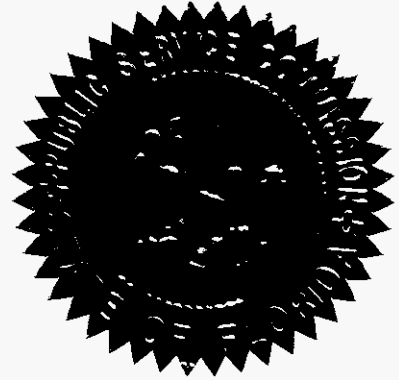


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO: 090079-EI

In the Matter of:

PETITION FOR INCREASE IN RATES BY
PROGRESS ENERGY FLORIDA, INC.



PROCEEDINGS: LAKE MARY SERVICE HEARING

COMMISSIONERS
PARTICIPATING: COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Wednesday, July 15, 2009

TIME: Commenced at 2:00 p.m.
Concluded at 5:07 p.m.

PLACE: Lake Mary Events Center
Ballroom A
260 North Country Club Road
Lake Mary, Florida 32746

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

DOCUMENT NUMBER-CATE

07976 AUG 4 09

FPSC-COMMISSIONER CLERK

1 APPEARANCES:

2 R. ALEXANDER GLENN, ESQUIRE, Progress Energy
3 Service Company, LLC, Post Office Box 14042, Saint
4 Petersburg, Florida 33733-4042, appearing on behalf of
5 Progress Energy Service Company.

6 CECILIA BRADLEY, ESQUIRE, Attorney General's
7 Office, The Capitol - PL01, Tallahassee, Florida
8 32399-1050, appearing on behalf of the Citizens of the
9 State of Florida.

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

15 KATHERINE FLEMING, ESQUIRE, General Counsel's
16 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
17 32399-0850, appearing on behalf of the Commission Staff.

18
19
20
21
22
23
24
25

I N D E X

	PRESENTATIONS BY:	PAGE NO.
1		
2		
3	Alex Glenn, Progress Energy	12
4	J. R. Kelly, Office of Public Counsel	17
5	Cecilia Bradley, Attorney General's Office	23
6		
7	Mayor David Mealor	29
8		
9	Commissioner Mike McLean	31
10		
11		
12	Representative Sandi Adams	34
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

	WITNESSES	
	NAME:	
	Pamela Randle	36
	Jim Knapp	45
	Flo Bradley	48
	Andrew Frye	52
	Joseph Weinberg	55
	Dori Sutter	55
	John Flannigan	57
	Aurelio Zonni	60
	Thomas Foley	68
	Thomas Gleason	70
	Barbara Shuette	72

	WITNESSES (Continued):	
	NAME:	PAGE NO.
1		
2		
3	Michele Burier	73
4	Jack McRay	74
5	Jack Hannahs	76
6	Rege Davis	77
7	Wayne Chilton	79
8	Lennon Tatum	85
9	Ginny Decker	86
10	Carrie Pope	88
11	Dieter Rodler	90
12	Francine Stessel	91
13	Shirley Gray	95
14	Lawrence Berry	98
15	Ray Gilley	101
16	Marco Billante	103
17	Alex Brick	105
18	Nancy Metzger	106
19	Laura Saroka	109
20	Joe Binkewicz	110
21	Denise Carroll	112
22	Roger Reid	114
23	George Kosmac	116
24		
25		

1 WITNESSES (Continued):

2	NAME:	PAGE NO.
3	Fran Butler	119
4	Judy Shaffer	122
5	Seneca Ferry	123

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

EXHIBITS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

NUMBER:		ID.	ADMTD.
2	(Randle) Statement and Questions	44	
3	(Bradley) Willow Run Subdivision Aerial	52	

P R O C E E D I N G S

1
2 **COMMISSIONER EDGAR:** Good afternoon. Hello,
3 everyone. Thank you so much for coming today. What a
4 beautiful facility, what a beautiful area, and what a
5 nice day.

6 My name is Lisa Edgar and I'm a Commissioner
7 with the Florida Public Service Commission. I would
8 like for my colleagues to go ahead and introduce
9 themselves to you briefly.

10 Commissioner McMurrrian.

11 **MR. KELLY:** Hi. I am Katrina McMurrrian and I
12 am very happy to be here today. And as the Chairman
13 said, this is a very beautiful facility and place, and
14 we are glad to be here to hear from you and hear your
15 comments. Thank you.

16 **COMMISSIONER EDGAR:** Thank you. And I think
17 that we have Commission Nancy Argenziano joining us by
18 phone. So let me check.

19 Commissioner Argenziano, are you with us?
20 Commissioner Argenziano. Okay. Not yet, but we think
21 that she will be joining us shortly. She recently broke
22 her leg and has difficulty traveling right now, so she
23 has been calling in to our customer service hearings,
24 and we expect that she may join us by phone here in just
25 a little bit.

1 Commissioner Skop.

2 **COMMISSIONER SKOP:** Thank you. I am
3 Commissioner Nathan Skop and I'm happy to be back in my
4 hometown of Lake Mary and Sanford, Florida. I spent a
5 large part of my time spinning pizzas across the street
6 many years ago in 1985 while I was working my way
7 through high school and college. But I am happy to be
8 here in this beautiful facility that did not previously
9 exist when I lived here, and look forward to hearing all
10 of the comments from the numerous consumers that turned
11 out today. So thank you for your time, and look forward
12 to hearing your comments.

13 **COMMISSIONER EDGAR:** Thank you. And our
14 additional colleague, Commissioner Matthew Carter, who
15 is our Chairman, was not able to be here today.
16 Commissioner Carter recently had surgery and he is to
17 limit his travel, as well. So he sends his regrets.

18 I would like to make a couple of
19 introductions. With us here at the front is our court
20 reporter, members of our staff, who will be assisting us
21 and helping answer questions as they arise. Also, to
22 our right is another member of our staff who is helping
23 us with phones and other additional duties. And to my
24 right, our Public Counsel, Mr. Kelly, and he will
25 introduce himself more formally here in just a moment.

1 I would also like to recognize and thank Mr.
2 Jack Shreve, who is with us, who is representing
3 Governor Crist. Mr. Shreve was the Public Counsel for
4 this state for a number of years. Jack, we are pleased
5 to have you with us.

6 **MR. SHREVE:** Thank you.

7 **COMMISSIONER EDGAR:** I would also like to
8 introduce, and ask you to just stand up and wave, and
9 then we will ask you for some brief comments here in a
10 few minutes, Representative Sandi Adams who is with us.
11 Thank you, Representative Adams. Mayor David Mealor,
12 Lake Mary. Commissioner Mike McClean, Seminole County.
13 Thank you. And Councilman Stephen Schenk from Oviedo
14 who is here somewhere, and we are glad to have him.

15 Very briefly, a couple of additional
16 procedural matters. I hope that everyone saw out right
17 before you came into this room, sign-up sheets. Here in
18 just a little bit Mr. Kelly will be using those sign-up
19 sheets to call names in order. We are hoping that
20 everybody will take advantage of this opportunity to
21 speak to us directly. We would like to hear what you
22 have come here to say to us.

23 Also, there are some sheets out there at the
24 sign-up table that look like this, green sheets. They
25 have some very general information about the Commission,

1 about what we do, about the docket that is before us.
2 On the back sheet is a place where you can write down
3 comments, and it is self-addressed. You can hand it to
4 our staff or mail it in if you would like to take
5 advantage of this opportunity to share your thoughts
6 with us.

7 Also, please feel free to take a stack with
8 you if you have co-workers, or family, or friends, or
9 neighbors who could not be here today but would like to
10 share their comments with us, as well. So please share
11 the word that that is another way to communicate with us
12 on this matter. And that sheet is also available easily
13 on our website. So please share that information, as
14 well.

15 This is a part of a series of customer
16 hearings that we are having around the state in the
17 Progress territory. And as I said, I know we are all
18 glad to be here on this beautiful day. We are asking
19 everybody when your name is called to please come
20 forward and share your name with us. If the spelling is
21 unusual, please spell it for us and for our court
22 reporter. We may ask you some brief questions. There
23 is the opportunity for the parties to ask questions.
24 Please, though, feel very, very comfortable. We are
25 glad to be here and we are glad to hear from you.

1 Before we call names, I will swear you in as a
2 group. That is because all of the comments that we hear
3 today are part of the record of the testimony in this
4 legal proceeding. And we will do that in a few moments.

5 First, though, I would like to go ahead and
6 briefly take appearances from the attorneys representing
7 the parties in this case.

8 Mr. Glenn.

9 **MR. GLENN:** Alex Glenn, Progress Energy
10 Florida general counsel.

11 **COMMISSIONER EDGAR:** Mr. Kelly.

12 **MR. KELLY:** J. R. Kelly, Office of Public
13 Counsel.

14 **MS. BRADLEY:** I am Cecilia Bradley, and I work
15 for Attorney General McCollom, and together with the
16 Public Counsel, we represent all of you so we are
17 appreciate you coming today.

18 **COMMISSIONER EDGAR:** Thank you. I would also
19 like to recognize Mr. Schef Wright, who is not here with
20 us today, but has been participating in the customer
21 hearings up to this time representing the Florida Retail
22 Federation, one of the other intervenors in this case
23 that is before us.

24 With that, we are going to have some very
25 brief opening comments from the parties that are with us

1 here today. It gives them an opportunity to share their
2 perspective on these issues with everyone that is with
3 us, and then we will move as quickly as we can into the
4 customer testimony portion of this proceeding.

5 Mr. Glenn, would you please start off.

6 Mr. Glenn, Commissioner Skop has reminded me
7 that I neglected one of our preliminaries. Thank you,
8 Commissioner Skop. So if you will give me just a
9 moment. Stay right where you are, and let me ask our
10 staff to read the notice. Ms. Fleming, if you would.

11 **MS. FLEMING:** Thank you.

12 Pursuant to notice issued by the Commission
13 Clerk, this time and place has been set for a customer
14 service hearing in Docket Number 090079. The purpose of
15 this customer service hearing is to take testimony from
16 the public on the quality and adequacy of Progress'
17 service and other matters related to Progress' petition
18 for a rate increase.

19 **COMMISSIONER EDGAR:** Thank you, Mr. Fleming.

20 Mr. Glenn.

21 **MR. GLENN:** Thank you. Before I begin my
22 prepared opening remarks, I would like to let all the
23 customers in the room know that we have a number of
24 customer service representatives who are out back who
25 have realtime access to your customer account. So if

1 you have an issue regarding your bill, or your service,
2 or any other issue that you may have, you can see any
3 one of our number of customer service representatives.

4 A gentleman by the name of Ken Talbott, who is
5 standing up right now with a pink tie is our
6 representative who can show you and handle any issues
7 that you may have.

8 Commissioner Edgar, Commissioners, thank you
9 very much for the opportunity to be here today to speak
10 to our customers, but really more importantly to listen.
11 We value what our customers have to say, whether it is a
12 concern, a question, or a compliment.

13 We know that there is never a good time to
14 request an increase in base rates. We know no one wants
15 to pay more for electric service, especially during
16 challenging economic times, yet we also know that
17 everyone wants, needs, and expects reliable electric
18 service. It is vital to our livelihoods, our quality of
19 life, and our state and economy run on it. If you just
20 recall the hurricane season of 2004 and 2005, and the
21 critical importance to your community, to our state of
22 safe and quick power restoration that occurred. It is
23 essential that your electric utility has the financial
24 strength and health to be able to provide that kind of
25 service. But that kind of service comes at a cost, and

1 that is why we are here today.

2 Base rates, which is what our filing is about,
3 cover a regulated utility's cost of producing and
4 delivering power to your homes and businesses. Now,
5 over the last 25 years Progress Energy Florida has
6 invested about \$4-1/2 billion in investments in the
7 state. Power plants, substations, poles, wires, bucket
8 trucks, new advanced meters, and other capital
9 improvements. And during that same period of time we
10 have managed to keep our base rate increases to about
11 1 percent over 25 years.

12 Think about it. Compare that to the price of
13 housing, which has increased 113 percent; or the price
14 of food, which has increased 115 percent; or medical
15 care, which has increased more than 253 percent over the
16 same 25-year period. And we have been able to do this
17 while maintaining top quartile performance in service
18 reliability, power plant operations, and safety. The
19 cost increases, however, that we are facing now can no
20 longer be offset by our cost management, by
21 efficiencies, or by customer growth.

22 Now, to give you an idea of some of the
23 investments that we are making today, and that make up
24 our rate filing, we are investing this year over
25 \$300 million to replace steam generators at our Crystal

1 River 3 nuclear plant. These are mammoth 500-ton pieces
2 of equipment that are about a quarter of a football
3 field in length. And they are critical to continuing
4 that you receive low cost carbon free energy from our
5 lowest cost fuel source, and one of the nation's best
6 performing and safest nuclear power plants.

7 We have also invested a billion dollars in
8 repowering our oil-fired Bartow steam plant with state
9 of the art natural gas-fired technology. The plant now
10 generates twice as much capacity, but significantly
11 lowers the emissions and lowers fuel cost to customers.

12 We have also got to continue to invest in the
13 backbone of our system, our poles, our wires, our power
14 plants, so that you have got the power when you need it.
15 This costs a lot of money and these costs are going up.

