again, that we appreciate your interest, but we're going
5 to ask that you refrain from clapping and things of that
6 nature.

7 **MR. KELLY:** Doctor Shapiro will be followed by
8 Pat Mozden.

9 **DOCTOR PHILIP SHAPIRO**

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

12 **DIRECT STATEMENT**

13 **DOCTOR SHAPIRO:** My name is Doctor Philip
14 Shapiro, 140 Old Mill Run, Ormond Beach, Florida,
15 677-2959.

16 This is quite an honor to speak on behalf of
17 Florida Power and Light. I serve as the second
18 Vice-President of the Ormond Beach Historical Society,
19 and I also serve as the chairman of that organization's
20 preservation committee. Last March, during Florida
21 Power and Light's Power to Care Program, a wonderful
22 event occurred in the name of volunteer public service
23 that I would like to elaborate on.

24 In background, the State of Florida owns the
25 Three Chimney Sugar Mill site in Ormond Beach. It was

1 the first sugar mill built in the continental United
2 States by the British in the 1760s, and it was recently
3 listed on the National Register of Historic Places. It
4 is a major educational resource, not only for Florida
5 and American history, but its story covers four
6 centuries of multinational and multicultural history.

7 The Ormond Beach Historical Society manages
8 the Three Chimney's property, and we keep the site open
9 year-round for public viewing. However, the site is in
10 a wooded area and the historic preservation is a work in
11 progress. The historic society has long been in need to
12 develop a safe pedestrian trail on the property to some
13 of the historic sites. Florida Power and Light came
14 forward during their Power to Care program last March,
15 and with State of Florida approval developed that safe
16 pedestrian trail using dozens of FPL volunteers in what
17 proved to be a physically intensive day-long effort.

18 During the project, FPL also assisted the
19 historical society with the replacement of a worn out
20 canopy over one of the archeological sites. Needless to
21 say, the Ormond Beach Historical Society is deeply
22 grateful to Florida Power and Light for assisting us in
23 promoting a unique central Florida historical site.

24 Their efforts were generous. The cost of the
25 granite material for the trail, the heavy equipment that

1 was utilized, plus the replacement canopy was not a
2 minor expense at all. FPL showed commitment to not only
3 promoting public safety by developing this safe
4 pedestrian trail, but worked to expand access to an
5 historic treasury in our community. We are appreciative
6 and we are grateful as we acknowledge FPL and their
7 dedication to the public and to Florida's resources.

8 Thank you.

9 **CHAIRMAN BRISÉ:** Thank you, Doctor Shapiro.

10 Are there any questions for Doctor Shapiro?

11 Okay. Seeing none, thank you for your testimony.

12 **MR. KELLY:** Pat Mozden will be followed by
13 Carol -- I think it's Bachi or Bachi.

14 **PAT MOZDEN**

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

17 **DIRECT STATEMENT**

18 **MS. MOZDEN:** Thank you for giving us the
19 opportunity to speak this afternoon. My name is Pat
20 Mozden. I live at 318 Olive Street in South Daytona,
21 and I am also the chairperson for Empowering South
22 Daytona's Future.

23 I want to thank the expert testimony that we
24 have had here today, because my group has had a very
25 difficult time getting their hands around the details of

1 exactly what the rate increase would be, since we find
2 the numbers to be, in many cases, very convoluted and
3 difficult to dial down.

4 As a small business person myself, and as
5 someone who networks with small business people
6 throughout this community, I can tell you a return on
7 equity of 11.5 percent, an increase of 16 percent, and
8 what I'm told is 18.7 percent before taxes is just
9 unimaginable to me.

10 I watch friends shutter their businesses. I
11 watch neighbors have difficulty maintaining their
12 residences in any way, shape, or form. And while I
13 certainly don't dispute the right of every corporation
14 to make reasonable profits and to take care of their
15 employees in a reasonable manner, this to me seems like
16 an unreasonable request from a company that from what I
17 read is doing very well financially at this point in
18 time.

19 I request that our Commission turn down this
20 rate increase request, at the very least dial it down,
21 because I simply cannot see how this can be justified
22 for our community, particularly for Volusia County,
23 although I am aware that this increase will impact
24 people throughout the State of Florida.

25 I agree with previous testimony that says our

1 area in particular has been particularly hard hit with
2 the economic decline that we have seen over the last
3 many, many years, and by all indicators we are far from
4 being able to climb out of this situation into a time
5 where people can once again go to the grocery stores,
6 take their children shopping, and do the other things
7 that they want to with their family without fear.

8 Thank you very much.

9 **CHAIRMAN BRISÉ:** Thank you, Ms. Mozden.

10 Any questions for Ms. Mozden? Seeing none,
11 thank you for your testimony. (Audience applause.)

12 **MR. KELLY:** Ms. Bachi will be followed by
13 Edward Davis.

14 **CAROL BACHI**

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

17 **DIRECT STATEMENT**

18 **MS. BACHI:** Good afternoon. Carol Bachi. I
19 live at 141 Bryan Cave Road in South Daytona.

20 I guess I'm just a little astonished to know
21 that the dividend rates went up three times. It appears
22 that the profits of Florida Power and Light are just
23 astonishing to me. I agree that they have provided good
24 service, but at this time I could not agree that having
25 this type of increase is warranted.

1 I also own a small business. We have
2 struggled with that business. We see other people
3 struggling, and I just do not think that the increase is
4 warranted at this time. Thank you very much for letting
5 me express my comments.

6 **CHAIRMAN BRISÉ:** Thank you, Ms. Bachi.

7 Are there any questions for Ms. Bachi?

8 All right. Seeing none, thank you for your
9 testimony.

10 **MR. KELLY:** I apologize to everyone. I'm just
11 messing up their names terribly. This one is an easy
12 one. After Mr. Davis, Brandon Young.

13 **EDWARD H. DAVIS**

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

16 **DIRECT STATEMENT**

17 **MR. DAVIS:** Good evening. Thank you for
18 listening to us. My name is Edward H. Davis. I live at
19 934 Duncan Road in South Daytona 32119.

20 I'm an old gray-head retired person whose
21 little bit of money set aside for retirement has
22 dwindled, as most everybody's has because of the stocks
23 and so forth. And any kind of a rate increase is
24 detrimental, and especially for those that are out of
25 work. So I am against the rate increase.

1 I also am an ex-treasurer for a historical
2 society, and our grant money is down like everybody
3 else's, and we are looking for places for what little
4 money we have got invested where to put it. And
5 everybody tells me that I have talked to is just put it
6 into utilities, power companies, because they are making
7 more money right now than any of the other ones, and it
8 is safer than the others. Thank you very much.

9 **CHAIRMAN BRISÉ:** Thank you, Mr. Davis.

10 Any questions for Mr. Davis?

11 Thank you very much for your testimony.

12 **MR. KELLY:** After Mr. Young is -- I know I'm
13 going to butcher this one -- Peter D'Agresta.

14 **BRANDON YOUNG**

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

17 **DIRECT STATEMENT**

18 **MR. YOUNG:** Good afternoon. My name is
19 Brandon Young at 941 George Hecker Drive, South Daytona,
20 Florida.

21 I want to thank the Commissioners. I respect
22 your role, and want to thank you for holding this
23 meeting here in Volusia County, and respectfully the
24 Halifax area today. I am a city councilman in South
25 Daytona, and as an elected official I feel the need to

1 represent our citizens. And in spite our recent
2 challenges with Florida Power and Light, I strongly feel
3 that our citizens need to have their rates as low as
4 possible.

5 I respect FPL's community involvement and
6 their need to invest in infrastructure, but when
7 independent reports show increasing if not record
8 profits, why the need for a high percent increase at
9 this time. In our community we are trying everything we
10 can to keep costs, taxes, fees down to help our families
11 and stimulate business growth. With all this being
12 said, I respectfully ask the Commission to consider if
13 this is the right amount, the right percentage, and the
14 right time in our communities to invoke such an
15 increase. I want to thank you for your time and your
16 consideration.

17 **CHAIRMAN BRISÉ:** Thank you very much,
18 Mr. Young.

19 Are there any questions for Mr. Young?

20 **MR. SAPORITO:** One question, Mr. Chairman.

21 Do you have just a ballpark figure of how much
22 FPL's proposed rates increase would cause your electric
23 bill to go up, what a dollar figure would be?

24 **MR. YOUNG:** For our citizens, I don't.
25 Numbers on what -- well, no. There is a lot of

1 discrepancies in the numbers, so I'll leave it at that.

2 **CHAIRMAN BRISÉ:** Thank you, Mr. Young.

3 **MR. KELLY:** Again, I apologize. It's Peter --
4 sorry about that.

5 **MR. D'AGRESTA:** That's all right. It happens
6 a lot.

7 **MR. KELLY:** I apologize for another one.
8 Vincent Liguori.

9 **PETER D'AGRESTA**

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

12 **DIRECT STATEMENT**

13 **MR. D'AGRESTA:** Good afternoon. My name is
14 Peter D'Agresta. I work at the Daytona International
15 Speedway. I'm here to speak about the level and quality
16 of service we receive from Florida Power and Light.

17 From the first day I met our account manager,
18 he took the time to understand what we needed and worked
19 with me to make sure -- the best possible rate plans for
20 each and every one of our meters. This helped us
21 realize the greater savings potential and making sure
22 all of our needs were met.

23 At one time we had hired an independent
24 consultant to check our rate plans, to check and inspect
25 our invoices, our bills from Florida Power and Light to

1 ensure that we were being treated fairly and paying what
2 we were supposed to pay. That company made their money
3 on what they could find wrong with the plans we are on
4 with Florida Power and Light. They didn't get paid.
5 They found nothing. There were no savings that could be
6 found due to the fact that Florida Power and Light had
7 worked with us to ensure that we had been on the best
8 plans possible for each and every service.

9 They have been helpful in keeping us informed
10 of any incentives available during the upgrades to the
11 facility. The two that come to mind or ones that we
12 used were heat reflective roof coverings and a thermal
13 storage tank for an conditioning unit which runs during
14 the night, the off peak times producing ice which we run
15 the air conditioning systems from during the day during
16 the higher cost or on-peak times. All it took was
17 communicating with them and our account manager to get
18 the information and the incentives for those projects.

19 They are also interested in making sure that
20 we have reliable power during our events. Proceeding
21 each of our events their crews go out to inspect the
22 feeder lines, to clean up the feeders feeding the
23 property from the huge demand we place on them and their
24 service. This helps both us and the other customers
25 that rely on Florida Power and Light.

1 They keep line crews close by in case of an
2 unexpected accident, such as what we have had happen is
3 cars hitting poles upstream from us and disrupting our
4 power and them, also. We help out Florida Power and
5 Light and indirectly the surrounding communities during
6 the hurricane seasons. They use the back of our
7 facility for a staging area. They come in from all over
8 the state. If it's is not our area that they are
9 servicing, they use it to, again, gather the resources
10 and travel out to where they need to be.

11 In summary, it's a positive relationship we
12 have with Florida Power and Light. They have always
13 looked out for our best interests and cost savings.

14 Thank you.

15 **CHAIRMAN BRISÉ:** Thank you very much for your
16 testimony.

17 Are there any questions?

18 All right. Thank you very much.

19 **MR. KELLY:** After Mr. Liguori is Doug Kosarek.
20 Kosarek.

21 **VINCENT LIGUORI**

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

24 **DIRECT STATEMENT**

25 **MR. LIGUORI:** Good afternoon, ladies and

1 gentlemen, and thank you for giving me the opportunity.
2 My name is Vincent Liguori, 29 Wellford Lane, Palm
3 Coast, Florida.

4 I know you know about Palm Coast. We were
5 number one in the nation. Now we are down at the very,
6 very bottom. Recently, two weeks ago, our city council
7 proposed an electric franchise utility fee. They
8 first-reading passed it five nothing. The second
9 reading they were destroyed by the people. They came in
10 in force. What were they worried about? Number one,
11 the economy. Number two, Obamacare. Number three, EPA.

12 The flux of our national environment is
13 totally convoluted. People don't know which way to go
14 or which way we're going. So in the penultimate they
15 rejected this, and they are looking at alternative means
16 because they are not equipped to find out what's going
17 to happen in our economy and locally.

18 So what is our goal? Our goal is do we tell
19 someone via these rate increases at a time that the way
20 I'm calculating it is 1800 percent above a five-year
21 jumbo certificate. The *Wall Street Journal* says right
22 now it's 1.35, and here we are looking at an 18 percent
23 overall? That is 1800 percent. If you factor it down,
24 it's 1600 percent. Totally not doable. What is doable?
25 I don't know. I would have to leave it to you, ladies

1 and gentlemen, to say what is doable.

2 There is a contingency factor. Maybe FPL
3 should be saying, look, I know times are bad. I'll
4 strip out of my rate increase and provide a level of
5 service that is contingent upon what I'm doing today.
6 And for the moment, until our economy improves, I will
7 hold back on these major projects. You know, I don't
8 want to be the one -- as I said in Palm Coast, I don't
9 want to be the one to tell some poor person, infirmed
10 person, "Well, don't worry about your medications and
11 your electric bill. On the electric bill side, it's
12 easy. We'll just turn it off."

13 Please consider that. Thank you.

14 **CHAIRMAN BRISÉ:** Thank you very much.

15 Are there any questions for Mr. Liguori?

16 Seeing none, thank you for your testimony.

17 **MR. KELLY:** After this speaker will be Ms.
18 Michelle Stevens.

19 **DOUG KOSAREK**

20 appeared as a witness and, swearing to tell the truth,
21 testified as follows:

22 **DIRECT STATEMENT**

23 **MR. KOSAREK:** Good afternoon. And first of
24 all, I do want to thank the Public Service Commission
25 for coming to Daytona Beach. We are honored that you

1 guys would be here to listen to us.

2 I think that it's important, I guess, to start
3 with, just like everybody else, the PR part about how
4 wonderful Florida Power and Light seems to be. I mean,
5 they are a company that delivers excellent service at
6 low rates and their dividends have gone up each of the
7 last three years. Their stock price is increasing, and
8 there is very value there.

9 However, this isn't pure capitalism at work.
10 Florida Power and Light is a state-sanctioned monopoly.
11 The people behind us have no choice as to who they get
12 their power from. The only thing that stands between
13 that state-sanctioned monopoly and the average little
14 guy citizen is the Public Service Commission. You are
15 our watchdog.

16 And it's important to realize that three years
17 ago when the Public Service Commission dialed back their
18 requested rate increase dramatically, Florida Power and
19 Light said that they would only be able to get maybe 3
20 percent return. Well, that didn't come true. They came
21 back with record returns and record profits. They said
22 they would have to scale back all of their major
23 investments. Well, that turned out not to be true,
24 either. They launched into one of the more aggressive
25 capital improvement campaigns that anybody has ever

1 seen.

2 So I guess what I'm asking is that the Public
3 Service Commission not just listen to Chicken Little
4 saying that the sky is falling and look out a little bit
5 for the little guy. Because, candidly, in that
6 state-sanctioned monopoly they don't operate under the
7 same market rules that most of our small businesses do.

8 Like variable costs. They said that fuel
9 shouldn't be really considered on this, but in the rate
10 increase it is going to go up by \$7, come back down,
11 maybe we will pay 1.43 more for the average bill because
12 of the fuel cost reduction. But the fuel cost is a
13 variable cost, and when it goes up and down they get to
14 pass that onto the backs of the consumer. They don't
15 really even bear that cost. If there is a risk of a
16 hurricane hitting, all of that gets passed on in storm
17 mitigation back to the backs of the consumer.

18 What they are asking for is to ratchet up
19 their profits and their profits alone. And the
20 estimates are somewhere 340 million of the 690 and 200
21 million of the 690 goes purely to investor returns.
22 Now, I'm a capitalist; I'm all for big returns, but not
23 on the backs of the little people who can't afford it
24 right now. Nickels and dimes count in times like these.

25 There are a lot of people here who may get up

1 and say they have a complaint about FPL specifically.
2 That's not me. I'm not here to see their customer
3 service reps that are here on the company dime, but I'm
4 here to represent a lot of these folks out here who are
5 scratching their nickels and dimes together and they are
6 here on their dime to talk to you and ask you to either
7 scale back or deny this rate increase.

8 Thank you very much.

9 (Audience applause.)

10 **CHAIRMAN BRISÉ:** Thank you, sir. If you could
11 please state your name.

12 **MR. KOSAREK:** I apologize. Doug Kosarek, 146
13 Bellewood Avenue, South Daytona Beach, Florida.

14 **CHAIRMAN BRISÉ:** Thank you for your testimony.

15 Any questions for Mr. Kosarek?

16 Seeing none, thank you for your testimony.

17 **MR. KELLY:** After Ms. Stevens is Mr. Greg
18 Stevens.

19 **MICHELLE STEVENS**

20 appeared as a witness and, swearing to tell the truth,
21 testified as follows:

22 **DIRECT STATEMENT**

23 **MS. STEVENS:** My name is Michelle Stevens. I
24 currently reside at 3 Oak Glen Drive, South Daytona
25 32119.

1 Probably within the group, I'm one of South
2 Daytona's newest residents. I am short; I am to the
3 point. All I ask is that you reconsider this rate
4 increase. Look at today's economy.

5 Thank you. (Audience applause.)

6 **CHAIRMAN BRISÉ:** Thank you very much. Any
7 questions for Ms. Stevens? Seeing none, thank you.

8 **MR. KELLY:** After Mr. Stevens is Bill Cummins.

9 **GREG STEVENS**

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

12 **DIRECT STATEMENT**

13 **MR. STEVENS:** Greg Stevens, 3 Oak Glen, South
14 Daytona 32119.

15 As far as the council goes, I just don't
16 conceive how you could allow a rate increase. If you
17 could possibly -- and I don't know if FPL could feel the
18 pain of people on a fixed income, people who have lost
19 their job, people who have put everything they have
20 worked for in their life in a small business and is
21 trying to make it at a time like this, and to consider
22 their profits in a time of pain in an economy like this,
23 I don't even see it conceivable.

24 Thank you.

25 **CHAIRMAN BRISÉ:** Thank you, Mr. Stevens.

1 Any questions for Mr. Stevens?

2 Seeing none, thank you for your testimony.

3 **MR. KELLY:** After Mr. Cummins is Doug

4 Littleton.

5 **WILLIAM A. CUMMINS**

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

7 testified as follows:

8 **DIRECT STATEMENT**

9 **MR. CUMMINS:** William A. Cummins at 807 Black
10 Duck Drive in Port Orange, Florida 32127, 386-383-5198.

11 I'm coming to speak to you as a retired
12 Florida engineer. Not only retired in Florida, but I'm
13 retired in six other states. I spent most of my career
14 designing public facilities and representing your side
15 and this side and these sides in almost every kind of
16 case, mainly water drinking facilities, drinking water,
17 and wastewater, and solid waste.

18 I grew up in The Depression. I became a
19 registered engineer in 1960, and I can't forget what my
20 dad said. It's funny. My dad said, when he found out I
21 had a license, and this is very serious because of what
22 someone just said a couple of people before, he said,
23 "Bill, I'm not sure I understand what you're doing." He
24 was a great farmer, but he didn't know what engineers
25 did. And then he said something that I thought about

1 for probably 40 years before I figured it out. He said,
2 "Bill, if you have to have a license to do what you're
3 doing, it's probably illegal." I told that a lot and
4 got a lot of laughs. But a few years ago, based on the
5 monopoly theory, he is exactly right.

6 What we do is create monopolies that you can't
7 touch. And when you can't touch them, then they can
8 take advantage of you and me. So I have a record here
9 -- I have a one-liner, in fact, to keep it brief. But
10 it started in July last year when I got an e-mail from a
11 friend in church asking me to look at the smart meters.
12 Now I know that they cost money. It's probably -- I
13 don't know, I assume it's built into this rate increase,
14 because they are threatening to put one in my house. As
15 an engineer, I don't want one. I don't want
16 surveillance. I don't want the nuisance. I don't want
17 anything to do with it. I hope you take that into
18 consideration as you look at this situation.

19 Florida Power and Light is a great company and
20 most of them are. They mean good. But from what I've
21 heard today and what I have read, I would have to go
22 with the people who would be against it until it was
23 readjusted somehow. But when you do that, please take
24 into my one-liner to please review the attachments; it
25 includes all my e-mails and letters. The hardest

1 problem I had was getting to the CEO of Florida Power
2 and Light. I sent him a registered letter. It says,
3 "please review the attachments and say no to smart
4 meters in Florida." Thank you.

5 **CHAIRMAN BRISÉ:** Thank you, Mr. Cummins. If
6 you would like to provide that information for the
7 record, you can provide it to Ms. Klancke. And that
8 would be Number 9.

9 (Exhibit 9 marked for identification.)