16 I want to give you an example. This is a
17 turbine blade. This is one of about 800 blades in just
18 one of our 13 natural gas-fired power plants. This
19 blade wears out after being subjected to temperatures of
20 about 2,000 degrees day in and day out and has got to be
21 replaced every several years. Today this blade, this
22 one blade costs \$41,000. That is roughly a \$400 million
23 investment in turbine blades alone, and that is only one
24 investment in one piece of one part of equipment in our
25 64-power plant system.

1 Now, as you can see we are a very, very
2 capital intensive business. Now, while we are
3 continuously making these types of investments, we have
4 also got to plan for the future to meet Florida's
5 aggressive energy policy. And we are committed to doing
6 that, one that is aimed at developing a cleaner, more
7 diverse energy portfolio. And how are we doing that,
8 with investments in renewable energy, increased energy
9 efficiency, and state of the art low carbon or carbon
10 free power plants.

11 But implementing this policy, making
12 investments in those turbine blades, providing you with
13 reliable and excellent service hinges on us being a
14 financially healthy utility. We compete for investors.
15 We compete for investors against other electric utility
16 companies. We compete against other businesses in other
17 industries.

18 A fair rate of return and a realistic
19 opportunity to earn that return are critical to us
20 attracting those investors, many of whom I hazard to
21 guess are sitting here in this room today. If you own a
22 mutual fund or you have a pension, chances are you own
23 Progress Energy stock. These investors, you, are
24 crucial to us being able to provide the level of service
25 that we do to run our business, to buy those blades, to

1 keep the lights on.

2 We understand that you expect reliable
3 electric service to be affordable and to be produced in
4 an environmentally sound manner, and we are committed to
5 meeting those expectations. So on behalf of all the
6 dedicated employees of Progress Energy Florida,
7 especially the 1,195 employees who live in this
8 community and surrounding communities, thank you very
9 much for your time, for listening, and for coming out
10 today. I look forward to hearing what you have to say.

11 **COMMISSIONER EDGAR:** Thank you, Mr. Glenn.

12 Mr. Kelly.

13 **MR. KELLY:** Good afternoon. Thank you so much
14 for taking time out of your busy schedules and work days
15 and other things to come out and participate today. And
16 that is going to be a key thing that I am going to harp
17 on in a minute, is participation.

18 But, first I want to introduce myself. My
19 name is J.R. Kelly. I have the privilege of being the
20 Public Counsel for the state of Florida. My office is
21 responsible for representing you, the ratepayers,
22 individuals, businesses, whomever is a ratepayer from
23 Progress Energy. I represent you on issues that come in
24 front of the Public Service Commission.

25 Now, what is our goal? Quite simply our goal

1 is to get you the best quality electric service at the
2 least cost possible. Least cost possible. Now why are
3 we here today? We are here because Progress Energy has
4 come in front of the Public Service Commission to ask
5 for a rate increase. They are asking for an increase in
6 what are called base rates.

7 Now, to try to explain it to you just a little
8 bit about how your bill comes to you each month and what
9 it -- what it means, I want you to think of a test tube,
10 okay. There is various components that go into filling
11 up the test tube. One of those, about 44 percent in the
12 case of Progress Energy, is considered base rates. The
13 other components, and I will talk about them in just a
14 second, are various what are called cost-recovery or
15 pass-through charges. That involves fuel, you hear a
16 lot about fuel, environmental charges, conservation
17 charges, nuclear charges.

18 Now, what is the difference in base rates and
19 pass-through clauses? Just what it says, pass-through.
20 When Progress encumbers an expense, for example, fuel.
21 They pay a dollar, it goes through, passes through the
22 cost-recovery clause, you pay a dollar. There is not a
23 whole lot of risk involved there. They pay a dollar,
24 you pay a dollar. Nuclear, they pay a dollar, you pay a
25 dollar. It is what is approved by the Public Service

1 Commission, but it is whatever is spent they collect.

2 Base rates is a little different. Base rates
3 in a nutshell -- Mr. Glenn touched on this -- basically,
4 to boil it down into simple terms where I can understand
5 it, is simply that is where a utility recoups a lot of
6 their operating and maintenance expenses. What it takes
7 to carry on their everyday -- their everyday activities
8 of producing electricity and providing electricity to
9 you, its customers.

10 In addition, they are allowed under Florida
11 law to receive a fair and reasonable rate of return on
12 their investment. Whatever they buy, assets, so forth,
13 they invest in, they get a fair and reasonable, remember
14 those words, fair and reasonable rate of return. In
15 this particular case, Progress is coming to you, its
16 ratepayers, and asking for a \$500 million increase
17 annually to its base rates. That's a 31.46 percent
18 increase. Is that fair and is it reasonable? Well, we
19 don't believe so.

20 Now, let me first off be the first one here,
21 and I'm sure there are going to be other folks here to
22 speak, let me be the first to say this. Progress Energy
23 is a good company. They are run by very fine men and
24 women, a lot of whom are my friends. They are good
25 community partners. They are a great philanthropic

1 organization. But that is not why we are here today.
2 That is not why we are here today. We are here today
3 because they are asking for a base rate increase.

4 Now, some issues that we are going to be
5 contesting Progress Energy when this case is litigated
6 in about two months in September are, one, rate of
7 return. They are asking for a 12.54 percent rate of
8 return. Quick, how many of you are getting 12 percent
9 return on your stocks, your bonds, your CDs? How about
10 10 percent. I don't see any hands. I'm not either,
11 okay.

12 We feel in today's economic times that is
13 simply too excessive, too much money to ask you, the
14 ratepayers, to pay them. Just to give you an idea --
15 just to give you an idea, the national average right
16 now, average authorized rate of return is 10.29 percent.
17 They are asking about 2.25 percent above that. What
18 does that mean in dollars? About 110, \$120 million
19 annually that would go into their pockets.

20 We are going to be arguing -- and I don't know
21 the exact details right now, because our expert is still
22 putting the case together. We are going to be arguing
23 that somewhere in the neighborhood of probably 9-1/2,
24 maybe 10 percent is reasonable based upon this utility,
25 their size, and so forth, okay. So that is going to be

1 a huge issue in this case.

2 Depreciation expense. You may have read some
3 of this in the local papers or heard it on the news.
4 Depreciation, for those of you that do not understand
5 it, it simply this. When you buy an asset, say you buy
6 a car. And say you buy a car and you think it is going
7 to last ten years. Every year that car uses up part of
8 its value. Why? Because you use it. If you buy a car,
9 ten years, you think it is going to last ten years for
10 \$1,000, every year it is going to decrease in value
11 about \$100.

12 The same idea for Progress Energy's assets.
13 They go and they buy literally millions of assets that
14 have various useful lives, okay. Maybe some is going to
15 be a five-year asset. Some is going to be a 30 or
16 40-year asset. There is a very complicated formula that
17 goes into computing depreciation expense, but what you
18 need to understand is when you pay your rates to
19 Progress Energy every year, part of those are paying for
20 their depreciation expense. That is an allowable
21 expense that they can recoup from you.

22 Well, over the past few years Progress has
23 overcollected over \$700 million in depreciation. They
24 have collected it too fast, if you will. There is a
25 couple ways to deal with it. One, spread out that

1 excess 700 million-plus over the next 20, 30, 40, ever
2 how long those assets take to be used up. We don't
3 think that is the right way to do it. Today's economic
4 times are bad. Unemployment, all time high. Mortgage
5 foreclosures in Florida, all time high. Mortgage
6 defaults, all time high. We think in this particular
7 case in today's economic times, refund the money back to
8 you, the ratepayer, over the next three or four years,
9 okay, and let you recoup and cut out some of this
10 increase that they are asking for.

11 (Applause.)

12 Real quickly, there are going to be some other
13 accounting issues that we are going to argue that some
14 of the projections that Progress Energy is using, we do
15 not agree with them. And that will further reduce the
16 amount they are asking for.

17 A couple of things I want to make clear that
18 everybody understand, okay. You heard Mr. Glenn talk
19 about they compete for dollars, and they do, but they
20 compete in a different way. One, they are a monopoly.
21 There is no other game in town. It is not like going
22 across the street and say, huh, am I going to go to
23 Publix, Albertson's, whomever, no. They are the only
24 game in town. When you are the only game in town, the
25 risk is reduced for you to make money. Why? Because by

1 law this Commission behind me has to make them
2 profitable, okay, has to. What did I say earlier, they
3 are entitled to a fair and reasonable rate of return.
4 So the idea they are competing for dollars, yeah, they
5 compete somewhat, but not like a McDonald's or someone
6 else that has competitors, okay.

7 Now, what can you do today? Folks, it is so
8 important, so important that you take the opportunity to
9 come up here and speak today. This is your hearing.
10 Not mine, not the Commission's. This is your hearing.
11 Come and talk to these folks behind me and tell them
12 most importantly how this rate increase will affect you.
13 How does it affect your life? Can you afford it? We
14 have heard some horrendous stories over the past few
15 weeks. Please take the opportunity to come up here and
16 speak. It is so important because that is why we are
17 here today.

18 Thank you very much.

19 **COMMISSIONER EDGAR:** Thank you, Mr. Kelly.

20 Ms. Bradley.

21 **MS. BRADLEY:** I am Cecilia Bradley, and I work
22 for Attorney General McCollom. And as I mentioned
23 earlier, we work with Public Counsel to represent you in
24 these hearings. And it is important for you to testify
25 today, because otherwise we are kind of going, well, we

1 don't think they want a rate increase, but we can't
2 really tell you what affect it is going to have. So
3 what you have to say today is very important. We know
4 people don't like to pay more for something they have
5 been purchasing, but we need to know how it personally
6 affects each one of you.

7 We want strong profitable utilities in
8 Florida. That is important. We are not against that,
9 but we are concerned about this type of rate increase in
10 this type of economy. People have said, well, \$13.83 is
11 not really that big a deal. But we have heard from a
12 lot of people who have said that is a big deal. They
13 are on fixed incomes. They may have medical problems,
14 and that \$13.83, that is the medical co-payment to go
15 see their doctor, or that is the co-payment to go buy a
16 prescription, or one lady with two small children
17 testified that is my breakfast for my family for a week
18 or two. So, \$13.83 means a lot to some people.

19 And lot of people are talking about they are
20 having a hard time right now. They have done everything
21 they can to cut costs and there is just no money for any
22 increase. And that type of thing concerns us. We have
23 heard people that testified about they were turning off
24 their air conditioner at night and trying not to turn it
25 on during the day too much. That concerns us.

1 We have had people that testified that they
2 only took their medication every other day. You know,
3 that is not a good thing either. But we want to know
4 how it affects -- this is going to affect you. Your
5 testimony, I can't emphasize enough how important it is.
6 It helps the Commission determine.

7 And they've talked about Progress earning a
8 fair and reasonable profit. Well, you are entitled to a
9 fair and reasonable rate. And they can't determine, the
10 Commission can't determine what is fair and reasonable
11 without knowing how it affects you. So that is why it
12 is important for all of you to testify.

13 Now, they have asked for a 12.54 return on
14 equity, and as Mr. Kelly mentioned, it is a little bit
15 different from a lot of companies, because they are a
16 monopoly. We had a stockbroker that came in and
17 testified at one of the hearings. And he said, well, I
18 can't believe they are asking for this much, because
19 when you are a monopoly, you don't need as high a return
20 on equity. He said these other companies that are
21 competing for your business, you know, they have to
22 compete with the other grocery stores, or the other
23 pharmacies, or this type of thing. They have to have a
24 higher return on equity to assure the bank lenders that
25 they are not a big risk. But utilities, they have a

1 guaranteed not a big risk because of the fact they have
2 guaranteed rates.

3 Something was said about, you know, they want
4 to keep the lights on. Well, I can tell you the PCS is
5 going to make sure they keep the lights on. They are
6 required to keep the lights on and provide service. So
7 even if they don't get any increase in rates, that is
8 what they are required to do, and the Commission and
9 their staff will make sure that happens. So that is not
10 something you should be worried about.

11 Now, we had somebody that came in in a similar
12 hearing, because we have had several of these type
13 requests this year, and at one of the hearings they did
14 the calculations, because one of the arguments is that
15 we need a higher rate of return on equity to benefit our
16 customers. Well, somebody calculated it, and they said,
17 well, that would benefit the customers by 5 million.
18 But then he looked at it, and he said but it would cost
19 the customers 30 million.

20 Now, I don't make millions of dollars, so I
21 have to put this on terms that I can understand. It
22 would be kind of like somebody walking up and saying,
23 well, here is five dollars. And you think, well, that
24 is good deal. I can go get a hamburger or something
25 down the street. But then he turns to you and he says,

1 but you have to pay me \$30 for this five. And all of a
2 sudden that five dollars is just not worth it. So we
3 have concerns about the cost of these benefits that you
4 are supposedly getting.

5 And one other thing I wanted to mention to you
6 is the fact that this also -- we are concerned about the
7 trickle down effect this has. We have heard from school
8 districts and places that say there is no more money,
9 and what are we going to cut? You know, do you not --
10 you know, do you not educate some kids or not provide a
11 lot of courses that you have provided in the past if
12 your electricity rates go up? We also know that you
13 have places like grocery stores that consume a large
14 amount of electricity to keep their businesses running.
15 Their electricity is going up, and as we talked about,
16 these people are having to compete for your business.
17 But at some point they are going to have to raise their
18 rates, so we are concerned about the trickle down
19 effect. Not only do you have an increase in electricity
20 on your electrical bill, but you also have to pay more
21 for other goods and services. So we kind of see this as
22 a double whammy on a lot of folks.