10 I failed to ask are there any questions for
11 Mr. Cummins? All right.

12 Thank you very much for your testimony.

13 **MR. KELLY:** After Mr. Littleton is Mr. Barry
14 Ward.

15 **DOUG LITTLETON**

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

18 **DIRECT STATEMENT**

19 **MR. LITTLETON:** Good afternoon. Thank you for
20 allowing us to speak before you. And I want to say for
21 the record, thank you, Mr. Kelly, for your information
22 and your presentation earlier. I learned a lot in that
23 eight minutes or so. And I am also disappointed that
24 the way this rate increase was sold as a \$1.41 per
25 kilowatt hour instead of the \$7.09 increase in base

1 rates for \$940 million. To me it's absurd. 16 percent?
2 Anytime, especially when they are allowed a 10 percent
3 return on equity right now. So I'm going to make this
4 brief. I implore you do not increase this base rate one
5 penny. Thank you.

6 **CHAIRMAN BRISÉ:** Thank you, Mr. Littleton.

7 **MR. LITTLETON:** My name is Doug Littleton, by
8 the way, 2515 South Atlantic Ave., Daytona Beach Shores
9 32118.

10 **CHAIRMAN BRISÉ:** Thank you.

11 Any questions for Mr. Littleton? Okay.

12 Seeing none, thank you for your testimony.

13 **MS. KLANCKE:** May I jump in one moment for a
14 housekeeping matter? Exhibit Number 9, can we give that
15 a short title of Cummins' composite exhibit for the
16 record.

17 **CHAIRMAN BRISÉ:** Thank you very much.

18 **MR. KELLY:** After Mr. Ward is -- I think it's
19 Mr. Bill Ternent.

20 **BARRY WARD**

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

23 **DIRECT STATEMENT**

24 **MR. WARD:** Good afternoon, Mr. Chairman and
25 committee members. My name is Barry Ward. I reside at

1 1175 Tracy Drive in Port Orange. Phone number
2 386-214-2001.

3 I have lived here in Florida about 20 years.
4 I'm a homeowner here, and have owned a number of
5 properties and have had experience with FPL as a
6 residential customer. I found them to have a high
7 quality of customer service. When we lost power from
8 storms at different times, they go out and work 24/7 to
9 try and restore power, so I appreciate the quality of
10 service. And from the information, it seems as though
11 the rate is very comparable if not even better than some
12 other areas of the state provided by other providers.

13 I recently had the opportunity to visit FPL
14 corporate headquarters down in Juno Beach in my capacity
15 as a member of the Association of Energy Engineers, the
16 Sunshine Chapter here. And I was at the quality and
17 safety expo, business expo, and saw a lot of the things
18 that FPL is currently doing with their company in terms
19 of being environmentally sensitive, giving back to the
20 community, and this just reinforced the positive
21 impression that I had of FPL.

22 Now, that being said, of course, I, like
23 everybody else in this room, is very aware and very
24 sensitive to the fact that we are in an economic
25 decline. I don't think that we are going to resolve all

1 of the issues involved with that just at this particular
2 hearing. I do feel as though they do provide a quality
3 service. And, again, I don't want to stand on this -- I
4 think nobody really wants a rate increase, but I also do
5 believe that you get what you pay for. If they do have
6 a high profit, it's probably because they are a very
7 well run company and maybe it's something that if you do
8 have a few extra dollars you might want to invest in.
9 So I'm willing to pay a little bit extra for them to
10 continue what I feel are professional people doing a
11 very good job in our community.

12 **CHAIRMAN BRISÉ:** Thank you, Mr. Ward.

13 Are there any questions for Mr. Ward?

14 Mr. Ward?

15 **MR. WARD:** Yes.

16 **CHAIRMAN BRISÉ:** He has a question for you,
17 sir.

18 **MR. WARD:** Yes.

19 **MR. SAPORITO:** Hi, Mr. Ward. As I recall your
20 testimony, you are a member of some kind of an
21 association, is that correct?

22 **MR. WARD:** I am. It's called -- it's an
23 international organization called the Association of
24 Energy Engineers.

25 **MR. SAPORITO:** And is FPL --

1 **MR. WARD:** They are in no way affiliated with
2 that.

3 **MR. SAPORITO:** There is no affiliation?

4 **MR. WARD:** No. Well, members of FPL,
5 Honeywell, Siemens, Johnson Controls, they have
6 thousands of different companies in energy and so on and
7 not in energy that are affiliated members in 82
8 countries and they have about 16,000 members.

9 **MR. SAPORITO:** And did FPL ask you to testify
10 today?

11 **MR. WARD:** No, they did not.

12 **MR. SAPORITO:** Thank you.

13 **CHAIRMAN BRISÉ:** Thank you, Mr. Ward.

14 **MR. WARD:** You're welcome.

15 **MR. KELLY:** After Mr. Ternent is Mr. Paul
16 Kachura.

17 **BILL TERNENT**

18 appeared as a witness and, swearing to tell the truth,
19 testified as follows:

20 **DIRECT STATEMENT**

21 **MR. TERNENT:** Good afternoon. Thank you for
22 being here, and thank you for having us. My name is
23 Bill Ternent, I am at 6467 Long Lake Drive in Port
24 Orange, Florida. Area code 386, 788-7880.

25 You've heard all the statistics that you need

1 to hear. I had all the same ones to repeat to you, but
2 I'll just leave it where it is. What this really comes
3 down to is just a simple matter of fairness. What's
4 fair? Is everyone being treated fair who should be
5 being treated fairly in the circumstance? And I think
6 the answer is no, not if you use this increase as a
7 measure.

8 I got introduced to the world of business when
9 I graduated from college on the profit side. And I was
10 fortunate enough to manage to get affiliated with a
11 company that had a saying about what it meant to be a
12 really good corporation and how you got success in a
13 corporation. And their scheme was -- although they were
14 strictly a for-profit company -- was that you operate in
15 the balanced best interests of your customers, your
16 employees, your shareholders, and the community. And
17 when you do that, you maximize your profits because
18 you're doing what it is you should be doing as a
19 corporate citizen.

20 Now, I don't want to say that Florida Power
21 and Light is not a good corporate citizen in many, many
22 respects. What they do in the community in community
23 relations is to be lauded, okay. But that is also true
24 of just every other company. Everybody ponies up to
25 deal with the things that need to be dealt with in the

1 community. It comes back to fairness. Fairness. Raw
2 fairness.

3 You know, there are seven counties from here
4 to Jacksonville, and in all of those counties there are
5 two counties that have large masses of seniors, okay.
6 One of them is in Jacksonville, okay, and the other one
7 is here in the Daytona Beach area in Volusia County.
8 But the reality of it is there is a far greater
9 percentage of elderly living in Volusia County than
10 there is in the Jacksonville area. Their numbers are
11 larger, but the proportion of the people who are served
12 in the area are not.

13 And I can tell you from some of the many, many
14 different organizations that I work with who deal with
15 the elderly and otherwise, that you have about
16 50 percent of that mass of elderly people in this area,
17 most of who are highly dependent upon just their Social
18 Security in order to get along every month. \$7.09 is a
19 big deal for them. A big, big deal. Vote no on this.
20 Thank you. (Audience applause.)

21 **CHAIRMAN BRISÉ:** Thank you.

22 Are there any questions?

23 **MR. SAPORITO:** Just one quick question.

24 **CHAIRMAN BRISÉ:** Mr. Ternent, there is a
25 question for you.

1 **MR. TERNENT:** Yes.

2 **MR. SAPORITO:** Yes. The senior citizens you
3 spoke of, are you aware are these people for the most
4 part on a fixed income?

5 **MR. TERNENT:** The senior citizens? Yes.
6 We're talking about retired people who are on fixed
7 incomes, yes. I would be very happy to get the
8 statistics and supply them to you if you would like to
9 see those, the backup. Thank you.

10 **CHAIRMAN BRISÉ:** Thank you very much.

11 **MR. KELLY:** After Mr. Kachura is Harley
12 Hoffman.

13 **PAUL KACHURA**

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

16 **DIRECT STATEMENT**

17 **MR. KACHURA:** Good afternoon. Paul Kachura at
18 36 Folsom Lane, Palm Coast; 631-334-9098.

19 I would like to thank you for the opportunity
20 to speak today, and I would like to speak about smart
21 meters and oppose a rate increase. The replacement with
22 them costs money and that is what we are here about,
23 cost increase. First, the question I have of the FPL at
24 this time; is there anything else besides a smart meter
25 on FPL maintenance trucks on the road today? In a

1 conversation I had I directly asked that question and
2 was told by Duke Eckstra (phonetic) that a smart meter
3 was the only thing on FPL maintenance trucks at this
4 time.

5 Then in response to a conversation that I had
6 and a returned letter that I received from that FPL
7 customer advocate, Duke Eckstra, wherein both the FPL
8 has agreed to, at my request, place on hold the
9 installation of a smart meter at my home. How can the
10 FPL uphold that agreement with me or any other new home
11 installation if there is an agreement when there is
12 nothing but smart meters on your trucks?

13 Secondly, where does the FPL stand on
14 Resolution 2012-70, which is to opt out, or Resolution
15 2012-74 to opt in for smart meters. Thank you.

16 **CHAIRMAN BRISÉ:** Thank you very much.

17 Any questions for Mr. Kachura?

18 **MR. SAPORITO:** Yes, sir.

19 Sir, did FPL provide you an opportunity to opt
20 out having that meter installed?

21 **MR. KACHURA:** He did not give me either
22 opportunity. I asked for the opportunity.

23 **CHAIRMAN BRISÉ:** Thank you.

24 **MR. WRIGHT:** Mr. Chairman, Mr. Kelly had to
25 leave the room for a moment. He asked me to call the

1 next witness.

2 Harley Hoffman.

3 **HARLEY HOFFMAN**

4 appeared as a witness and, swearing to tell the truth,
5 testified as follows:

6 **DIRECT STATEMENT**

7 **MR. HOFFMAN:** Yes. Good afternoon. My name
8 is Harley Hoffman. I live at 108 Seminole Drive in
9 Ormond Beach. I'm the president of the Tomoka View
10 Tanglewood Civic Association. Before I start my
11 presentation, I'd like to thank the Commission for
12 coming here. I'm particularly impressed that all five
13 of you made it to Daytona Beach.

14 Most of the talk today has been about what I
15 call the big picture, which is rightfully so, it's what
16 you're addressing. I would like to spend most of my
17 time, though, talking to you about what I call the
18 little picture, and it has to do with the problems that
19 we have in our little subdivision and the relationship
20 we have with FPL in our little subdivision.

21 The Tomoka View Tanglewood subdivision is an
22 unincorporated enclave a few miles from here completely
23 surrounded by the City of Ormond Beach. The subdivision
24 is about 45 years old. It has 192 well-kept brick
25 homes. We receive our police and fire services and

1 waste management services from Volusia County. We get
2 our electrical services from FPL and our water from one
3 of your wards, Aqua Utilities Florida.

4 We have three deep wells and a treatment plant
5 in our subdivision owned by Aqua Utilities Florida that
6 provide water to our residences. This system receives
7 power from FPL to operate the pumps and a chlorine
8 purification system, and has a diesel generator backup
9 system that starts when there is an FPL power failure.

10 During the past two or three months we have
11 had several failures in the system that resulted in our
12 water being shut off. These failures coincide with
13 power fluctuations that we can notice in our homes by
14 such things as microwave and clocks requiring resetting,
15 televisions requiring rebooting, and visual blinking of
16 lights.

17 I do not know if this is the result of a power
18 surge or an interruption of power, but the result is a
19 temporary power failure to the users. We have
20 complained to FPL and to Aqua Utilities because their
21 backup system did not work in spite of weekly testing.
22 An Aqua service technician much come to Ormond Beach
23 from Palatka, about an hour's drive, and reset the
24 circuit breaker each time this happens. Both FPL and
25 Aqua Utilities have said they are working on the problem

1 and I do not know what has been resolved, but it's clear
2 to me that if there were no power fluctuations there
3 would be no problem with maintaining our water supply,
4 and that is FPL's responsibility.

5 Some of our residents have filed complaints
6 with FPL, Aqua Utilities, and with you, the PSC, because
7 you established a customer service monitoring program
8 for Aqua Utilities at their recent rate increase
9 hearing. Hopefully our squeaky wheel will make enough
10 noise to attract attention and get a solution soon. We
11 are very concerned that the problem get resolved
12 quickly, because now that the hurricane season is here,
13 a power fluctuation or failure that occurs during a
14 storm shutting down our water system might not be
15 resolved for days if traffic between Ormond Beach and
16 Palatka is interrupted by storm damage.

17 Another problem that we have in our
18 neighborhood is frequent power outages due to the wind
19 either breaking off branches or moving them against
20 wires to cause a problem failure. I don't know what the
21 FPL policy is regarding tree trimming, but older
22 neighborhood like ours where trees are large and mature
23 should be trimmed often. The main circuit breaker at
24 State Route 40 entrance to our neighborhood has to be
25 reset almost every time we have strong winds. We have

1 called -- we have called FPL each time we have a failure
2 and the breaker is usually reset in a matter of a few
3 hours, but in a few weeks the Asplundh tree trimmers
4 come up and trim a few trees. The FPL trimming criteria
5 in our case, in our neighborhood, seems to be reactive
6 rather than proactive.

7 Next I would like to speak to you about power
8 surge protection.

9 **CHAIRMAN BRISÉ:** Mr. Hoffman --

10 **MR. HOFFMAN:** Am I over?

11 **CHAIRMAN BRISÉ:** Yes. You need to wrap it up.

12 **MR. HOFFMAN:** Okay. Thank you very much for
13 allowing me to speak to you.

14 **CHAIRMAN BRISÉ:** Thank you very much.

15 There's a question for you, Mr. Hoffman.
16 Commissioner Brown has a question for you.

17 **COMMISSIONER BROWN:** Thank you so much for
18 your testimony today. I just wanted to clarify if you
19 were speaking on behalf of the homeowners association
20 at the subdivision, or if you were speaking as an
21 individual customer.

22 **MR. HOFFMAN:** I am speaking as the president
23 of the civic association.

24 **COMMISSIONER BROWN:** Okay. Thank you so much.

25 **CHAIRMAN BRISÉ:** Thank you. Commissioner

1 Edgar has a question for you, also.

2 **COMMISSIONER EDGAR:** Thank you, Mr. Hoffman.
3 Thank you for being here today.

4 I was wondering if you did not -- if you were
5 not able to completely finish your prepared remarks, if
6 you would consider giving a copy of them to our staff.
7 Either way, I would ask Mr. Willis to look into -- our
8 staff on behalf of our Commission -- the issues that he
9 has raised as far as the power surge and the outages due
10 to tree trimming. FPL and all of the regulated electric
11 utilities do have a prescriptive tree trimming schedule,
12 but our staff could certainly look into see how that is
13 working or not working.

14 **MR. HOFFMAN:** Yes. I had a last paragraph on
15 power surge, where the money goes and all the changes
16 made and all that sort of thing, but I'll give that
17 to --

18 **CHAIRMAN BRISÉ:** If you would wait one more
19 second. Commissioner Balbis has a question for you, as
20 well.

21 **COMMISSIONER BALBIS:** Thank you, Mr. Hoffman;
22 and thank you for coming here today. And I want to
23 particularly thank you for coming to us with specific
24 issues. I know you call them little things, but I think
25 that for me personally is important to hear.

1 My question for you, you mentioned the power
2 quality issues, you brought up to FPL that both FPL and
3 Aqua are, quote, working on it. Can you provide us --
4 if you don't have it now, at a later date, specifics as
5 to what the status is on these issues, any
6 correspondence that you have so that we can follow up on
7 that?

8 **MR. HOFFMAN:** Yes.

9 As I said, I don't know. We report these
10 things and it kind of goes into the great beyond, and we
11 don't get reports back. All we can see are the results.
12 I do know that there were people, FPL and Aqua people at
13 our water treatment plant within the last week or so, so
14 somebody is doing something.

15 **CHAIRMAN BRISÉ:** Go ahead.

16 **COMMISSIONER BALBIS:** A different question.
17 You mentioned issues about the power surge protection.
18 Can you elaborate on that?

19 **MR. HOFFMAN:** The basic question? The thing
20 that I wanted to address is that there are two ways of
21 getting power surge protection. One which I have which
22 is the insurance. We pay \$6.75 a month for that. We
23 recently got a solicitation from FPL to have a power
24 surge device, protection device installed on the meter
25 for 9.95 a month.

1 I tried to get resolution by talking to both
2 offices. Which way is the best way for me? And I'm not
3 really able to do that. If I understand it correctly,
4 if you buy the insurance for 6.75 they will reimburse
5 electronics and that sort of thing that are destroyed.
6 If you get just a surge protection device installed on
7 your meter, they will not reimburse for that.

8 And then the final question was what happens
9 to the 6.75 and this 9.95? Does that go into the rate
10 calculations? Because Aqua Utilities when they put in
11 their meters, we have remote meters for Aqua Utilities,
12 that was included in their rate calculations that you
13 just handled. I believe it was capital improvement.

14 **COMMISSIONER BALBIS:** Thank you.

15 **CHAIRMAN BRISÉ:** Thank you very much.

16 Mr. Kelly.

17 **MR. KELLY:** Mr. Chairman, I was just going to
18 ask, following up with Commissioner Edgar, is that I
19 would like for his handout to be made an exhibit in the
20 record, moved into the record, please.

21 **CHAIRMAN BRISÉ:** We will take the exhibit, and
22 I guess at some time later we will deal with moving it
23 in and so forth. So when you are done, if you could
24 provide your documents to Ms. Klancke, that would be
25 helpful. I think you have one more question from Mr.

1 Saporito.

2 **MR. SAPORITO:** Mr. Hoffman, just for a point
3 of clarification, do you an opinion as to whether you
4 are in favor of FPL's rate increase or against it?

5 **MR. HOFFMAN:** My association feels much like
6 what you have heard here. They obviously are against
7 any increase. The increase in base cost and the
8 reduction in the fuel is similar to a thing we just went
9 through with our water system. And, you know, one can
10 say my total bill is about the same, and so you can't
11 get up and beat on the drum about it, but it seems to us
12 what we want is what everybody else here wants. We want
13 a reduction in the fuel price and a reduction in the
14 base price, so if we could have that.

15 **CHAIRMAN BRISÉ:** Thank you very much. If you
16 could provide the documents to Ms. Klancke, we would
17 greatly appreciate it.

18 At this time we are going to take about a
19 ten-minute break. Our court reporter needs a little
20 time to give those fingers a rest, and we will reconvene
21 at about 5:45.

22 (Recess.)

23 **CHAIRMAN BRISÉ:** Okay. We are going to
24 reconvene at this time. If my understanding is correct,
25 Mr. Kelly, Mayor Roy Johnson from the City of Holly Hill

1 is, I think, Number 30, but they have a city council
2 meeting that is about to start, so we're going to allow
3 him to come up at this time.

4 So, Mayor Johnson, provide us your testimony.
5 I just want to make sure that you were sworn in?

6 **MAYOR JOHNSON:** Well, thank you very much. I
7 was; I was here when we took the oath.

8 **CHAIRMAN BRISÉ:** Thank you.

9 **MAYOR ROY JOHNSON**

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

12 **DIRECT STATEMENT**

13 **MAYOR JOHNSON:** And I'm here not as a personal
14 customer of FPL, but more as to tell how it is with the
15 community, and with our city, and with our franchise
16 with FPL, and things like that. I have done no research
17 on the rate increase, what they are using it for or
18 anything else. I know for sure that they are the lowest
19 rate, FPL is in the State of Florida. I know that a lot
20 of municipalities have their own power company, and they
21 have a higher rate than FPL does, but I don't get
22 involved in knowing what that FPL does with the rate
23 increase, what they are going to do or anything like
24 that. I know what we do with ours. When we had to
25 increase our rate on the water system it was mainly to

1 protect the future generation. So if you're going to
2 get a rate increase now and you have to pay something a
3 little bit extra now for things, sometimes you have to
4 do it to protect -- you have to look into it to see if
5 there's something you're doing to protect your kids and
6 your grandkids from not having to pay a lot more later.
7 So that is's only thing I would know about on our level
8 how it is, or something.

9 But the main thing I came here to have to say
10 about FPL is they have been incorporated in Florida, I
11 think, since 1925. They are really super good in
12 community involvement. I was at a Boys and Girls Club
13 fundraiser the other night, and they was one of the main
14 sponsors. They sponsor so many events. I see so many
15 of their employees go out of their way to do things for
16 us and a lot of other cities and communities around
17 here, so I have to commend FPL for their community
18 involvement, in what they do for us. They pay us a good
19 franchise fee, and we don't have to do anything as far
20 as the electricity is concerned. But a lot of people
21 will tell us, you know, their water is off for quite
22 awhile and their electricity was off, and FPL got there
23 and got their electricity back on. Well, why did it
24 take so long to get the water back on?