23 But as I mentioned, please, if you haven't
24 signed up to testify, please do so. We want to hear
25 from as many of you as we can, and know how this is

1 going to affect you and each of your lives, because, you
2 know, you may think, well, somebody else is going to
3 have the same thing. But a lot of people have different
4 circumstances, and we want to hear all of the
5 circumstances.

6 So I want to thank you for coming. I know you
7 could have done a lot of things this afternoon that
8 would probably have been a lot more fun. It is a
9 beautiful day, but we are glad you are here with us and
10 are going to testify.

11 Thank you.

12 **COMMISSIONER EDGAR:** Thank you, Ms. Bradley.

13 Okay. Mr. Moses is going to help us by
14 turning the podium now. And while he is doing that and
15 making sure that the mikes are all set, I mentioned at
16 the beginning that I would need to swear you all in as a
17 group, those who are going to speak to us. So while
18 they are adjusting that, if everyone who is planning to
19 speak today would please stand together with me and
20 raise your right hand.

21 (Witnesses sworn.)

22 **COMMISSIONER EDGAR:** Thank you. Have a seat.

23 Thank you. To get us started off with this
24 next phase of our proceeding today, I would like to
25 again recognize Mayor Mealor, Mayor of the City of Lake

1 Mary. Thank you for having us, and if you would come
2 forward and make a few comments.

3 **MAYOR MEALOR:** Madam Chair, thank you so very
4 much. And on behalf of the City of Lake Mary, our
5 citizens and our employers, we are glad that you are
6 here. Money Magazine just ranked us in the top 100, the
7 number one city in Florida, and that did not happen in
8 isolation. It happened because of the active and
9 engaged citizens that we have. You will hear from them
10 today. A dedicated professional staff and an incredible
11 business community. Progress Energy that we will hear
12 from today is part of that business community.

13 Back in 2004, the hurricanes were mentioned.
14 I served as a state representative, representing and
15 serving this community during that period of time. I
16 will tell you in those very difficult times, Progress
17 Energy stepped up in the area that I served with some of
18 the quickest to have their power restored. That said,
19 we know that you have a very, very difficult task ahead
20 of you. When I was in Tallahassee on a daily basis, I
21 had the privilege of working almost -- very closely with
22 two of the Commissioners not with us today, Commissioner
23 Argenziano and Commissioner Carter. Also, I am very
24 much aware of the task ahead of you --

25 **COMMISSIONER ARGENZIANO:** Excuse me. I hate

1 to interrupt you.

2 **COMMISSIONER EDGAR:** Commissioner Argenziano,
3 we're glad that you are with us. Could you go ahead and
4 introduce yourself to the group?

5 **COMMISSIONER ARGENZIANO:** Yes. And I
6 apologize for interrupting, I really do, but I just
7 wanted to make sure that you knew that I was here with
8 you. Unfortunately, I can't be there personally because
9 of a broken leg. But I am here and I'm grateful to have
10 so many people come out to be able to listen to. And,
11 again, I apologize for interrupting you.

12 **COMMISSIONER EDGAR:** We are glad that you have
13 joined us by phone. Thank you.

14 Mr. Mayor.

15 **MAYOR MEALOR:** Madam Chair, thank you very
16 much. And, again, we know right now Florida is facing
17 some tremendous challenges, but this is not the first
18 time we have faced those challenges and it won't be the
19 last. But one thing we know, those challenges present
20 opportunities and every challenge has allowed this state
21 to emerge in a stronger pattern.

22 The task that you have before us, and I have
23 to tell you I have profound respect for what you are
24 asked to do. I know how hard it is. But you are asked
25 to serve the state of Florida to make sure that our

1 consumers have the safest, the most affordable, and the
2 most reliable service possible.

3 Thank you very, very much on behalf of the
4 city, our employees. We are glad you are here, and we
5 will do anything we can to make sure you have a
6 successful meeting.

7 Thank you.

8 **COMMISSIONER EDGAR:** Thank you.

9 Commissioner McLean, Seminole County.

10 **COMMISSIONER MCLEAN:** Madam Chair, members,
11 staff, counsel. And I am going to apologize for my back
12 to everyone behind me, interested citizens, our elected
13 officials, and also the team at Progress Energy.

14 My name is Michael McLean. I have the
15 pleasure to address you as the Vice Chairman of the
16 Board of County Commissioners of Seminole County. I bid
17 you welcome to Lake Mary and to Seminole county. It is
18 good to have you here.

19 As we are talking about the issues that we are
20 dealing with, and Mayor Mealor mentioned the fact that
21 our long-term relationship with the management team led
22 by David Maxon of Progress Energy, we have been
23 fortunate to have that relationship, particularly the
24 nine years I have been in elected office, dealing when I
25 was a city commissioner right here in Lake Mary with the

1 storms of 2004, and as a county commissioner last year
2 with Tropical Storm Faye. They stepped up to the plate
3 and provided the type of service that we expect here in
4 our community.

5 As we know, with the challenges we have
6 fiscally, there are main priorities that we are all
7 trying to deal with, and it is difficult, a lot of
8 moving parts. But, as an elected person, I hear three
9 that seem to come up most often. One is water. How are
10 we going to deal with the cost, the distribution, the
11 supply. Very difficult questions that need to be
12 answered. Secondly, transportation. Very much the
13 same, the cost, the network, the alternatives. All
14 difficult questions to answer. The last, and what we
15 will deal with here this afternoon with your help is
16 energy. It is the alternatives, the cost, the
17 distribution, the questions, and we are going to delve
18 into that this afternoon, and we would like to thank you
19 for taking your time to be here.

20 Commissioner Skop, I had to laugh. Being a
21 former pizza guy myself, I can relate to your
22 background, and we are glad to have you here today.

23 As Mayor Mealor mentioned, we are very
24 fortunate that we have the top 100 rating here in the
25 CNN Money Magazine poll. This is a poll that comes out

1 every two years rating over 4,000 communities across the
2 country from everything from net capita income to how
3 many theaters are within a five-mile radius of your
4 hometown. In the last two of these surveys we have had
5 two Florida cities that have been ranked in the top 100.
6 Both of them have been in Seminole county, and both
7 times Lake Mary was one of those two. And I bring that
8 to your attention to help you realize that this is we
9 feel an elite community with a very informed citizenry
10 that is very much in tune with the challenges that we
11 are dealing with, particularly in the area of energy.

12 And we are very fortunate here, and I have
13 learned this from Mayor Mealor and others, that in those
14 types of discussions -- we realize there is a lot of
15 opinions here, a lot of different ones, and that is
16 great. That is part of the process, and that is what we
17 want. But, we ask folks to agree, if they do, with
18 enthusiasm, and to disagree, if they choose to, with
19 respect. That we are sensitive and understanding to
20 other points of view and that we move the process
21 forward.

22 So I would like to, again, on behalf of the
23 Board of County Commissioners of Seminole County,
24 welcome you here. Thank you much for being here.
25 Looking forward to a productive afternoon. And I would

1 like to thank our audience behind me for taking time out
2 of their busy schedules to participate, as well.

3 Thank you.

4 **COMMISSIONER EDGAR:** Thank you.

5 Councilman Schenk.

6 Okay. We will look for him in a little bit.

7 Representative Adams, would you like to say a
8 few words?

9 **REPRESENTATIVE ADAMS:** Thank you. And I want
10 to thank each and every one of you for coming out today,
11 because this is important. This is your chance to have
12 your voices heard, and it is important that the Office
13 of Public Counsel, the Attorney General's Office, and
14 especially the Public Service Commission hears what you
15 have to say.

16 I would just like to say that as we move
17 forward -- I'm sure you guys are probably getting tired
18 of seeing me at these meetings, but I come forward each
19 time with one important issue at hand in the
20 constituency. While we want to maintain our good public
21 corporate partnerships with our electric companies, such
22 as Progress Energy, who do do a wonderful job with our
23 citizens, we also have to weigh what is a fair and
24 reasonable rate increase at a time when our country, and
25 especially our state, are seeing record unemployment

1 rates, job losses at record rates that no one really
2 thought would happen.

3 And then you have got a bill that is traveling
4 through Congress right now. It's called a Cap and Trade
5 bill. What happens if that comes out of the Senate as
6 it is currently written today? Does that mean that you
7 are going to have to then come back in a few months and
8 not only raise rates on top of this rate, but at a rate
9 that is really, truly unsustainable to our citizenry.

10 So when you listen, please listen with an open
11 mind and an open-heart. And understand that when you
12 make your decision during your hearings that you also
13 consider what is in these trying times a fair and
14 reasonable rate increase.

15 Thank you.

16 **COMMISSIONER EDGAR:** Thank you.

17 Mr. Kelly, I am going to ask you to help us
18 start down the list. Before Mr. Kelly calls the first
19 name -- and, actually, I will ask you, Mr. Kelly, to
20 help us as you have in the past, and let's call two
21 names at a time. If you are the second name called,
22 then know that you can maybe kind of move to the center
23 and be ready to come forward.

24 We want to make sure that we hear from
25 everybody who is here to speak to us. As I said, please

1 tell us your name, spell it if the spelling is a little
2 unusual. That will help us. And we are looking forward
3 to your comments. We would ask, for instance, if there
4 is somebody whose comments are very much along the same
5 as yours, you could say that you agree with. Just help
6 us keep things moving, but we do want to hear from
7 everyone.

8 So, Mr. Kelly.

9 **MR. KELLY:** Well, the first speaker is Pamela
10 Randle followed by Jim Knapp.

11 **COMMISSIONER EDGAR:** Ms. Randle.

12 PAMELA RANDLE

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

15 DIRECT STATEMENT

16 **MS. RANDLE:** My name is Pamela Randle, and I
17 am a resident of Lake Mary. I have a prepared statement
18 with questions, which I am requesting be submitted for
19 public record. But I will read an abbreviated statement
20 in the interest of time constraints.

21 Free market competition requires management of
22 costs, which includes cost pressures and risks for
23 investors. Between the federal government and Florida's
24 energy plan, management of costs has evaporated and
25 risks have been shifted from investors to consumers and

1 taxpayers. The Bartow Repowering Project and the
2 proposed Levy projects serve as prime examples of the
3 disregard for cost management and cost estimates and the
4 transfer of risk to consumers and taxpayers with the
5 impacts of increased rates and taxes.

6 Cost-recovery clauses, not base rates, are
7 responsible for 61 percent of PEF revenues, and those
8 clauses allow PEF to simply increase rates for
9 expenditures whether they conform to estimates or not.
10 The Bartow Project was estimated in 2005 at a cost of
11 \$435 million, but four years later consumers are facing
12 rate increases reflecting a cost of \$714 million. A 64
13 percent increase in just four years is considered
14 reasonable by PEF, when new rates are projected to
15 increase net income by 10 percent over 2008. Estimates
16 for the Levy Project have tripled, and quoting Progress
17 Energy, will vary significantly based on inflation,
18 escalation of project costs, and the percentage of joint
19 ownership, close quote.

20 According to Progress Energy's 2008 annual
21 report, the 2010 base rate increases are only minor and
22 the majority of increases will not be recovered from
23 consumers until the Levy plant is placed in service.
24 PEF considers the current increases to be a projected
25 test period for setting new base rates and intends to

1 increase annual rates between 475 million to
2 \$550 million. Market estimates are that electricity
3 rates will double at a minimum with the potential to
4 increase five fold.

5 Between the Energy Policy Act of '05, recent
6 DOE rule changes, and Florida's energy plan,
7 construction costs have been transferred to taxpayers
8 and consumers. One hundred percent of debt obligation
9 will be assumed by taxpayers. Mid-construction safety
10 modifications have been reduced with COL licensure, and
11 the liabilities have been limited with reduced insurance
12 requirements.

13 Taxpayers and consumers are already
14 responsible for nuclear waste and its sky-rocketing
15 costs, and have donated billions of dollars for R&D.
16 Investors will provide less than 20 percent of the cost,
17 if any at all, for 100 percent of the profits while
18 assuming none of the risk. In the interim, Progress
19 Energy's net income increased 64 percent 2008 over 2007,
20 despite the financial crisis and will increase another
21 10 percent this year.

22 There is apparently no end in sight for
23 increased profits and CEO compensations of \$21 million a
24 year as long as the government and taxpayers subsidize
25 those profits. The PSC and PEF do not seem to

1 comprehend that a determination of need for increased
2 generation capacity must be balanced with the ability of
3 consumers to pay for that generation.

4 Cost growth rates for electricity will see the
5 same unsustainable increases as that in the health care
6 industry, neither of which is sustainable by the
7 economy. When the PSC considers the impact on
8 customers, they generally consider the 1,000 kilowatt
9 hour rate, when that is not average Florida consumption.

10 Averages are highly skewed, and little
11 consideration is made for homeowners with average 1,500
12 to 2,500 square foot homes. A great many Lake Mary
13 homeowners will see 2010 monthly billings increase \$66 a
14 month over just their January '08 billings. If
15 homeowners were to do everything possible to conserve
16 energy and even shut off air conditioning to reduce
17 bills, PEF would be in the position to request a rate
18 increase due to decreased demand.