25 So really they do do a good service for us,

1 and I'm not -- I can't stand up here and advocate a rate
2 increase for the city, for who wants a rate increase or
3 decrease or whatever, but I do know that they are a good
4 corporate sponsor for our area and that's what I would
5 mainly have to say for them.

6 They do a super good job. Their customer
7 service people are always right on the spot if we have a
8 problem. Just a few days ago they had big semi knock
9 down a couple of feeder poles on U.S. 1. There was an
10 army of FPL trucks there in just a matter of minutes and
11 they got them back on quick. We like that. We like
12 what they're doing and whatever, but we're just -- we
13 just like their community involvement. We like their
14 service. We like that they pay us a considerable
15 franchise fee, and they pretty well stick to what they
16 say. But as far as their financial -- what they do with
17 their money and whatever, I cannot comment on that at
18 all because I'm an elected official of the City of Holly
19 Hill.

20 And I appreciate everything you guys do. You
21 come here, you come to a great place, and you have to
22 thank this great facility here that hosts so many people
23 that we come to, and they do a super duper job here.
24 And thank you very much, and thanks to everyone.

25 **CHAIRMAN BRISÉ:** Thank you, Mr. Mayor.

1 **MS. KLANCKE:** Just one housekeeping note with
2 respect to Exhibit Number 10, which was proffered by Mr.
3 Hoffman. May I please get a short title for that? May
4 at I suggest the title that is reflected on the page
5 which is Statement Before the Public Service Commission,
6 or PSC?

7 **CHAIRMAN BRISÉ:** Sure. That sounds good to
8 me.

9 (Exhibit Number 10 marked for identification.)

10 **CHAIRMAN BRISÉ:** Thank you very much.

11 Mr. Kelly.

12 **MR. KELLY:** The next speaker is Maredy Hanford
13 to be followed by Martha Babson.

14 **MAREDY HANFORD**

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

17 **DIRECT STATEMENT**

18 **MS. HANFORD:** Good evening. Maredy Hanford,
19 1918 Seclusion Drive, Port Orange 32128.

20 If they want to increase the rates, I would
21 like to ask Florida Power and Light what happened to the
22 200 million grant that was given to them by the
23 government? Also, they may not even know this, Florida
24 Power and Light, this is a lot deeper than anybody
25 realizes, but in 2009 in the stimulus package there were

1 3.9 billion, that's with a B as in boy, dollars passed
2 so that smart meters were installed. So this rate
3 increase might have something to do with the
4 installation of smart meters.

5 What blew my mind out was that these smart
6 meters are being installed worldwide. It's not only the
7 United States. The smart grid is part of technocracy.
8 Technocracy is tyranny via technology. It's time for us
9 to wake up to see what is really happening. Florida
10 Power and Light may not even know -- the people here
11 representing Florida Power and Light may not even know
12 what technocracy is.

13 I have flyers here that I'm going give to you
14 with two very educational videos. I want you to go home
15 to take a look at them and to listen to Patrick Wood
16 talk about technocracy and what this is about.

17 Smart meters, they are a surveillance device.
18 They are wiretapping, or they are like wiretapping.
19 Wiretapping is illegal in all 50 states of federal
20 territories. They are using our money, taxpayer money
21 to install these smart meters all over the world with
22 our money. Why? Because they want to control. With
23 this technology they will be able to control us, and
24 that is what it amounts to.

25 In Mexico people don't even know that they are

1 smart meters. They call them plastic meters. They are
2 being installed in Mexico. So this increase, of course,
3 I am against it. Again, what happened to the \$200
4 million grant? 3.9 billion stimulus package to install
5 smart meters. Now they want to juice a little bit more
6 money out of the little people to continue installing
7 this. It is against our will. We worked very hard to
8 pass a resolution, an opt-in resolution to put the
9 burden on the power company that they will install smart
10 meters only if the customer requests the smart meter.

11 Besides being a surveillance device, there is
12 also talk about a health issue, so I'm going to give you
13 these for you to take a look at at home. It's going to
14 blow your mind up. It did me and my family. And I have
15 a copy of the resolution. Would you like it? I will
16 pass it.

17 **CHAIRMAN BRISÉ:** You could provide it to
18 Ms. Klancke.

19 **MS. HANFORD:** All right. Thank you. I didn't
20 see the light. Thank you.

21 **CHAIRMAN BRISÉ:** That's okay. Thank you very
22 much.

23 **MS. KLANCKE:** May I suggest a short title?

24 **CHAIRMAN BRISÉ:** Sure.

25 **MS. KLANCKE:** The exhibits that Ms. Hanford,

1 H-A-N-F-O-R-D, has provided, she read two of them,
2 including the resolution as well as some information
3 about smart meters, I would like to identify this as
4 Exhibit Number 11. And a short title as Hanford
5 Composite Exhibit.

6 **MS. HANFORD:** Hanford Against Smart Meters.

7 **MS. KLANCKE:** Hanford Against Smart Meters
8 Composite Exhibit?

9 (Exhibit 11 marked for identification.)

10 **MS. HANFORD:** Yes. Would you like for me to
11 pass these out to you?

12 **CHAIRMAN BRISÉ:** No, ma'am. You can just
13 leave them with Ms. Klancke.

14 **MS. HANFORD:** Okay. All right.

15 **CHAIRMAN BRISÉ:** We certainly appreciate it.

16 **MS. HANFORD:** Make sure everybody gets one.

17 **MARTHA BABSON**

18 appeared as a witness and, swearing to tell the truth,
19 testified as follows:

20 **DIRECT STATEMENT**

21 **MS. BABSON:** Hi. Good afternoon. Thanks for
22 having this meeting.

23 My name is Martha Babson, 519 Vernon Avenue,
24 Crescent City up in Putnam County. I moved here after
25 the two hurricanes that hit West Palm Beach. I moved

1 inland. And we were out of power for 20 days there,
2 okay. I have no complaints with FPL here. They are
3 out -- I mean, they are wonderful as far as reliability,
4 and I'm sure you've heard a lot of those good things.

5 What I'm here for today is because I looked on
6 line and I found that you people, the PSC, has a mandate
7 or your point of view is to make sure the utility
8 companies give us safe and reliable service. So we have
9 already been over the reliable. I mean, to me that's
10 great. What I have an issue with, and some other people
11 have mentioned these smart meters, is I called up last
12 October and I spoke with I don't know who. Now I know
13 who their name is, because I spoke later with someone
14 else. And I had said, sir, what procedure do I go
15 through in order to opt out of the smart meter? And he
16 said you can't. There is no opting out.

17 Now, I went on line and I studied, and I'm
18 into public health and I'm very into health issues.

19 **COMMISSIONER GRAHAM:** I hate to cut you off,
20 and I don't know if you were here earlier when the
21 Chairman spoke, the main purpose in -- and I should have
22 said this when the last woman was speaking -- the main
23 purpose we are here for is about the rate increase.

24 **MS. BABSON:** Rate increases.

25 **COMMISSIONER GRAHAM:** And --

1 (Simultaneous conversation.)

2 **MS. BABSON:** And I'm here to question --

3 **COMMISSIONER GRAHAM:** Would you allow me to
4 finish?

5 **MS. BABSON:** I will, sir, but I think this is
6 just --

7 **COMMISSIONER GRAHAM:** Ma'am, would you allow
8 me to finish my statement?

9 **MS. BABSON:** Yes, sir.

10 **COMMISSIONER GRAHAM:** If you could keep your
11 comments specific to customer service and the rate
12 increase. If you have anything else you want to add
13 about smart meters, we will take that -- we will take
14 that --

15 **MS. BABSON:** I don't. I don't. I just wanted
16 to bring that up.

17 **COMMISSIONER GRAHAM:** Okay. Thank you.

18 **MS. BABSON:** May I?

19 **COMMISSIONER GRAHAM:** Yes, you may continue.

20 **CHAIRMAN BRISÉ:** Go right ahead.

21 **MS. BABSON:** All right. What I have to do is
22 about your board and because I have issues with health
23 results of smart meters and you are supposed to provide
24 safe service. I'm wondering when the studies come out,
25 and they are all on line, it is voluminous, who is

1 responsible? Do we have a public health board? Are you
2 people going to be making the decisions for all of these
3 customers? Who -- there is no contract law here. FPL
4 obviously -- I didn't know before -- has a monopoly.
5 And in contract law, you know, I think one of the things
6 I can get out of is that there is an unequal bargaining
7 plan here.

8 So really are you folks -- are you the ones?
9 I don't know. So it isn't all about smart meters. It's
10 about your function. Who's responsible? And maybe if
11 you do give them the increase they can spend all that
12 money teaching the citizenry on a PR program what
13 benefits the people are going to go opting in. If we
14 only go with an opt out, nobody is going to know what
15 happened. They gave me an opt out until the end of the
16 year. They don't start putting it in till January.

17 **CHAIRMAN BRISÉ:** Thank you, Ms. Babson.

18 Let me clarify, as I stated earlier, what the
19 process entails. Some of those questions that you have
20 raised are questions that exist in terms of
21 jurisdiction. So part of the process as it's going
22 through right now, and we will have our staff workshop
23 on the 20th, one of the things that will be addressed is
24 jurisdiction. I think that's central to this whole
25 discussion. So we thank you for your interest.

1 And for anyone else who has an interest in the
2 smart meter issue, as we stated earlier, we have these
3 forms that you can avail yourself if you haven't taken
4 advantage of one as of yet. They are available up
5 front, and you can put your comments there so that they
6 can be more appropriately used as we prepare, or as our
7 staff prepares for that workshop.

8 So we certainly want to hear from you, but as
9 I said, we have a separate track for the smart meter
10 issues. So thank you very much. If that is the sole
11 purpose of why we are here this afternoon, be mindful of
12 that.

13 **MR. SAPORITO:** Mr. Chairman, I have one
14 question for the last witness, please.

15 **CHAIRMAN BRISÉ:** Does it pertain to the rate
16 increase or does it pertain to smart meters?

17 **MR. SAPORITO:** The rate increase.

18 **CHAIRMAN BRISÉ:** Ms. Babson, there's a
19 question for you. If you could come forward, Mr.
20 Saporito has a question for you.

21 **MS. BABSON:** Oh, sure.

22 **MR. SAPORITO:** Yes. To the extent that the
23 rate meters, the cost of the rate meters are included in
24 FPL's rate case, do you have an opinion as to whether
25 your testimony here is in favor of FPL's rate case or

1 against it?