19 The 2010 rate increases in the Levy plant will
20 literally hold consumers hostage to the unaffordable
21 rates created by a monopoly. Nuclear power performance
22 has improved, and the industry is about where it should
23 have been if it had proceeded with the appropriate
24 caution in the '60s and '70s.

25 Despite the major problem of waste and the

1 near rupture of a reactor vessel in Ohio, the industry
2 is not proposing to utilize known and approved designs,
3 but is, instead, pursuing new untested designs which
4 will result in a case of history being repeated.

5 CR-3 should serve as a warning for the cost
6 overruns and catastrophic problems that new technologies
7 can create. The CR-3 unit was originally estimated to
8 cost \$108 million, but by the time it went into service
9 in 1977, it had been delayed 51 months and costs had
10 soared. Major design and construction flaws further
11 escalated costs as the NRC reported it with more high
12 risk significant issues than any reactor in the United
13 States.

14 According to Progress Energy's 2008 annual
15 report, plant investment now stands at \$843 million, and
16 the new 180 megawatt uprate will cost an additional
17 \$364 million. Decommissioning is currently estimated
18 for yet another \$751 million and will easily escalate to
19 \$1 billion or more over the next 20 years, which means
20 consumers can expect even more rate increases just for
21 an existing plant due to dismantled. That is
22 \$2.2 billion for a plant estimated to cost consumers
23 108 million.

24 Today's untested nuclear designs are equally
25 as cost volatile with a still unsolved waste problem.

1 For these reasons Moody's Investor Services, Standard
2 and Poor's, and Nuclear Engineering International have
3 all stated it is impossible to produce definitive
4 estimates for new nuclear costs, while the General
5 Accounting Office and the Congressional Budget Office
6 have both predicted a 50 percent chance of default on
7 taxpayer loans.

8 With major systems and components to be
9 supplied by foreign corporations, it means Florida is
10 not only building the most expensive generation in
11 history with considerable financial risk, it is
12 outsourcing American tax dollars as profits for foreign
13 corporations. Since the NRC cannot assure that foreign
14 manufacturers will supply the safe, quality products
15 that are required, the prospect of long-term shutdowns
16 and costly modifications are even more likely.

17 PEF is proposing the Levy project as consumers
18 CCR rates are increasing for preconstruction costs and
19 prepaid financing charges. Yet the proposal is being
20 made without an agreed upon purchase price, without full
21 disclosure of the cost of financing over the long-term
22 of the mortgage, without any warranty to cover
23 construction defects, and with the option to increase
24 monthly payments to any amount deemed appropriate.
25 Purchasing a home under such conditions would not only

1 make subprime mortgages look like a good deal, it would
2 make the purchaser look like a fool.

3 With the new rule issued in October '08, the
4 DOE has decided that taxpayers will guarantee 100
5 percent of debt obligation if the loan is no more than
6 80 percent of the total cost and if the borrower has a
7 significant stake in the project. However, the DOE did
8 not set a numerical minimum for the equity contribution
9 at the time the loan application was filed. This could
10 allow PEF to rely on consumer rate increases, such as
11 the CCR rates for Levy costs and financing charges to be
12 used as PEF's equity stake. This loophole leaves
13 consumers not only responsible for construction costs
14 and financing, but also for the company's investor
15 equity share at the same time that taxpayers assume
16 100 percent of the risk.

17 Since the current cap on federal loans is set
18 at 18-1/2 billion, the industry is lobbying for a clean
19 energy development bank to borrow directly from
20 Treasury. They need this access to funding because
21 private investment sources have refused to invest in a
22 project where costs are deemed impossible to estimate
23 and are considered to have a possible 50 percent rate of
24 default. In other words, the only ones stupid enough to
25 invest in nuclear energy are taxpayers and consumers,

1 and we have given Progress Energy a blank check.

2 The proposed 2010 rate increases reflect the
3 same disregard for cost estimates for the Bartow project
4 as for the Levy project. If PEF has this much trouble
5 managing their costs and estimates as a monopoly, it is
6 difficult to imagine how it could prosper in a
7 competitive market.

8 Cost-recovery clauses ensure that PEF does not
9 adhere to their own cost estimates, receive a profit
10 regardless of wasteful spending, and sign contracts with
11 built-in clauses that provide for cost contingencies for
12 their suppliers. One wonders why the PSC bothers to
13 look at cost estimates at all if there are no
14 contractual obligations for PEF to even come close to
15 estimates. The only obligation is for consumers to pay,
16 and pay, and pay as they receive the least dependable
17 service this customer has ever experienced.

18 What Progress Energy has failed to see is that
19 desired profits will create unsustainable cost growth
20 rates, prevent economic stability, and cause another
21 economic crisis. What the PSC is failing to see is that
22 Levy project costs will not be competitive with other
23 technologies, and the Bartow project failure to meet
24 cost estimates will create rates which are not fair or
25 reasonable and profits which are unreasonable.

1 Thank you.

2 **COMMISSIONER EDGAR:** Thank you.

3 Mr. Kelly, if you would go ahead and call the
4 two names, and then we will mark -- Mr. Kelly.

5 **MR. KELLY:** Jim Knaff -- Knapp, I'm sorry,
6 followed by Flo Bradley.

7 **COMMISSIONER EDGAR:** Just a moment. I'm
8 sorry, sir, I couldn't hear you.

9 **MR. KNAPP:** I was just saying I think I
10 have -- I am supposed to be up here now.

11 **COMMISSIONER EDGAR:** Oh, were you the second
12 name?

13 **MR. KNAPP:** That's what I said.

14 **COMMISSIONER EDGAR:** I'm sorry. I couldn't
15 hear you. Give me just a moment if you would. I
16 apologize.

17 Ms. Fleming, we will go ahead and mark the
18 document that Ms. Randle gave us as statement and
19 questions, Pamela Randle, Exhibit 2.

20 **MS. FLEMING:** Exhibit 2.

21 (Exhibit Number 2 marked for identification.)

22 **COMMISSIONER EDGAR:** Thank you.

23 And if you could tell us your name and then go
24 right ahead.

25 **MR. KNAPP:** Yes.

1 JIM KNAPP

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

4 DIRECT STATEMENT

5 **MR. KNAPP:** My name is Jim Knapp, and I do
6 live on a fixed income.

7 When I built my house, I used the thermal
8 windows and R-19 in the walls and R-30 in the ceiling.
9 I replaced the AC unit with a SEER of 14-something. I
10 have done everything I can do. I think that Progress
11 Energy needs to do a little, too. I get a lot of
12 brownouts, even to now. Every time the brownout goes,
13 I've got to reset the clock on the microwave, so I know
14 when they happen. And I think I average about two a
15 week. So, that -- you are doing pretty good, I guess.

16 The other item is I heard people mentioning
17 something about hurricane costs to Progress Energy, and
18 I thought it was my understanding that they got
19 additional funds for doing repairs from the hurricanes
20 when they didn't have enough funds.

21 One item that I saw, the representative picked
22 up this fin from a turbine, and he is telling us it is
23 \$41,000. If that is \$41,000 worth, I have got a lot of
24 companies back in Michigan where I originally came from
25 that would love to have the contract to build those. I

1 have a real hard time, unless he is talking about a
2 total fin, meaning the multiple fins for the whole
3 turbine, then I could understand the price.

4 I was given to understand that the fuel charge
5 subsidy that we have on the bottom portion of our bill
6 is now supposed to -- it is set to include a fee for a
7 nuclear power plant that isn't built, is that correct?
8 And if so, I have worked as a builder down here for many
9 years, and, yes, I got a little bit of a down-payment
10 before I built the house, and then I got funds on
11 progress as I went.

12 But, if we are putting out all of these funds
13 ahead of time, where is the guarantee that it is ever
14 going to get built, because technology is changing very
15 rapidly. And I just don't feel that we should, as
16 customers, pay for something we don't even have.

17 Progress is requesting a 12.54 percent rate of
18 return, or profit. Most businesses, even during good
19 times, if they get 7 percent total we are happy as can
20 be. We would like to get more, but 12.54 seems to be
21 exorbitant in today's economy, whoever we are. And a
22 31.5 percent increase, that is a huge increase at one
23 crack. And as somebody else had mentioned, this 1,000
24 kilowatt hours per month is not typical of what is being
25 spent, even for people in smaller homes, because the

1 vast majority of the smaller homes do not have the
2 upgrades for insulation, or windows, or HVAC. I think
3 you will find that they are paying about \$250 a month on
4 average.

5 The hurricane costs I mentioned are already
6 taken care of. And I think that is about all I have to
7 say.

8 Thank you.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. KELLY:** Ms. Flo Bradley followed by Andrea
11 Frye -- Andrew. I apologize, Andrew Frye.

12 **COMMISSIONER EDGAR:** Mr. Kelly, that first
13 name again?

14 **MR. KELLY:** Flo, Flo Bradley.

15 **MS. BRADLEY:** I have a handout that I want to
16 give you all.

17 **COMMISSIONER EDGAR:** Okay. If you will come
18 to the -- could you help us out there. Thank you. He
19 will help distribute so that we can keep things moving.
20 Thank you.

21 And, thank you, Earl. If you will make sure
22 that the staff gets one, as well.

23 And if you would tell us your name.

24 FLO BRADLEY

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

1 testified as follows:

2 DIRECT STATEMENT

3 **MS. F. BRADLEY:** Flo Bradley.

4 **COMMISSIONER EDGAR:** Thank you.

5 **MS. F. BRADLEY:** I live in a small community
6 of 82 homes. It is approximately two blocks wide and
7 four blocks long, and the north end is a conservation
8 area. During the -- we have -- there is, as I
9 understand it, about 100 other homes that are on the
10 same connection, power connection as our 82 homes, and
11 we get substandard service. I do not feel that it is
12 fair for us to pay for top-of-the-line when we are
13 getting less than that.

14 Our big concern was that during -- oh, and we
15 have frequent brownouts, and like the man mentioned, it
16 is at least twice a week, and you reset the -- you
17 reboot the TV, and the computer, and the clocks.

18 But, during -- after the hurricanes we were
19 without power for almost a week. And it was, basically,
20 because some of the power lines are in that conservation
21 area. As I understand it, when the out-of-state
22 electricians came in to make repairs, they built a road
23 into that area to get to the -- I don't know if it is
24 poles, or transformers, or what, but it is the source of
25 our energy, and that is a concern that the conservation

1 area is disrupted. It is also my understanding that as
2 a general rule the power company doesn't go in there to
3 maintain whatever system is there.

4 And the very frustrating thing is that behind
5 my house, after the hurricanes where we were without
6 power for almost a week, the people behind us had power
7 within 24 hours. The people on the west of our
8 community had power. And the church, I talked to
9 somebody at the church, and that's right the other side
10 of our fence on the west side, they were -- they were
11 never without power. Our homeowners association has
12 requested that we be hooked into a main power grid.
13 Now, I don't know if that power grid is on Tuscawillow
14 (phonetic) Road, which is a major road, or if it is on
15 Red Bud.

16 And, again, during the hurricane when we
17 were -- after the hurricanes when we were without power,
18 the -- all the businesses on the south side of Red Bud
19 Lake Road, across from us, had power. So all around us
20 people had power, and it was really hot in August. And
21 each day it seems like the heat accumulated more, and we
22 were miserable, and yet we could sit and look out the
23 window and know that those people behind us had air
24 conditioning, they had TV, they didn't have to worry
25 about food spoilage.

1 So, I really feel that in our probably 200
2 homes that we should have a reduction. I also believe
3 that if Florida -- if Progress Energy is unwilling to
4 hook us into the system, that in the future, and I'm
5 sure we will have other storms, and not necessarily a
6 hurricane, maybe a lightening strike that will cause a
7 need to go into that conservation area, that we should
8 maybe be paid to stay in hotels instead of swelter. So
9 that if the people beyond us, if we are not on line
10 within 12 hours of their going back on, then I feel like
11 we should maybe get \$100 a night so that we can stay
12 somewhere where we can be cool and comfortable.

13 In the meantime, we get this less than
14 standard service, we pay the full amount that everybody
15 else does, and I just don't think it is fair.

16 **COMMISSIONER EDGAR:** Can you tell us, again,
17 the address at your home?

18 **MS. F. BRADLEY:** Okay. It is 925 Willow Run
19 Lane, and this is the Willow Run Subdivision. You can
20 see from the map that we are very, very close to
21 Tuscawillow and also to Red Bud.

22 **COMMISSIONER EDGAR:** Commissioner Skop, did
23 you have a comment or a question?

24 **COMMISSIONER SKOP:** Yes. Thank you, Madam
25 Chair.

1 Ms. Bradley, thank you for your comments, and
2 I would ask you, and also to the previous speaker, Mr.
3 Knapp, Progress does have some customer service
4 representatives here today, and perhaps you can get with
5 them with respect to your specific addresses. I think
6 they have heard your concern, and perhaps they could
7 have an area manager take a look at the situations that
8 may be causing that.

9 And, again, having local knowledge, I saw Red
10 Bud and I saw Tuscawillow Road. I was wondering how
11 close you were to Tuscawillow, and I know it has been
12 substantially developed since I have been out there.