2 **MS. BABSON:** Okay. Again, it's down the line
3 here. When I came here, my issue was not another couple
4 of bucks a month. People buy cigarettes or beer or
5 gambling tickets. But when I heard it was an 11-1/2
6 percent equity return, I mean, that's like gold. It's
7 even better than gold.

8 **CHAIRMAN BRISÉ:** Thank you very much.

9 Mr. Kelly.

10 **MR. KELLY:** The next speaker is Karen Jans
11 followed by Charles Craig.

12 **KAREN JANS**

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

15 **DIRECT STATEMENT**

16 **MS. JANS:** Thank you so much for coming to our
17 lovely area, although you have gotten to see the weather
18 change as we always do in Florida. I'm Karen Jans. I'm
19 the Associate Vice-President for Embry-Riddle
20 Aeronautical University. I'm here to talk about the
21 customer service.

22 We are in the middle, Embry-Riddle, to be
23 fortunate enough to be growing and doing some
24 spectacular things that are all about economic
25 development in our state. We are building a new student

1 center, science building, administration office,
2 maintenance building, and we have been just upgrading
3 our sports fields.

4 FPL has been working with us as we have been
5 looking at this. We were looking at initiating upgrades
6 in different places, but also with all these new
7 buildings we wanted to make sure that we were in a good
8 space and that we were able to take care of all of the
9 capacity concerns that we may have. To that end, we are
10 fortunate enough that FPL worked with us when we went to
11 a thermal energy storage project which shifts electric
12 use to off-peak, from day use to night use, by making
13 ice for 52 storage tanks at night which equals 1423 tons
14 of air conditioning and has about three to five tons of
15 air conditioning.

16 Embry-Riddle received a rebate as a result of
17 working with Florida Power and Light of \$683,000 about
18 two weeks ago on the thermal energy storage project
19 installation. And because of this working together and
20 partnership, we will be saving over \$9,000 per month or
21 \$110,000 per year. So we have been very excited about
22 the willingness on FPL's part to work with us on a
23 number of different projects that have helped us reduce
24 our energy consumption and has supported our
25 university's green initiatives. They have been

1 tremendous about it. We also on the rare occasion that
2 there is an outage, we do obviously have that
3 relationship where we do call FPL and they work with us
4 on that.

5 On the other front, I am a customer. I am
6 here in Daytona Beach, Florida, at 312 Georgetown Drive,
7 and have never felt like I couldn't just pick up the
8 phone for any questions or concerns that I may have even
9 including having a buzzing transformer in the backyard
10 and wondering what was going on, only to find out that
11 salt air can cause all kinds of instant problems in the
12 backyard. So they have been wonderful with us.

13 Certainly with Embry-Riddle as a corporate citizen, but
14 also for me as well as a citizen here in Daytona Beach.

15 So thank you so very much for coming, again,
16 and for hearing about the goods things going on in our
17 neighborhood.

18 **CHAIRMAN BRISÉ:** Thank you for your testimony.

19 Are there any questions?

20 Seeing none, thank you for your testimony.

21 **MR. KELLY:** Mr. Craig is followed by Ray
22 Sanchez.

23 **CHARLES CRAIG**

24 appeared as a witness and, swearing to tell the truth,
25 testified as follows:

DIRECT STATEMENT

1
2 **MR. CRAIG:** Good afternoon. My name is
3 Charlie Craig. I am the Volusia County Emergency
4 Management Division Director, and I operate out of the
5 emergency operations center at 49 Keyton Drive, Daytona
6 Beach, Florida 32124.

7 I currently reside in Deland with my wife, and
8 have for the last 20 years, and I get my electric power
9 from a different utility, and I won't go there. What
10 I'm here to speak to y'all about today is what I call
11 above and beyond partnership with our electric utility,
12 particularly it times of disaster. I am in the business
13 of saving lives and protecting property, and one of the
14 things that -- I don't know if they are required by law
15 or not -- but one the things that the electric utilities
16 do with us each year is review their power restoration
17 priorities. I think many of you are aware that we have
18 new nursing homes, new hospitals, new businesses, and
19 things that come into the community from time to time
20 and we must provide protection for them.

21 What is not popular, Florida Power and Light
22 has been more than receptive to negotiating with us.
23 They have changed the priorities, allowed us to protect
24 the public in the best way that we feel possible even
25 though it may not follow their particular feeder

1 restoration plan, and I find that to be above and beyond
2 what the call of duty would be in terms of an electric
3 utility. So I'm simply here to tell you that I think
4 that they are an extremely professional organization and
5 they are very responsive to the citizens of Volusia
6 County. Thank you.

7 **CHAIRMAN BRISÉ:** Thank you, Mr. Craig.

8 Are there any questions for Mr. Craig?

9 Seeing none, thank you for your testimony this
10 afternoon.

11 **MR. KELLY:** After Mr. Sanchez is Larry White.

12 **RAY SANCHEZ**

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

15 **DIRECT STATEMENT**

16 **MS. R. SANCHEZ:** Good afternoon, everybody.

17 My name is Ray Sanchez, 21 Havenwood Trail, Ormond
18 Beach, Florida 32174. My number is 407-948-3162.

19 I am the field coordinator for Americans for
20 Prosperity here. We educate on economic freedom and
21 issues that have to do with legislative policies. I am
22 here to echo some of the sentiments that we have heard
23 before in the crowd. And, you know, it is the fact that
24 we have to deal with a monopoly. And a lot of people
25 don't even like that word, and we understand as

1 Americans that it's tough to understand that we are
2 forced to do business with FPL. This isn't about how
3 great FPL is, because I grew up here, I'm a native
4 Floridian. I love FPL. I grew up in South Miami and
5 kept moving north, and FPL has been there all along,
6 good times and bad, and I have nothing to bad to say
7 about FPL.

8 However, in this time of economic downturn
9 that we have had, it is difficult to see that a
10 corporation that is a monopoly, that the only voice we
11 have as citizens at this hearing is to be able to put a
12 little stopgap on their being able to exceed normal
13 profits. And what we are seeing here is, I guess,
14 exorbitant profits, not only by them, but by their
15 parent company. I would like to see a lot of people
16 getting that rate of return, you know, in the stock
17 market right now.

18 And granted, I do believe in a profitable
19 company, and we want them to remain profitable and to be
20 able to reinvest and capitalize on those investments and
21 do good for the citizens. However, at this time it is
22 just egregious in some ways to come to the Public
23 Service Commission at this time. And I thank the Office
24 of Public Counsel for being here as well, to take our
25 voice and say, you know, this is the wrong timing. You

1 know, this is bad timing for everybody right now. We
2 don't see anything moving forward and up in the economic
3 future right now. Maybe they have a crystal ball, I
4 don't. But I'm looking at it from a citizens
5 perspective and realizing that this is going to be tough
6 for everybody to swallow. And understand that while we
7 are losing value on our homes, we are losing value in
8 our 401(k)s; we are struggling to make ends meet.
9 People are losing their homes here in Volusia County.
10 It has been one of the hardest hit counties that I have
11 seen in Florida -- to just come and ask for this type of
12 rate increase. And it doesn't seem like much to go from
13 10 percent to 11 percent, but, you know, I have been
14 through sales seminars where 6 percent is darn good at
15 the end after everything.

16 So I would ask the Commission to oppose this
17 rate increase and, if anything, taper them even down
18 further to help give some relief to some citizens who
19 are hard hit at this time. I thank you very much for
20 your time.

21 **CHAIRMAN BRISÉ:** Thank you, Mr. Sanchez.

22 Any questions for Mr. Sanchez?

23 Seeing none, thank you for your testimony.

24 **MR. KELLY:** After Mr. White is Reynerio
25 Sanchez.

LARRY WHITE

1
2 appeared as a witness and, swearing to tell the truth,
3 testified as follows:

DIRECT STATEMENT

4
5 **MR. WHITE:** Sounds like a family here.

6 Hi, I'm Larry White. I live in Palm Coast at
7 110 Cimmarron Drive. I am obviously a customer, and a
8 good customer, I think. And we are very, very happy
9 that all of you are here to hear what we have to say and
10 be patient enough to hear that.

11 I think I have one simple -- actually two
12 numbers to give you. The 15 percent -- or, excuse me,
13 the 11-1/2 percent rate of return is, as has been stated
14 many times, is a 15 percent increase. It's a big
15 number. But it's a -- not just a rate increase, it's a
16 rate of return increase. That's really what you're
17 discussing. That's really what you are going to have to
18 decide on. Are you really willing to give that kind of
19 rate of return increase to a healthy economic company,
20 or healthy company when in this economy our net worth
21 has actually decreased, you probably noticed, by almost
22 39 percent over the last four or five years. I'm
23 talking about our country's personal net worth. It's a
24 big impact. So not now; not in this economy. Thank you
25 very much.

1 **CHAIRMAN BRISÉ:** Thank you, Mr. White, for
2 your testimony.

3 Any questions for Mr. White?

4 Seeing none, thank you.

5 **MR. KELLY:** After Mr. Sanchez is Mary Dogood.

6 **MARY DOGOOD**

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

9 **DIRECT STATEMENT**

10 **MS. DOGOOD:** I'm sorry, I'm slow because I
11 have walked so long.

12 **CHAIRMAN BRISÉ:** Take your time.

13 **MS. DOGOOD:** But I talk loud.

14 Good evening to all of you and thank you for
15 listening to us. Personally, I'm a retired registered
16 nurse, and my care is about people. And right now, as
17 many people have told you, this community in particular
18 has been terribly hard hit. And remember we have not,
19 as seniors, had an increase in three years. There is no
20 balanced budget; there is no future for us. And if you
21 allow a major corporation, which I at one time worked
22 for, to do this is wrong. It's usurous, and it's
23 immoral. And that's pretty much what I want to say.

24 I also bought stuff for hospitals when I was
25 in nursing, and to let one company monopolize, that's

1 not good business. I rest my case. Thank you. Good
2 night.

3 **CHAIRMAN BRISÉ:** Thank you, Ms. Dogood.

4 Any questions for Ms. Dogood?

5 If you could provide us with your address and
6 those type of things.

7 **MS. DOGOOD:** Oh, sure, I would be glad to. I
8 live down in the county. My phone number is
9 386-761-0729. I live at 1975 Spruce Creek Circle North.
10 I was never on the dole. I was never educated beyond
11 what I could do for myself, and I don't believe in
12 handing out money to people that don't get off their
13 posteriors and do something about it. You all obviously
14 have, but there are some people who are enable or unable
15 to work. Have a little pity, just a little, and don't
16 get an increase this time. You really don't need it.