13 **MS. BRADLEY:** White Oak, you can just barely
14 see the red lines, but that is basically a concrete
15 block fence that -- except they are on the north end
16 where the conservation area is.

17 **COMMISSIONER SKOP:** Yes, ma'am.

18 **MS. F. BRADLEY:** Oh, and one thing I was going
19 to mention, see where A is marked on the map?

20 **COMMISSIONER SKOP:** Yes, ma'am.

21 **MS. BRADLEY:** Okay. The houses immediately
22 behind that is where the conservation area is, and there
23 is a creek that runs through there.

24 **COMMISSIONER SKOP:** Yes, ma'am.

25 **MS. F. BRADLEY:** And erosion has taken that

1 thing, so it is about 15 feet deep, and yet there is
2 just very little water at the bottom until we have all
3 the rainstorms and heavy rain, and then there is a lot
4 of erosion and that ravine has widened over the years.

5 **COMMISSIONER SKOP:** I'm sure they would be
6 happy to take a look at that, specifically speaking, to
7 the concerns that they have heard. And, again, with
8 respect to why somebody across the street or in a
9 different development may have lights on where your
10 subdivision may not, that could be a host of reasons,
11 different feeders, different what have you, but,
12 hopefully, they can take a look at what is causing the
13 outages.

14 **MS. F. BRADLEY:** Right. There are
15 approximately 200 families to my understanding.

16 **COMMISSIONER SKOP:** Yes, ma'am. Thank you.

17 **COMMISSIONER EDGAR:** Thank you.

18 Ms. Fleming, let's mark as Exhibit Number 3,
19 Willow Run Subdivision Aerial.

20 **MS. FLEMING:** Yes.

21 **COMMISSIONER EDGAR:** Thank you.

22 (Exhibit Number 3 marked for identification.)

23 **COMMISSIONER EDGAR:** Mr. Frye.

24 ANDREW FRYE

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

1 testified as follows:

2 DIRECT STATEMENT

3 MR. FRYE: That was Andrew Frye, not Andrea
4 Frye.

5 COMMISSIONER EDGAR: Thank you.

6 MR. KELLY: Sorry.

7 MR. FRYE: As a Progress Energy customer and
8 also a representative of Concord Management, an
9 affordable multi-family apartment management company
10 that manages over 6,000 units that are serviced by
11 Progress Energy, we are here to state our opposition to
12 this increase.

13 Personally, my average electric bill is \$250 a
14 month. This increase would take it to \$325, which is a
15 \$900 annual increase. And I didn't even get a raise
16 this year because of the poor economic conditions.

17 For our residents which, again, is about 6,000
18 units, many of these people you see working at Target,
19 Lowe's, local restaurants and hotels. The average bill
20 for those that are \$100 per month, this would be a \$360
21 annual increase. This is more than half a month's rent
22 for many of our residents and more than many make in a
23 40-hour week.

24 To our communities that we manage, the
25 increase in expense for our common area lighting and

1 common area electric expense would be about \$12,000 a
2 year. This would be the equivalent of turning the keys
3 for two apartments over to Progress Energy and letting
4 them keep the rent for a full year.

5 You can see from these examples this is a
6 significant increase, and that many of our affordable
7 residents aren't going to be able to cover this expense.
8 Our receivables are on the increase. We have residents
9 that are moving out because they can't afford rent. We
10 are striving to maintain profitability and cash flow for
11 affordable housing, and we think that this is not the
12 time for this increase.

13 If I was sitting on the Commission, I would be
14 ashamed if I voted in favor of this raise, and I hope
15 that you will consider these examples when you are
16 making this decision.

17 We would like the Commission, though, to look
18 at the conjunctive billing rules. We have a community,
19 Oviedo Town Center, that has a solar array that has been
20 installed, over a half a million dollar solar array, and
21 due to the conjunctive billing rules that Progress is
22 following, we can't aggregate our bills, and we are not
23 realizing the savings that we should be on that system.

24 Again, thank you very much for your
25 consideration.

1 **COMMISSIONER EDGAR:** Thank you.

2 **MR. KELLY:** Joseph Weinberg followed by Dori
3 Sutter.

4 JOSEPH WEINBERG

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

7 DIRECT STATEMENT

8 **MR. WEINBERG:** Good afternoon. I am Joseph
9 Weinberg. My residence is Longwood, Florida. And the
10 only thing I have got to say, when I hear 30,
11 31 percent, that is ridiculous. I am on a fixed income,
12 and next year there is not going to be an increase in
13 Social Security. So I firmly believe if you want to go
14 with figures, maybe 8 to 10 percent, I could understand.
15 But 30, 31 percent is ludicrous and ridiculous. I would
16 like to thank everybody for listening to me.

17 Thank you.

18 **COMMISSIONER EDGAR:** Thank you.

19 **MR. KELLY:** Dori Sutter followed by John
20 Flannigan.

21 DORI SUTTER

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

24 DIRECT STATEMENT

25 **MS. SUTTER:** Ladies and gentlemen, my name is

1 Dori Sutter. I live in Winter Springs.

2 I just find it very strange that a utility
3 company would ask its consumers to contribute to
4 improvements and building a new nuclear plant without
5 some return on our investment. And then we turn around
6 and we find out that they want a return on their
7 investment.

8 The other item that I am wondering, with the
9 past burst of growth that we have had over the past four
10 or five years, we have found that, as well as the
11 government, corporate entities have increased their
12 corporate salaries, their benefits, their bonuses, which
13 can no longer be sustained in today's economy.

14 My question is what has Progress Energy done
15 within their ranks to adjust their costs in that realm
16 to meet today's economy. And that's all I have.

17 **COMMISSIONER EDGAR:** Thank you.

18 **MS. SUTTER:** Thank you.

19 **MR. KELLY:** John Flannigan followed by Aurelio
20 Zonni.

21 **COMMISSIONER EDGAR:** And, Mr. Flannigan, if
22 you could hold just a moment.

23 To our staff, do any of you have an extra pad
24 of paper? I just ran out the back end of mine.

25 I knew you would, Cheryl. I've got one right

1 now. Thank you. I apologize. Thank you.

2 Mr. Flannigan, go right ahead.

3 JOHN FLANNIGAN

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

6 DIRECT STATEMENT

7 **MR. FLANNIGAN:** Yes. Thank you very much. I
8 appreciate you people allowing us to come here this
9 afternoon and to discuss our differences, and I would
10 hope that it goes past 5:00 o'clock, because I turned my
11 air conditioner off in my house, and this is beautiful
12 in here.

13 **COMMISSIONER EDGAR:** Yes, it is.

14 **MR. FLANNIGAN:** Let's keep it that way. And
15 if is part of the monopoly, thank you, Glenn, I
16 appreciate it.

17 First of all, I would like to indicate my
18 disfavor of any rate increase from what you have heard
19 so far. In December of 2008, or earlier than that,
20 October or November, we had a notice in our bills that
21 the public -- Progress Energy was going to raise rates
22 by some 30 percent. The December bill came out to be
23 about \$100 per 1,000 kilowatt hours. And in January,
24 that jumped up to approximately \$126 per 1,000 kilowatt
25 hours, or an increase of 27 percent.

1 This went on until just before April, and a
2 lot of people must have called in and complained, I was
3 one of them. And in April they got a little card in
4 there that says, well, we are going to help you out, and
5 we are going to reduce the rates some percentage. Well,
6 they did. They dropped it down to about 11.6 percent.
7 Okay. That was actually 15 percent. I am on the wrong
8 line. Okay.

9 In April it dropped down 11 percent from the
10 previous time, which left it still at 15 percent higher
11 than the first of the year. Now, we come to today, and
12 we are looking at another increase. I understand by the
13 radio or television that we have a \$4 increase starting
14 this month with the bill. I don't know where that came
15 from, but that raises the total increase up to
16 16 percent over the first of the year. That is a
17 16 percent increase already over the first of the year.

18 If we continue this way, and if this 31-1/2
19 percent increase is allowed here, that will push us up
20 into the range of approximately 53 percent total
21 increase since the first of the year. Anybody using a
22 calculator? I've got one here if you want to use it.

23 Fifty-three percent since the first of the
24 year to me is absolutely ridiculous. I don't know where
25 you people get this from, but if you want to see my

1 numbers, I will be glad to sit down with you.

2 I have been here since 1975, been in the area.
3 I live in Fern Park, Florida. And Mr. Glenn had an item
4 here, a fin off of a turbine, and for those of you that
5 haven't seen it, this is only one of many, many, many
6 fins that go into that turbine. And I would like to
7 tell Mr. Glenn I think I have made my last payment on
8 this one. So if you want to start me with another one,
9 I would be happy to help you out.

10 **MR. GLENN:** Just don't drop it.

11 **MR. FLANNIGAN:** Okay. Just like some of the
12 other people said, I am on a fixed income, also. Social
13 Security is not going to give us any raises this coming
14 year, and that is going to hurt. So, please take into
15 consideration what everybody is asking or saying here
16 today, and let's keep these rates down at least this
17 year. We are in hard times.

18 Thank you for your time.

19 **COMMISSIONER EDGAR:** Thank you.

20 **MR. FLANNIGAN:** And thank you for the air
21 conditioning.

22 **MR. KELLY:** Aurelio Lonni.

23 **UNIDENTIFIED SPEAKER:** Zonni.

24 **MR. KELLY:** Zonni, I apologize, followed by
25 Thomas Foley.

1 AURELIO ZONNI

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

4 DIRECT STATEMENT

5 MR. ZONNI: Well, I just lost some hope. I
6 thought, you know, I was going the big raise, you know
7 next year with the Social Security. But the gentleman,
8 I guess, you know, he has got first-hand knowledge.
9 Okay. So much for that.

10 Good evening, panel, you know, and I want to
11 thank, you know, the representative, you know, that
12 spoke, you know, earlier for us in our behalf, and all
13 the ladies and gentlemen that we share part of the
14 problems.

15 I came in with a short list, but I have been
16 taking notes, but I am going to try to be as brief as
17 possible. I am in this country since 1970. I became a
18 citizen, American citizen. I am proud, you know, to be
19 an American.

20 When I came here the electricity was \$25 a
21 month, and that including, you know, the cooking
22 facility. I have gas and heating facility. In Europe
23 the electricity was very expensive, so when I came over
24 here I said, well, that is a relief. This is the
25 country that, you know, I was looking for. But slowly,

1 slowly it has been turning around. We are the most
2 expensive country when it comes to, you know, electric.
3 They have, you know, different, you know, system over
4 there. And we should, you know, go and copy for what
5 they are doing so we can save, you know. I'm sure, you
6 know, we all want the same thing.

7 I was going to start, you know, by saying one
8 word, you know. Enough is enough. Now, I don't
9 directly know to the panel enough is enough, but you
10 have to understand, you know, one thing. That besides
11 you folks, I consider myself or us, we are a big funnel.
12 We have the tip. Everybody, you know, keep pooling, and
13 we have, you know, to process it all, all this through
14 the small hole in the bottom. And because there is no
15 more room, they keep adding, you know, an extension to
16 the funnel, and we keep receiving. How can we, as the
17 gentleman also mentioned, we are in -- I am in a fixed
18 income. I am retired, finally. Unfortunately, though,
19 also, I have to say one thing about, you know, this
20 beautiful country which now is my country. I spend more
21 years over here than abroad, but very few company gives
22 you some retirement. We have to depend on Social
23 Security and Social Security does not pay you anything.

24 And I'm not embarrassed, you know, to tell you
25 and to tell everybody, I live on \$749 a month, which \$48

1 Social Security last year. They increase us by
2 5 percent. I almost dropped dead when I saw, oh, you
3 are going to have 5 percent. Oh, my gosh, you know, 5
4 percent increase. That is excellent. Okay, \$48. You
5 took that money away from me. Only you alone.

6 Now, if I'm not mistaken, you said 31.5, and
7 the gentleman said 53. I came with 45.5, because if I'm
8 not, you know, you correct me on that. Last time that
9 you did an increase you asked for 25 percent with one
10 hand, and then, you know, it looked like, you know, you
11 were giving us 11 percent back. You said, you know, we
12 are going to give you 11 percent back. So we got the
13 11 percent back for one month or two, so you have
14 14 percent of our money.

15 By adding 31.5, now we are going to get
16 45.5 percent, which is \$540 a year for me. Now, I don't
17 want to -- I know we are here, you know, for the
18 Progress Energy, but I have to just briefly mention, you
19 know, a few other consumers that, you know, we have
20 around. State Farm, they wanted to pull out of Florida
21 unless they increase by 50 percent. For me that I have
22 a small place, only 1,050 square feet, that is going to
23 cost me another \$500, so that is \$1,000 at the end of
24 the year. From \$8,000 the Social Security give me, you
25 tell me how can I live on that?

1 Now, I'm not embarrassed to say for the first
2 time in my life -- I am 68 years old, and, thank God,
3 you know, my health, well, you know, the appearance
4 sometime, you know, deceiving. But, thank God, thank
5 the Lord, you know, I am still, you know, take caring of
6 myself. But what I was saying, you know, with that -- I
7 had to, you know, for the first time to ask, you know,
8 help from the government. Twenty-four dollars in food
9 stamps they can give me. You just tell me what can you
10 buy today -- and some of you gentlemen mentioned earlier
11 about you just mentioned, you know, the increase of the
12 housing, food, and et cetera, et cetera, et cetera. I
13 believe it was you, you know, or one of the gentlemen
14 over here, part of the Commission, you know. You tell
15 me, you know, where I am going to, you know, get that
16 money.

17 I mean, just food, you know, in food alone, he
18 said increasing by 150 percent. So everybody, you know,
19 wants give me some, give me some, give me some. Where
20 am I going to pay? I have a gas for cooking, so I have
21 to add, you know, the electricity with the gas.
22 Usually, you know, I count to, you know, 140, \$150, you
23 know, a month, if it is not even more. Right now
24 because I am retired, I am by myself, I live in a small
25 duplex, pretty spacious for one person. You know, I

1 have enough room, you know.

2 My neighbor, my next door neighbor in
3 wintertime, which there is no air conditioning, he pay
4 \$35 in his electric bill. I pay 70. Explain to me what
5 is the difference. I call you guys, somebody came over.
6 Oh, you know, all of these turn around and I end up, you
7 know, no help. Well, the only thing she said, you know,
8 the refrigerator, how old is that, you know. Okay, this
9 one, okay. I spent -- I changed -- just, you know, to
10 make the improvement. I put in new air conditioning.
11 StarEnergy saving, \$1,500. I put in double pane window
12 with the vinyl framing and non-aluminum framing. I have
13 also blinds on top of that.

14 I bought, you know, a new refrigerator,
15 \$2,000, Maytag. Okay. Credit card, because after the
16 second week of the month I have to reach my wallet and
17 go for credit card. That is the only way I can survive.
18 Front door. And those beautiful curly light bulbs, all
19 right. I spent \$3,200. I haven't received a return on
20 that. I don't know what else, you know, do I have to
21 do. Why my neighbor pays less than me, I cannot
22 understand that.

23 **COMMISSIONER EDGAR:** Mr. Zonni, did you say
24 that you had Progress come out and do an audit at your
25 duplex?

1 **MR. ZONNI:** Yes, ma'am.

2 **COMMISSIONER EDGAR:** An energy audit?

3 **MR. ZONNI:** Yes, ma'am.

4 **COMMISSIONER EDGAR:** About how long ago was
5 that?

6 **MR. ZONNI:** Oh, I have the refrigerator now
7 for two years, two and a half years. It was about three
8 years.

9 **COMMISSIONER EDGAR:** About three years?

10 **MR. ZONNI:** Yes.

11 **COMMISSIONER EDGAR:** Okay. Mr. Zonni, I am
12 going to have to ask you to give us a concluding
13 thought.

14 **MR. ZONNI:** Well, a concluding thought, you
15 know, I am just, you know, agree with everybody else,
16 you know. I don't think is the right time. This is not
17 the right time. I mean, everybody, you know, wants
18 more, you know. The bank is crying, the insurance
19 crying, and the company crying. They are all, you know,
20 going for, you know, bail out. Who is going to bail me
21 out?

22 We are the last people, you know, down that we
23 have to take care of, but everybody, you know, above
24 us -- is like, you know, me lifting up, you know, 1,000
25 pounds. I cannot lift 1,000 pounds. There is no way.

1 I mean, you know, you have to understand that. I mean,
2 you know, it is impossible. And since, you know, you
3 cut me short on time, what have you, just in a quick
4 mention, you are not the only one. I mean, we watch the
5 news every day.

6 Now, Social Security employee, they need, you
7 know, to go to the Lux, because they are stressed out.
8 Okay. Their job, you know, you heard this morning on
9 the news, or yesterday, well, tell them to take Xanax,
10 because that is what I have been taking, because I have,
11 you know, a stress problem. And I have been taking
12 these pills. You know, tell them to take this, and not
13 to go and spend \$700,000 for, you know, I forget how
14 many per person, you know, 1,000 or 10,000 per person,
15 you know.

16 **COMMISSIONER EDGAR:** Thank you.

17 **MR. ZONNI:** Lynx wants us, you know, to help
18 them out, too? I don't ride the bus. Why do I have to
19 pay for them?

20 **COMMISSIONER EDGAR:** Thank you.

21 **MR. ZONNI:** Okay. I have a long list, but,
22 you know, thank you for listening to me.

23 **COMMISSIONER EDGAR:** Thank you for your
24 comments.

25 **MR. ZONNI:** You're welcome.

1 **COMMISSIONER EDGAR:** Commissioner Skop.

2 **COMMISSIONER SKOP:** Thank you, Madam Chair.

3 There seems to be, I guess, some concern about the
4 fuel -- not the fuel, but the bills going up and down.
5 And at least for me and my colleagues, I think it is
6 important that consumers have a complete and accurate
7 understanding of their bills. And I would just ask
8 Mr. Willis to speak briefly to the increase and then
9 decrease in the early part of this year. And I believe
10 that was associated with the midpoint correction to the
11 fuel surcharge, is that correct?

12 **MR. WILLIS:** Yes, Commissioner Skop.

13 There we go. There was a fuel increase at the
14 beginning of the year, which did accompany -- in April,
15 like the gentleman said before, a fuel decrease, a
16 midcourse correction where it did go down.

17 The gentleman who spoke about the increases
18 coming up at the end of the month would be the portion
19 you approved for the Bartow plant along with the interim
20 increase for Progress.

21 **COMMISSIONER SKOP:** Thank you.

22 **COMMISSIONER EDGAR:** Mr. Kelly.

23 **MR. KELLY:** Thomas Foley followed by Thomas
24 Gleason.

25 THOMAS FOLEY

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

3 DIRECT STATEMENT

4 **MR. FOLEY:** Commissioners, thank you very much
5 for the opportunity to speak to you. I agree mostly
6 with what everyone else has said concerning the rate of
7 return.

8 I have been in my residence for 20 years. My
9 primary concern today is to get the quality of service
10 issues before you, and I'm sure you have heard it
11 before, and I'm sure there are many more people who you
12 are going to hear it from.

13 We have numerous outages from the long ones
14 lasting three to four days during a hurricane or a
15 severe storm, to shorter ones which are down to a couple
16 of minutes to an hour or two. Some of those in clear
17 weather.

18 And to the short, very short momentary outages
19 that like everyone has said resets everything electric
20 in the house. And I have had to place UPSs on the TV
21 sets for protection and on the computers, et cetera, and
22 on my cable modem so I can -- I work from home and have
23 Internet use.

24 I have made contacts to Progress Energy, and I
25 heard several disturbing things. One is when I have

1 talked to the line crews when they come out to fix the
2 problem, they seem to know exactly where to go each
3 time, and they get it fixed within the few hours or
4 whatever. But they always say that they know
5 exactly where -- they say they know exactly where it is.
6 And I say, well, can't management -- you know, can't you
7 fix it, do something about it to make it so it doesn't
8 happen again? And they say we have tried. Call
9 629-1010. In other words, they don't listen to their
10 employees.

11 Again, I call in to make a registration of an
12 outage, especially if it is a momentary outage. The
13 service representatives seem to be, well, we are not
14 going to report that. I get the little recording that
15 says, well, you are the first one in your area to have
16 reported an outage, and they send me to a live
17 representative. I tell the live representative, and
18 they say, well, it is back on, isn't it? That is just a
19 quality issue that they need to address.

20 Now, in all honestly, I have just met
21 Mr. Maxon here, and there have been people out to the
22 house, and they have promised to trim trees, and things
23 like this. I haven't seen anything recently in
24 20 years. They have trimmed the trees, to the best of
25 my knowledge, twice.

1 That is all I have to say, and I thank you
2 again very much for your time.

3 **COMMISSIONER EDGAR:** Thank you. Mr. Foley,
4 can you -- will you share your address, either aloud
5 with all of us, or with our staff so that they can
6 follow up with -- and Mr. Kelly has it, as well.

7 Mr. Willis, thank you. If you will get that,
8 and we will make sure that our staff looks into those
9 issues, as well.

10 Mr. Kelly.

11 **MR. KELLY:** Thomas Gleason followed by
12 Barbara -- I hope I get this right -- Shuette. Shuette,
13 sorry.

14 THOMAS GLEASON

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

17 DIRECT STATEMENT

18 **MR. GLEASON:** Good afternoon. My name is
19 Thomas Gleason. I live in a three-bedroom small house
20 out on Loma Avenue. And I received my power bill this
21 month, 367.44. I am a totally disabled veteran on a
22 fixed income and I can't stand too many more of these
23 increases.

24 However, that is not the main problem I have
25 today. On the 28th of June, a line came loose on the

1 power pole out in front of my house, and it was flopping
2 around throwing sparks ten feet in the air. We ended up
3 calling the fire department and the electrical company.
4 And I called the electrical company with a complaint. I
5 said I want to fill out a claim. And several hours
6 later a Mr. Bruce Allen called me back from the claims
7 department. He says I'm sorry about that, but we don't
8 pay anything like that. We don't pay anything. I am
9 out over \$2,000 on getting my home back up. Still I
10 have circuits out. I think someone should be available
11 to do something about this.

12 I have talked to several Progress Energy
13 people, and they suggested that I take them to small
14 claims court. I think someone should do something
15 without me spending any more of my money.

16 Thank you.

17 **COMMISSIONER EDGAR:** Mr. Kelly, do you have
18 Mr. Gleason's address there?

19 **MR. KELLY:** Yes, ma'am.

20 **COMMISSIONER EDGAR:** Okay. Mr. Willis, can
21 you get with Mr. Kelly and follow up on that as well for
22 us?

23 **MR. WILLIS:** I've already got it, Madam
24 Chairman.

25 **COMMISSIONER EDGAR:** You've got it. Okay.

1 Thank you.

2 **MR. KELLY:** Barbara Shuette, followed by --
3 oops, sorry -- Michele Burier, Burier.

4 BARBARA SHUETTE

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

7 DIRECT STATEMENT

8 **MS. SHUETTE:** Good afternoon, Madam Chairman,
9 chairpeople. I represent Concord Management. I am a
10 regional manager, and I have five Seminole County
11 apartment communities in this area that I manage and
12 oversee for my company and my community.

13 Our multi-family residences struggle every day
14 with being able to remain in their apartment homes
15 effectively and economically. These residents are
16 dealing with their job losses, reduced hours, salary
17 reductions, and a lot of business closures here in
18 Seminole county. Eight percent, or 144 of my Seminole
19 County residents have loss their economic battle the
20 first six months of this 2009. I encourage you to
21 please reconsider the increase in an effort to reduce
22 our neighbors' home losses.

23 Thank you.

24 **COMMISSIONER EDGAR:** Thank you.

25 **MR. KELLY:** Michele Burier, or -- I apologize.

1 I'll let you say it. Jack McRay.

2 MICHELE BURIER

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

5 DIRECT STATEMENT

6 **MS. BURIER:** I am Michele Burier, and I live
7 in DeBary, Florida. I understand about people saying
8 that they are on a fixed income. Well, mine is worse.
9 I'm a minimum wage employee in the state of Florida. I
10 work in the tourist industry, entertainment industry,
11 and we never get a raise. It just does not happen here.
12 It is minimum wage unless the government changes it.

13 I use about 750 kilowatts of electric every
14 month. I would never have this many lights on in my
15 house. I have new windows, new doors. I have solar
16 tubes. I have insulated siding and insulated roof. I
17 no longer use my dryer. My AC is at 85.

18 They have cut our health insurance. We no
19 longer have it at work, because my boss cannot afford
20 it. They have cut everybody's hours. They can no
21 longer keep all of us employed because there are no
22 customers. Our 401k which used to have a match, that is
23 also gone.

24 I want to know what Progress Energy is going
25 to do in their place, so that they could maybe not need

1 this increase. How about starting at the top? Do
2 people really need over a million dollars a year for
3 wages, plus bonuses, plus options, plus they have still
4 got their 401k, their match, and then they are going to
5 add to their pension system because their pension has
6 gone down in value.

7 Well, are they going to give back the money
8 when the pension system goes back up in value? I don't
9 think so. And so I just don't think that an increase is
10 right for any of us here.

11 Thank you.

12 **COMMISSIONER EDGAR:** Thank you.

13 **MR. KELLY:** Jack McRay followed by Jack
14 Hannahs.

15 JACK MCRA Y

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

18 DIRECT STATEMENT

19 MR. MCRA Y: Good afternoon, Commissioners and
20 staff. Thank you very much for the opportunity to be
21 here. My name is Jack McRay. I have a Maitland
22 address, but I live in Seminole County, and I am a
23 Progress Energy customer.

24 I would concur for the sake of brevity with
25 the opening remarks of Representative Adams about the

1 condition of the current economy. We all know what that
2 is. I would concur with the PSC's comment -- or the
3 Public Counsel's comment, excuse me, about the standard
4 that you have to apply, which is whether this request is
5 fair and reasonable. To that, I would add the word
6 prudent. I think under the current circumstances that
7 is a major issue in terms of this request.

8 Summing up the themes that I have heard, and I
9 have rewritten my little presentation here about six
10 times. But, anyway, I have thrown it out. But I will
11 give you an analogy. That analogy is if you are walking
12 down the street, and you come upon a person who is
13 hemorrhaging on the sidewalk in front of them -- in
14 front of you, I don't think it would be common sense to
15 ask them to go to the blood bank to give more blood.
16 That is the situation we are facing.