17 And there is no such thing as coincidence,
18 ladies and gentlemen, if I may say this. Increases come
19 like politics. There are no coincidences in politics.
20 This increase is coming, but why are we putting off
21 smart meter discussions until the fall? I don't
22 understand.

23 **COMMISSIONER BALBIS:** Thank you.

24 **MS. DOGOOD:** Money is money.

25 **CHAIRMAN BRISÉ:** Thank you.

1 So is everybody else is a monopoly. However, I really
2 hope that this buy-out does not happen, but
3 \$150 million. And I see there is a community here
4 trying to buy their utility, which I bet the argument is
5 the same. It's all about the other word that I wish to
6 approach which is expectations.

7 We in the City of Vero Beach, if somebody
8 wishes to speak to us, they fill up the chamber with a
9 bunch of angry people. Here we get a chance to speak to
10 you. And I think that this rate increase, and I hope I
11 don't have to pay for it, because I'm not part of the
12 city. But the other one word I wish to take out of
13 Ms. Santos, she said they expect to be the lowest rate.

14 Well, it's all about expectations. And when
15 we were looking at the City of Vero Beach getting out of
16 the FMPA contract, we said what are we going to do? And
17 we put out for bids who would like to couple with us,
18 and it got down to Orlando Utilities Commission and it
19 got down to Florida Power and Light. And we turned FPL
20 down because of their stance on the atomic power plant
21 that we would be forced to buy it, buy in on that. We
22 already owned portion of Stanton 1 and Stanton 2 as it
23 is.

24 But expectations; we had graphs out there and
25 the expectation was we were going to beat Florida Power

1 and Light on rates. I don't know if that is ever going
2 to happen. Expectations going out five to ten years,
3 and that is really what we're talking about here, what
4 is the payback. That is a pretty gray area once you get
5 past a couple of years, and that is really what we're
6 talking about here is what is the future going to look
7 like.

8 I really think at this point -- my wife is a
9 teacher. Do you know how many raises she has gotten in
10 the last couple of years? Zero. Absolutely none. Has
11 the workload increased? Oh, yes. Our Governor has seen
12 fit that she could write reports and do all this
13 wonderful stuff and get the same pay she had before. So
14 do I think we would be happy if Vero Beach Electric
15 becomes a Florida Power and Light customer? Absolutely
16 not. Would we be happy with this increase? No, we
17 would not. Thank you.

18 **CHAIRMAN BRISÉ:** Thank you, Mr. Fish.

19 Any questions for Mr. Fish?

20 All right. Seeing none, thank you for your
21 testimony.

22 **MR. KELLY:** Walter Hanford followed by John
23 Algier.

24 **WALTER HANFORD**

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

1 testified as follows:

2 **DIRECT STATEMENT**

3 **MR. HANFORD:** Hi, good evening.

4 **CHAIRMAN BRISÉ:** Good evening.

5 **MR. HANFORD:** Okay. My name is Walter
6 Hanford, 1918 Seclusion Drive, Port Orange, Florida
7 32128.

8 This is about smart meters and how they affect
9 your electric rates. Florida Power and Light took
10 \$200 million from the federal government of your tax
11 money bought for the stimulus to install smart meters so
12 they could relieve meter readers of their jobs. The job
13 stimulus money used to get rid of meter readers of jobs.
14 This is factual. All right. They took \$600 million in
15 another budget, total budget, for their smart meter
16 program.

17 Now they want a \$690 million rate increase
18 annual. So the technology they are putting in that we
19 didn't ask for was 600 million plus another 200 million
20 of your taxpayer dollars to subsidize their activity
21 that takes people out of jobs, and now they want an
22 increase or return on investment of 11.5 percent.

23 They are at 10 percent to 11.5. We're looking
24 at a 16 percent increase. How many of you people in
25 this room got a 16 percent pay increase this year?

1 Raise your hands.

2 CHAIRMAN BRISÉ: Sir, if you would address us.

3 MR. HANFORD: Oh, okay. So how many of you
4 got -- did you get a 16 percent increase? Did you?
5 Well, I'll tell you what, the power company is doing
6 fine. They are still paying their dividends and they
7 are not in debt that they can't pay their dividends.
8 They don't need a 16 percent price increase either, do
9 they? I don't think so.

10 Getting back to these smart meters. It's
11 going to happen that these meters have the capacity --
12 they have a ZigBee inside them. You need to find out
13 what that is. It's a two-way communication device.
14 That means it talks to other devices that have a ZigBee
15 chip. Those devices are your refrigerator, your air
16 conditioning, your dishwasher, your washing machine, and
17 your air conditioner. Their authority has to end at the
18 wall exterior of my house. I don't want their chips
19 talking to the appliances inside my house, and a ZigBee
20 chip does that. They are to give me the juice, and I'll
21 pay them for it. They are not to tell you how you use
22 your juice or when you can use your juice, okay. The
23 ZigBee chip gives them that power.

24 And last but not least, the argument is, well,
25 we're never going to tell you what happens inside your

1 house. We wouldn't do that. We're the government.
2 We're going to leave you alone. Your house is your
3 castle. In your neighborhoods, and I don't know where
4 y'all live, but in Volusia County the government does
5 tell us when we can water our lawns, and what days of
6 the week we can do it, and what time of the day we can
7 do it. That's a utility, is it not, the water, and we
8 are told when we will water and when we won't.

9 The ZigBee chip empowers the government to not
10 only tell you, but to order Florida Power and Light to
11 shut off their washing machines on Mondays, Wednesdays,
12 and Fridays. We only want them using their water on
13 Tuesdays, Thursdays, and Saturdays. That power is in
14 there. So they spent a lot of money on this technology.
15 Don't give them a price increase and reward them for
16 buying bad technology that controls what happens inside
17 your house.

18 Thank you.

19 (Audience applause.)

20 **CHAIRMAN BRISÉ:** Thank you, Mr. Hanford.

21 **MR. SAPORITO:** One question.

22 **CHAIRMAN BRISÉ:** Sir, Mr. Saporito has a
23 question for you.

24 **MR. HANFORD:** Hi.

25 **MR. SAPORITO:** Yes. To the extent that

1 Florida Power and Light Company's rate increase includes
2 the cost of these smart meters, do you have an opinion
3 as to whether you are in favor of or against Florida
4 Power and Light's rate increase?

5 **MR. HANFORD:** The rate increase is unjustified
6 based upon their current rate of return. They are doing
7 fine.

8 **CHAIRMAN BRISÉ:** Thank you, sir.

9 Mr. Kelly.

10 **MR. KELLY:** Mr. Algier is followed by John
11 Porter.

12 **JOHN ALGIER**

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

15 **DIRECT STATEMENT**

16 **MR. ALGIER:** Hi, I'm John Algier. I reside at
17 5969 Royalty Road in Jacksonville, Florida 32254. My
18 phone number is 386-405-3225.

19 I'm a native Floridian. I also dual reside
20 here in Volusia County. I have properties that are in
21 the FPL service network as well as the Utilities
22 Commission in New Smyrna Beach and Polk County as well
23 at Duval County. In all due respect to those on fixed
24 incomes, I feel for you, and no one wants a price
25 increase, but I support the FPL increase with

1 reservations.

2 Let me first say that within my two rental
3 properties in Volusia County, one is FPL and one is
4 Utilities Commission of New Smyrna Beach. I'm more
5 worried about my guy in New Smyrna Beach paying his rent
6 because of his high utility bill than I am with the one
7 in the FPL service network. That's on my personal side.

8 With regard to my business, I am a commercial
9 projects manager. I'm a mechanical engineer for
10 Alternate Energy Technologies out of Green Cove Springs,
11 Florida. We make renewable energy products;
12 specifically, hot water solar thermal panels. And while
13 I somewhat compete with FPL and Progress and other
14 utilities, actually they have benefited our industry
15 this year with their solar thermal programs and their PV
16 programs.

17 So I look at the base rate, not the fuel
18 adjustment surcharge, but the base rate as a component
19 that helps support my industry which generates jobs in a
20 renewal segment. But it's not just on the manufacturing
21 side, but also for the installers, the out-of-work
22 plumbers, the out-of-work electricians, the out-of-work
23 roofers that can be put back to work installing clean
24 renewable energy.

25 FPL further backs that up with what they

1 install as one of the largest PV projects just north of
2 Arcadia, Florida. Obama went down and took a look at
3 that. They also have a large cogeneration project in
4 Martin County. But their PV project, their rebate for
5 that and the solar thermal are some of the best in the
6 state to help support and sustain a renewable energy
7 future for the state.

8 So what I would like to see in terms of a rate
9 increase is something that had a tiered scale similar to
10 like what you see in California where those that have a
11 very small modest home may be paying no increase, but
12 those that have very large homes pay a proportionately
13 bigger. I know that kind of goes against, you know,
14 being fair and equitable, but certainly those on a fixed
15 income, you know, we have to kind of respect that when
16 you live long enough and you have supported the system
17 that you should get some kind of a break.

18 And, again, my background, being an engineer,
19 for these that don't quite understand what an engineer
20 is defined as, we are classified as someone that
21 measures something with a micrometer, marks it with a
22 piece of chalk, and then cuts it with an axe. (Audience
23 laughter.) So without further adieu, thank you for your
24 time.

25 **CHAIRMAN BRISÉ:** Thank you very much.

1 Any questions for Mr. Algier?

2 Seeing none, thank you for your testimony.

3 **MR. KELLY:** Mr. Porter will be followed by
4 Armando Escalante.

5 **JOHN PORTER**

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

8 **DIRECT STATEMENT**

9 **MR. PORTER:** Good evening, everybody. It's a
10 pleasure to be with you all, and I do want to thank you
11 all for making your rock star tour of Florida. We
12 appreciate that.

13 You know, first of all, my address is 215
14 Holman Road, Cape Canaveral, Florida 32920. I'm here
15 for -- obviously the main reason, the big show is the
16 rate increase. I'm obviously not for it, and I want to
17 give you some ideas as to why. Just today we had an
18 article in our local newspaper that was by the
19 Associated Press, and I can turn it over to y'all for
20 later. On the front it talks about the FPL customers
21 can unload on rate hike plan. Lucky for you, guys. I
22 guess they're talking about you. But also inside,
23 though, is interesting because it's juxtaposed to the
24 U.S. still feeling recession effects. Very interesting,
25 I thought.

1 The median net worth plummets since 2007.
2 Again, Associated Press, and I'm quoting directly out of
3 here. But it basically says among families that own
4 homes, the fed survey found that their median home
5 equity declined from 95,000 in 2007 to 55,000 in 2010, a
6 drop of 42 percent. Home equity in the home values
7 minus how much is owed on the mortgage.