17 Consumers, I heard the phrase before, enough
18 is enough. I am fortunate. I am employed. But even
19 being employed, I have taken a hit on my income. My
20 meager investments are far more meager than they were.
21 But I can tell you that there are hundreds of thousands
22 of employees across Florida who have sacrificed to save
23 jobs of other employees. You have elders in addition to
24 not getting any Medicare -- or excuse me, Social
25 Security increases, their Medicare premiums increase

1 every year inexorably.

2 Lots of these people, medicine, the treatments
3 that they get are absolutely essential and their
4 utilities are absolutely essential. There is a limit to
5 how much consumers can bleed before you take that last
6 drop of blood and they become comatose.

7 I would encourage the Public Service
8 Commission to put the breaks on this rate request. I
9 would urge you to give consumers and small businesses,
10 those on fixed incomes, students, the break they
11 deserve. And I would urge you that you need to take
12 this action before you break the backs of more
13 businesses and more consumers.

14 Thank you very much.

15 **COMMISSIONER EDGAR:** Thank you.

16 **MR. KELLY:** Jack Hannahs followed by Kyle
17 Keogh.

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

21 DIRECT STATEMENT

22 **MR. HANNAHS:** I am Jack Hannahs. I live in
23 Longwood, Florida.

24 Progress Energy can come in here and ask for a
25 500 percent increase. I don't care what they ask for.

1 It is up to you to protect us, and I don't think you are
2 doing a good job at it, and that is plain and simple.
3 You are really not paying attention.

4 Thank you.

5 **MR. KELLY:** Kyle Keogh followed by Rege Davis.

6 Kyle Keogh.

7 Rege Davis.

8 **MR. DAVIS:** It is pronounced Rege.

9 **MR. KELLY:** I'm sorry.

10 REGE DAVIS

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

13 DIRECT STATEMENT

14 **MR. DAVIS:** I have complaints about the
15 quality of service that I have received from Progress
16 Energy. I have been a customer here since 1987, and
17 until Charley came we were consistently losing
18 electricity. You would have a little rainstorm and we
19 would lose electricity.

20 After Charley came, we went 79 hours without
21 service. And in the same situation that one of the
22 other people here talked about, we sat in our home
23 sweltering while my neighbor across the street had
24 electricity. We have talked to Progress Energy about
25 that. They tell us, well, we have got trees in the

1 neighborhood that need to be trimmed, and just we get a
2 big song and dance.

3 When Charley went through we lost electricity
4 for 79 hours. Francine went through, or Frances, I
5 forget what they named it, we lost it for 69 hours. And
6 then when the third hurricane came through we lost it
7 for 39 hours. And the only way we got the electricity
8 turned on quicker in the last hurricane, we sort of
9 hijacked the line truck and got him to go down, because
10 all it was was a tree was laying across the line and
11 caused it to short out. They put a fuse in, everything
12 worked fine.

13 But, Progress Energy wants us to pay money or
14 the same rates as everybody else, but the service is
15 poor to say the least. I wanted to know if we are
16 paying for the nuke right now. Is there anything in the
17 bill that we are paying in advance for the nuclear power
18 plant?

19 **COMMISSIONER EDGAR:** Yes.

20 **MR. DAVIS:** Why is that? They don't even have
21 a permit yet.

22 **COMMISSIONER EDGAR:** Mr. Willis, I need you to
23 jump in, but the Legislature two years ago --

24 **MR. WILLIS:** Two years ago, Commissioner.

25 **COMMISSIONER EDGAR:** Two years ago passed a

1 law that allowed cost-recovery in advance of
2 construction for new nuclear facilities.

3 **MR. DAVIS:** And when that stuff, if it never
4 comes to fruition, are they going to fine Rege Davis and
5 give me my money back?

6 **COMMISSIONER EDGAR:** No.

7 **MR. DAVIS:** Okay. Thanks to our senators and
8 congressmen.

9 That's it.

10 **COMMISSIONER EDGAR:** Thank you.

11 **MR. KELLY:** Wayne Chilton followed by Lennon
12 Tatum.

13 WAYNE CHILTON

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

16 DIRECT STATEMENT

17 **MR. CHILTON:** Ladies and gentlemen, thank you
18 for allowing me here today. Wayne Chilton, for the
19 record.

20 I wanted to just make a comment. Some of the
21 things that -- this is my first time that I have ever
22 come to one of these. I know you get rate increases all
23 the time, I sit back, I take them and say nothing, okay.
24 Much like the one that the gentleman before has talked
25 about, we got a significant increase last fall, then

1 your rebate part, now you are back again.

2 And as Mr. Davis just asked, the fact that the
3 Legislature passed the right for them to recover nuclear
4 cost in advance, did they not require your permission to
5 implement that cost?

6 **COMMISSIONER EDGAR:** Mr. Willis.

7 **MR. WILLIS:** Commissioner, our responsibility
8 is to follow the statute, which means when Progress
9 comes to us, or FPL comes to us with those nuclear
10 costs, we review those costs, make sure they are
11 consistent with the statute, and we pass along what the
12 statute requires.

13 **MR. CHILTON:** The statute gave a number or did
14 they come to you for the number? May I ask those
15 questions?

16 **MR. WILLIS:** The statute basically dictates
17 that the utility company can get pre-siting, clearing
18 costs, as well as their actual debt costs during the
19 time, it is their debt and equity costs during the time
20 that the actual plant is being built over the years.

21 **MR. CHILTON:** Who do they submit that request
22 to and with what number? Do they justify it?

23 **MR. WILLIS:** Well, the actually submittal
24 comes to the Commission. They have to document their
25 costs for the year to the Commission. We audit those

1 costs, we look at these costs, we make sure that there
2 is nothing but those costs being passed along that the
3 statute requires.

4 **MR. CHILTON:** All right. First, as Mr. Davis
5 points out, first of all, there is no permit. Number
6 two, if there were a permit today, it would be another
7 ten years under optimal conditions before construction
8 started. Going back into the '60s, and the '70s, and
9 the early '80s, when nuclear was still a viable product
10 in this nation and projects were built, just as
11 coal-fired plants are built today, et cetera, they
12 didn't come and get an advance premium increase from we,
13 the ratepayers. From you, the ratepayers. You pay the
14 same rates, okay. They didn't come and do that. They
15 went to the finance. When they got time to start
16 construction they went to the outside markets and raised
17 the money.

18 As the gentleman that led out for Progress
19 Energy, I noticed starts out, and I would like if he
20 would to send me, and I will be happy to give my
21 address, these numbers, says that over the base rate
22 over the past 30 years it has increased one percent.
23 Okay. I think we have just discussed something like a
24 25 percent increase that has occurred in the past 12
25 months. So I am really interested in seeing how we have

1 only -- because rough math says that based on the 1,000
2 rate, that was \$35 30 years ago versus \$53 today. I
3 have to see that, okay, because I just have a hard time
4 believing that one.

5 The other thing I would like to know is on the
6 variable costs, the other charges that are tacked on
7 there, is there an overhead factor for Progress Energy
8 built into those numbers, or are they straight costs?

9 **COMMISSIONER EDGAR:** Those are generally
10 straight costs.

11 **MR. CHILTON:** Because if they are, the math
12 doesn't add up anywhere, okay. I mean, you can't make
13 this math work, you know.

14 And then we talk about the investors, pension
15 funds, 401ks, et cetera. Most of those people had
16 nothing to do -- none of that capital went to Progress
17 Energy. The only time Progress Energy got any money was
18 the day they issued the stock, okay. Whatever that
19 money was it is there. Since then that stock trades
20 openly in the free markets, and approximately 90 percent
21 of that stock is owned by people outside of the state of
22 Florida. So we, the residents of Florida, get no
23 benefit of that, okay.

24 The dividends are paid, if they are paid, and
25 the increase in value of the stock is really shared by

1 people primarily outside of this state versus in this
2 state, okay. So every time we talk about the investors
3 and benefitting us, I want to benefit the rateholder,
4 okay.

5 So I want to sit back and look at those things
6 and ask what about the rate increases? You know, we do
7 not have any oil-fired plants, okay. People talk about
8 oil prices going up or down. That does not really
9 affect significantly, other than the trucks that are on
10 the road, the generation costs of the power itself.
11 That is primarily coal. I would venture to say that
12 that is probably on a long-term contract, okay. And if
13 it is not, I guess I would say why not, okay.

14 What hedging practices are in place for the
15 other energy costs for natural gas? Is that not a
16 long-term contract? How do I notice my bill and my fuel
17 cost go up and down constantly, and every time you say
18 something, it's but, well, fuel costs are up. Well, if
19 you are on a long-term contract, your fuel costs aren't
20 up, okay. Your marginal costs might be up, your
21 variable costs might be up, but those are the only
22 things that are there.

23 As far as the intermittent service, the
24 gentleman just spoke, I can see his house from my house,
25 okay. And it wasn't the hurricanes. I expect to be out

1 in a hurricane, okay. But it is sort of tough when
2 50 feet across the street the lights are on because we
3 are on a different transformer. And on these little
4 things that reset all the clocks maybe 20 seconds, maybe
5 two minutes. I could give you the name of the gentleman
6 from Progress -- from the power company that has been to
7 my house with trucks upon trucks, and I would say it is
8 not on. And they would say we have never been out here
9 before. And I say, yes, you have. Check your records,
10 okay.

11 So then they come, and I tell them, I keep a
12 record of every time they flicker. They say it can't
13 be. I say, well, it is, you know. So they come, and
14 they put a little fancy meter on the side of the house.
15 And they say, well, this will tell us if it flickers,
16 okay. They hadn't been out of my driveway 20 minutes,
17 okay, when it flickers. They leave it for a week. They
18 come back. It's been out three times that week, and
19 they look at their meter and say, no problem, it worked
20 beautiful.

21 Now, somebody tell me how this occurs. You
22 know, I notice -- no offense, sir, but I notice we send
23 an attorney here today to listen to our complaints and
24 not an executive with the company. Thank you for
25 hearing my complaints.

1 **COMMISSIONER EDGAR:** Thank you.

2 **MR. KELLY:** Lennon Tatum followed by Ginny
3 Decker.

4 LENNON TATUM

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

7 DIRECT STATEMENT

8 **MR. TATUM:** Good afternoon. My name is Lennon
9 Tatum. I'm a representative of the Apartment
10 Association of Greater Orlando, and I am also a Progress
11 Energy customer, and I live in Oviedo.

12 Perhaps the most important responsibility our
13 members have is providing quality housing to hundreds of
14 thousands of central Floridians. And in these trying
15 times, these individuals cannot absorb any increase in
16 their expenses, let alone a 24 percent increase. These
17 increases will mean an even greater struggle to make
18 ends meet, when many are already living paycheck to
19 paycheck. And higher utility costs will mean even less
20 gas in the tank and less food on their plates.

21 From the business perspective, for the last
22 two years our rent growth has been stagnant and more
23 recently in decline. At the same time our expenses have
24 been increasing exponentially. A 24 percent increase in
25 base rates and a 64 percent increase in fees on our

1 vacant apartments would be extremely hard to overcome.
2 This is exponentially the case for our affordable
3 housing providers, many of which you have already heard
4 from today.

5 These companies have central -- house Central
6 Florida's most needy residents, and their costs have
7 increased by double digits, but their rents have only
8 been allowed to increase by 4 percent once in the last
9 five years. This makes owning and providing affordable
10 housing communities less and less appealing when it is
11 increasingly more important in our community. These
12 increases could easily cost the jobs and many of our
13 on-site and support staff, as well.

14 So, in closing, I would just ask that you
15 consider these and weigh these options heavily for the
16 thousands of struggling residents and businesses in
17 Central Florida when you make your decision, and thank
18 you so much.

19 **COMMISSIONER EDGAR:** Thank you.

20 **MR. KELLY:** Ginny Decker followed by Carrie
21 Pope.

22 GINNY DECKER

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

25 DIRECT STATEMENT

1 **MS. DECKER:** Good afternoon, Commissioners.
2 My name is Ginny Decker. I am with Empirian Property
3 Management. I live in Winter Springs, Florida, and I am
4 also a Progress Energy customer.

5 I am with Empirian Property Management, who
6 owns and manages 87 apartment communities throughout the
7 state of Florida, and provides housing for over 80,000
8 Florida residents. Ninety percent of our properties
9 fall within the service area for Progress Energy.

10 I would like to mirror the sentiments of my
11 peers that have already spoken with you from Concord
12 Management, and Mr. Tatum who just spoke, that my
13 company is also against this rate increase. We have
14 already spoken about the fact that we provide affordable
15 housing for many of the residents in Central Florida and
16 Florida in general.

17 I would also like to just add that we have,
18 again, many residents losing their homes, turning in
19 keys on a daily basis across the state because they
20 can't simply afford it. I am also seeing an increase
21 lately of residents that can't even afford to pay the
22 deposit to have utilities service turned on. And in
23 many cases that deposit amount is increasing. That
24 means that we can't have residents move in, and we
25 continue to see a fall in our income.

1 Year over year my company just within the
2 state of Florida has seen a 1.3 million reduction in our
3 total revenue, and that is just for the first half of
4 the year. We are pretty certain that this will continue
5 for the rest of the year. I myself have taken a
6 14 percent pay reduction since the first of the year.
7 My employees are now working a 35-hour work week. These
8 are apartment communities that only have two people
9 working at them.