8 Anyway, the fed survey found that median
9 incomes fell from 49,600 in 2007 to 45,800 in 2010, a
10 drop of 7.7 percent. So I'm just reflecting and we're
11 reflecting in national statistics what has really
12 happened in our economy so that the idea of a rate
13 increase just flies in the face of just good economic
14 data. And, yeah, we're feeling it in Florida, but we're
15 feeling it as a country all over.

16 In addition, I came here to testify today
17 because as a former mayor of the City of Cape Canaveral
18 help found and start the Space Coast Energy Consortium.
19 Some of you I have met over the past year or two at
20 different events around the state. The Energy Submit,
21 et cetera. I am very much disturbed about what's going
22 on here in South Daytona, and I'm going to give this
23 statement of organization of political committee for the
24 record that shows what I think is a corporation out of
25 control when it comes to a local municipality trying to

1 stand up for themselves and have their own utility.

2 They have been beating down on South Daytona
3 for the past six years. They are pumping money, our
4 money -- and, by the way, let me say this about this
5 rate hike. All the money that everybody is talking
6 about, incentives for energy efficiency, for clean
7 energy is being paid by us. All the taxes that are
8 being paid to local municipalities in the form of
9 franchise fees is paid by us, the ratepayer. All the
10 taxes that are paid on property taxes throughout the
11 state are paid by the ratepayer.

12 So when we talk about these big projects that
13 are being done and all the great taxes that are being
14 created, we're paying for it. It's not FPL. Let's call
15 it what it is; we're paying for it.

16 And in final close, I urge you all to talk to
17 some of these legal representatives about what is
18 happening in South Daytona. You won't believe it. You
19 really won't believe it. And also just to let you know,
20 the Cape Canaveral plant that is being refurbished -- or
21 it basically got wiped out and rebuilt -- used to use a
22 very dirty fuel oil from Venezuela. It was only because
23 the County of Brevard actually asked for testing to be
24 done in the local area that showed high particulate
25 matter and the issue of dirty fuels being used at that

1 plant was one of the main reasons, and you can ask FPL,
2 that really pushed them to make that change.

3 Why they went up to 1,400 megawatts, I have no
4 idea. That's about double the size of the old plant,
5 all right. But you have to understand there's more to
6 it. The fact that it is called the Cape Canaveral Clean
7 Energy Plant is a little tongue in cheek. I don't
8 understand why they called it that. They should have
9 just kept that down and said we're putting in a natural
10 gas plant. Thank you very much.

11 (Audience applause.)

12 **CHAIRMAN BRISÉ:** Thank you, Mr. Porter.

13 Any questions for Mr. Partner?

14 **MR. SAPORITO:** Yes, I have one question for
15 Mr. Porter, Mr. Chairman.

16 **CHAIRMAN BRISÉ:** Sure. Go right ahead, Mr.
17 Saporito.

18 **MR. SAPORITO:** Mr. Porter, if I recall your
19 testimony correctly, you said the Cape Canaveral plant
20 output is 1,400 megawatts and approximately double what
21 the previous plant was.

22 **MR. PORTER:** I believe the previous plant was
23 600 or 800 megawatts. And why on earth they put it up
24 to 1400 megawatts, I have no idea. Why we are forced to
25 pay for it, I don't know either.

1 **MR. SAPORITO:** Well, I was going to ask you if
2 you know whether or not the FPL consumer base increased
3 in that area?

4 **MR. PORTER:** Well, as you know with the Space
5 Shuttle dry down, we have lost thousands of jobs and
6 thousands of homes are in foreclosure. It has gone the
7 other way.

8 **CHAIRMAN BRISÉ:** Thank you, Mr. Porter.

9 Ms. Klancke.

10 **MS. KLANCKE:** I would respectfully submit that
11 Exhibit 12 that Mr. Porter just proffered be titled
12 Statement of Organization of Political Committee for
13 Take Back Our Power.

14 **MR. KELLY:** Could you repeat that slowly,
15 please.

16 **MS. KLANCKE:** Statement of Organization of
17 Political Committee for Take Back Our Power.

18 **CHAIRMAN BRISÉ:** Thank you and that would be
19 Number 12.

20 (Exhibit Number 12 marked for identification.)

21 **CHAIRMAN BRISÉ:** Mr. Kelly.

22 **MR. KELLY:** Armando Escalante to be followed
23 by Andres Malave.

24 **ARMANDO ESCALANTE**

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

1 testified as follows:

2 **DIRECT STATEMENT**

3 **MR. ESCALANTE:** Thank you very much and
4 welcome to Daytona Beach. My name is Armando Escalante
5 and I reside at 6109 Oxbow Bend Lane, Port Orange,
6 Florida 32128.

7 It has been quite an experience for me here.
8 I'm really enjoying listening to the testimony from
9 different people, and I learned a lot, and it has
10 strengthened my position even more that I'm totally
11 opposed to this rate increase. And the only thing that
12 I would add, because basically what everybody has
13 testified pretty much says what I have been wanting to
14 say.

15 But I wanted to add one little thing, and it's
16 not quite little, but I just don't like the idea of a
17 global effort for this environmental movement to put me
18 and every taxpayer in our state and in our country in a
19 position where based upon their faulty fraudulent data,
20 they are now making us pay for something that they want
21 to implement. If Florida Power and Light wants to buy
22 into the global warming issue and start building plants
23 for clean energy and renewable energy, they can pay for
24 it. But they're making me pay for it, and I don't like
25 that.

1 So I'm totally opposed to the rate increase.
2 Thank you very much.

3 **CHAIRMAN BRISÉ:** Thank you, Mr. Escalante.

4 **MR. KELLY:** After Malave is Kathleen Culmer.

5 **ANDRES MALAVE**

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

8 **DIRECT STATEMENT**

9 **MR. MALAVE:** Commissioners, thank you for
10 being here again. I had the pleasure of meeting you all
11 at the Sarasota meeting. I'm so sorry I couldn't make
12 it to the Fort Myers/Naples meeting. I really did miss
13 you, I promise.

14 But I kind of wanted -- so you already know
15 that I'm with Americans for Prosperity, and I have the
16 privilege of serving as their Florida coordinator for
17 Hispanic outreach, that we stand against this along with
18 the hundreds of thousands of our membership. So instead
19 of regurgitating that over and over again, I kind of
20 wanted to just give you a little perspective of what we
21 hear in the back, and that is just kind of a nod your
22 heads. Do you all like sports? I like sports. And in
23 sports you win by scoring more points.

24 So far the folks that are against are 24. The
25 folks that are for it are four of them, one with

1 reservations, and we have four abstentions -- if we were
2 using basketball terms, maybe I guess they would be
3 airballs, some folks that just kind of came with a nice
4 FPL story. And, of course, FPL is a great company. And
5 one person left. We won't call that an ejection,
6 because they weren't removed forcefully.

7 (Audience laughter.)

8 But you see where the people are and the
9 numbers from Sarasota were just about the same. I
10 suspect that the folks in the Naples area hopefully
11 reflect that, and I look forward to participating in the
12 rest of the meetings. And I hope that you take those
13 numbers into account. Those are the people telling you
14 how they feel about the rate increase.

15 And I appreciate your time again, as always.

16 **CHAIRMAN BRISÉ:** Thank you, Mr. Malave.

17 Any questions for Mr. Malave?

18 All right. Thank you very much.

19 **MR. KELLY:** Kathleen Culmer.

20 **KATHLEEN CULMER**

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

23 **DIRECT STATEMENT**

24 **MS. CULMER:** Kathleen Culmer, 2008 King Air
25 Court, Port Orange. 386-492-3831.

1 Thank you for being here and for listening to
2 us. I want to echo my fellow citizen, his comments
3 about his opposition to the rate increase being
4 strengthened by hearing and learning some new things
5 today from having been here. So this has been a new and
6 very interesting experience for me.

7 I believe that it's clear that they are asking
8 for an increase to spend money on something that is
9 beyond the scope of what they are licensed to do. And
10 it's not clear to me from reading -- and I appreciate
11 this when to call the Florida Public Service Commission
12 information sheet. It's not clear to me, though,
13 whether that's part of what you regulate. When they ask
14 for money or when they begin to spend money on doing
15 something that is beyond the scope of what they are
16 licensed to do. But I hope that it is, because I
17 believe your function is a valuable one, and I
18 appreciate what you do.

19 I also understood one of the attorneys to say,
20 if I understood correctly -- oh, I'm sorry, she was an
21 officer with FPL. I thought I understood her to say
22 that part of what they were asking for was a performance
23 incentive which was going to be based on some formula
24 and some calculation of an average rate, low rate
25 compared to some other state's low rate. I believe that

1 is a very nebulous subjective sort of thing, and it
2 could easily be manipulated, that index, like the true
3 unemployment rate, or like the other indexes we are
4 getting from the federal government all the time that
5 don't truly reflect -- always truly reflect the picture
6 that people are suffering right now in the United States
7 in this economy. They are struggling to keep their
8 business, they are struggling to make ends meet, and I
9 do believe that asking -- them asking for an increase in
10 a return is just unbelievable. It means to me that they
11 are out of touch. Thank you.

12 **CHAIRMAN BRISÉ:** Thank you, Ms. Culmer.

13 Any questions for Ms. Culmer?

14 All right. Thank you for your testimony.

15 **MR. KELLY:** The last speaker I have, and I
16 believe he had to leave, is Mark Hanford.

17 **UNIDENTIFIED SPEAKER:** Yes, he left.

18 **MR. KELLY:** I have no other speakers signed
19 up.

20 **CHAIRMAN BRISÉ:** Well, thank you very much.

21 We want to thank all of you for your
22 participation this afternoon. As we stated earlier, if
23 you didn't have an opportunity to speak or were nervous
24 about speaking, you can fill out the form. It's just as
25 good as providing the testimony on the microphone. You

1 can mail it in or you can provide to our staff at the
2 end of the meeting.

3 Thank you very much and we stand adjourned.

4 (The service hearing concluded at 6:38 p.m.)
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STATE OF FLORIDA)

: CERTIFICATE OF REPORTER

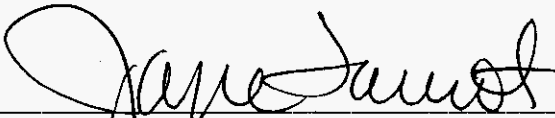
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 28th day of June, 2012.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
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