10 So, again, I would just ask you to reconsider
11 the proposed increase.

12 Thank you.

13 **COMMISSIONER EDGAR:** Thank you.

14 **MR. KELLY:** Carrie Pope followed by Dieter
15 Rod -- I think it is Rodler.

16 CARRIE POPE

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

19 DIRECT STATEMENT

20 **MS. POPE:** Okay. My name is Carrie Pope, and
21 my husband and I own commercial real estate buildings,
22 and those buildings house small businesses. Now, unlike
23 a lot of other management companies, we pay the utility
24 bills for our buildings. We do not pass the increase on
25 to our tenants. They are small businesses. Obviously,

1 they are trying to make ends meet, but this is going to
2 have to stop. We can certainly not absorb a 31 percent
3 increase. Now, if we pass this along to the small
4 merchants, they are going to be out of business. And
5 this just has to stop somewhere.

6 I, frankly, would like to know from you how
7 many people you let off last year. I mean, all the
8 companies are cutting down. It sounds to me like you
9 are building up.

10 In the commercial market you probably are all
11 aware that the CPI has only gone up 2 percent. And, you
12 know, it seems to me you should stay within those
13 realms, also.

14 And one thing that is very, very important to
15 me is I would like everybody to know that I have an
16 article that was put out by the Heritage Foundation, and
17 this is a quote from John Dingell, who is a Democrat
18 from Michigan regarding the cap and trade, which is the
19 tax we are expecting to come out next year. And he said
20 this is a great big one. His predictions are that we
21 will add \$1,960 to every family budget for eight years.
22 This is in addition to what you are asking. That is
23 more than the average family spends on food, on their
24 property taxes, on other excess reasons. This is a
25 great article if you want to take a look at it. It is

1 under the Heritage Foundation on the Internet.

2 In closing, I would just like to say that all
3 the other businesses around have had to tighten their
4 belts, and I think you had better tighten yours, too.

5 **COMMISSIONER EDGAR:** Thank you.

6 **MR. KELLY:** Dieter, I believe it is Rodler,
7 followed by Francine Stessel.

8 DIETER RODLER

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

11 DIRECT STATEMENT

12 **MR. RODLER:** My name is Dieter Rodler. I live
13 in Deltona, Florida, and I am against the increase for
14 Progress Energy, but I also would like to address the
15 audience.

16 Do you buy a car without looking at the gas
17 mileage on the car? So why do you buy a house without
18 knowing what it needs on electricity? Or if you have an
19 existing home, and you have an electricity bill from
20 \$250, \$300, why don't you make improvements? Get a
21 certified energy rater, they are looking for work, big
22 time, because I am a certified energy rater, too, and I
23 have problems to find customers. But if I have an
24 electricity bill from \$350, I can show you how you can
25 save \$150 every month. So invest actually in the waste

1 what you are doing.

2 I am against the increase for Progress Energy,
3 but, also, why don't we look, turn around, where can I
4 save, what can I do? And you don't need to spend
5 thousand of dollars to save hundreds. You can do it in
6 small steps. And I would love to add everybody.

7 And, also, one other thing, Florida Solar
8 Energy Center made recently a research. If every
9 household, and in Florida we have over eight million,
10 would merely change the light bulbs, actually,
11 additional power plants would not be necessary. So
12 think about it. If everybody makes big improvements in
13 the home, you would not even need the power plants, so
14 there would not be an increase at all in the first
15 place. Everybody should think about that.

16 Thank you very much.

17 **COMMISSIONER EDGAR:** Thank you.

18 **MR. KELLY:** Francine Stessel followed by
19 Adeline Price.

20 FRANCINE STESSEL

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

23 DIRECT STATEMENT

24 **MS. STESSEL:** Hello. Thank you for allowing
25 me the opportunity to speak today. I am here because

1 actually on July 6th I wrote a letter to Charlie Crist,
2 and to date have not received a response about this
3 Progress Energy debacle. I would like to read that
4 letter today.

5 Dear Governor Crist, I am a single woman, a
6 high effective and formerly well-compensated operations
7 executive, who has recently been laid off due to a
8 corporate acquisition merger and head count reduction.
9 For the last four months, I find myself among the
10 long-term 10 percent to 14 percent and rising unemployed
11 in the central part of the state of Florida.

12 This is a first for me, and there doesn't seem
13 to be light at the end of the tunnel. If the status of
14 unemployment were not bad enough, I now have also to
15 cope with the high medical expenses in order to ensure
16 COBRA coverage of 506 a month. And to make matters
17 worse, I have just received my proposed July Progress
18 Energy electric bill. Another first, \$419 for one
19 month. A \$176 estimated increase over my previous two
20 month's billings.

21 I have two air conditioners in my house. Let
22 me also mention that as a conservative individual, I
23 keep my thermostat stationed at between 82 and 84
24 degrees on one air conditioner, and the other one is
25 typically stationed at 77 to 78 degrees. Any higher and

1 I believe we would get into dangerous territory for
2 humans and pets alike, not to mention the onset of mold
3 growth. Here in the state of Florida it is a very big
4 problem.

5 In my discussions with Progress Energy, I was
6 advised that a significant rate increase was approved by
7 our Legislature due to rising fuel charges, and that an
8 increase of an additional \$4.64 per 1,000 kilowatts had
9 been approved last fall when fuel costs were, in fact,
10 on the rise. They no longer are, and that is where the
11 \$176 increase came from.

12 Let us also not forget about the added taxes
13 that consumers will pay to the state against the added
14 sales revenue to Progress Energy. It sounds like a
15 pretty good deal for the state. That is just not an
16 incremental increase, that is practically double the
17 average bill. How did this happen? Why did this
18 happen? And isn't there a more moderate, fair, and
19 reasonable solution to the problem? As others before me
20 have mentioned, perhaps Progress Energy should take a
21 look at tightening its own belts.

22 I guess the real question is, how do you
23 expect the rising unemployed, the fixed income retirees,
24 falling business owners who are not even eligible for
25 state unemployment, and individuals with health issues

1 to pay for these exorbitant electric bills? Perhaps it
2 is your feeling that we should all be encouraged to
3 leave the state, or let them all eat cake.

4 I respectfully ask how it is at such a
5 critical time in Florida's history, actually, in the
6 history of United States, that you allow Progress Energy
7 to further crush its constituents with a 31 percent rate
8 hike, when they are already losing their jobs, their
9 medical coverages, their homes?

10 It is my understanding that Progress Energy
11 has been inundated with calls such as mine. I was
12 advised that I could go to a public hearing to voice my
13 concerns, although no one at Progress Energy or the
14 Public Service Commission that I called that day, could
15 advise me where they were being held. I was told also
16 that perhaps I could call LIHEAP for payment assistance
17 relative to this particular Progress Energy bill, which
18 is simply unaffordable. But when I called, I was told
19 that LIHEAP had ceased taking new applications due to
20 the fact that they have run out of funding.

21 On behalf of myself and the many others who
22 through no fault of their own are in a state of panic
23 over this issue, I ask that you please give this matter
24 your attention and reconsider what we know to be a
25 shameful unnecessary injustice to the residents of the

1 state of Florida.

2 **COMMISSIONER EDGAR:** Thank you.

3 **MR. KELLY:** Adeline Price followed by Shirley
4 Gray.

5 Adeline Price.

6 Shirley Gray.

7 SHIRLEY GRAY

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

10 DIRECT STATEMENT

11 **MS. GRAY:** Hi. Thank you, and thank you for
12 being here. I am not as organized. I just took a bunch
13 of notes, but I have been a resident of Seminole County
14 for -- since 1984, and since 1994 here a resident of
15 Lake Mary.

16 Fair and reasonable. I like those words that
17 Sandi Adams used. Well, she is gone now. But is this
18 fair and reasonable? I think that is the question we
19 need to continue to ask. Fair and reasonable. I know
20 that all of us -- anybody that is in business, we are in
21 business to make a profit. And they, you know, Florida
22 Power -- I mean, Progress Energy, I have been -- in
23 those years that I have been here, I have been a
24 customer of each. But PE needs to make a profit, just
25 like everybody else because they -- for their continuous

1 maintenance and improvements, and that sort of thing.

2 But, to have a base rate increase of 31.5, I
3 think, percent, if I have heard this right, and going to
4 pass that through -- you know, a base rate increase of
5 31.5, plus the 11 or 14 percent that we have already had
6 this year. They first said here is a 25 percent
7 increase, and I think the Public Service Commission
8 said, oh, no, you're not. And so they took back 11 or
9 14, I can't remember what it was.

10 So then they said, oh, that is another
11 decrease in your rate. But it wasn't a decrease. It
12 was just less the 25 percent. So, the 31 percent and
13 the whatever, it is like a 43 percent increase since the
14 first of the year. Is that fair and reasonable? That
15 is a question we are going to have to keep saying.

16 We have heard about the Medicare and Social
17 Security. I spent two and a half hours this morning at
18 Medicare training. I sell Medicare insurance, and I
19 always have to keep certified, just like I'm sure all of
20 you do. But Medicare and Social Security doesn't have
21 any money anymore. We know that it has been robbed, the
22 trust fund has been robbed, so -- and Social Security is
23 not going to get an increase as everybody has already
24 said that.

25 But, again, the base rate, 31 percent. I am

1 going to keep saying that because it is outrageous. To
2 build the fin, we could build that. I think if you need
3 to built that and reduce your cost. If it is \$41,000, I
4 will bet you there are people right here in Seminole
5 County that will build it and retool -- or build a plant
6 for you to build those for less than \$41,000, that fin
7 that was shown, wherever it is now.

8 But, the environmental impact, I don't think
9 Progress Energy has been a real good neighbor looking at
10 the environmental impact here. Instead of just trimming
11 trees along their power lines -- and I know we don't
12 want -- you know, we want to mitigate the problems with
13 trees falling on power lines and all of that, but
14 instead of just trimming them, they cut them down.

15 Now, I have an analogy that I tell friends
16 about what this is, the radical behavior that this is,
17 but I won't use it here, because I just use it with
18 friends. But it was a radical action for something to
19 get the -- instead of trimming the trees.

20 I am glad the apartment managers were here,
21 because that is going to be a pass-through cost to all
22 of the tenants. This is -- so they will have the -- you
23 know, the rates -- their rates, but they have to pass
24 that through so they can make up their money.

25 So, anyway, we need to think about them --

1 Progress Energy being more environmentally friendly and
2 try to reduce the carbon footprint here and to keep
3 these trees, some of these trees. We need to look at
4 those.

5 I myself try to do my little bitty part where
6 I live. When I am gone right now my house is at --
7 between, you know, about 80 -- I go between 80 -- I
8 don't have a digital one, so it is between 82 and 84
9 while I am gone during the day. And at night and when I
10 am home it is 78 percent on it -- I mean, 78 degrees.

11 But, thank you, again, and thank you for all
12 being here.

13 **COMMISSIONER EDGAR:** Thank you.

14 **MR. KELLY:** Lawrence Berry followed by Ray
15 Gilley.

16 Lawrence Berry.

17 **COMMISSIONER EDGAR:** He is coming.

18 LAWRENCE BERRY

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

21 DIRECT STATEMENT

22 **MR. BERRY:** Madam Chair and Commissioners, I
23 appreciate the opportunity to be able to talk here
24 today. My name is Lawrence Berry. I am a certified
25 property manager. I represent the Apartment Association

1 of Greater Orlando, Florida Apartment Association, and
2 my parent company, River Stone Residential, as well as
3 30 percent of the housing industry that choose to live
4 in an apartment home.

5 In particular, I represent the affordable
6 housing industry. As a professional property manager, I
7 am required to prepare budgets for my communities every
8 year. In preparing these budgets, this means allocating
9 and planning for those capital items, not only now, but
10 in the future as part of doing a business and being
11 responsible.

12 It seems as though now things have changed,
13 and we are coming up with these costs that they are
14 telling us about for things that I would think would be
15 under the normal course of business. In a time when
16 vacancy is increasing and currently reported at
17 13 percent and rising, the proposed increase not only
18 impacts landlords, but our valued residents, as well.

19 All of my communities are affordable. Even a
20 small increase with many of my residents living paycheck
21 to paycheck will have a significant impact on their
22 quality of life and may mean the difference between
23 living at one of my communities or living on the street.

24 Everyone is looking for ways to be able to cut
25 costs in order to stay in business. I can tell you my

1 owners are not getting a 12 percent return, and we will
2 be lucky if they could see anything in the three to four
3 percent range. I am sure Progress Energy can find
4 alternatives and ways of tightening their belt that
5 could prevent the domino effect that will increase --
6 with this increase and what it will cause.

7 The Progress Energy representative bragged
8 about changing to gas-fired systems and reducing their
9 expenses. I am still looking for that savings in my
10 monthly bill.

11 We ask the Commission and Progress Energy to
12 reconsider this proposed increase and do what we have
13 done and had to do, and that is finding alternatives and
14 ways of addressing the challenges we face in the times
15 we are in.

16 Thank you very much.

17 **COMMISSIONER EDGAR:** Thank you.

18 Mr. Kelly, if I may -- I'm sorry, I didn't
19 mean to cut you off there. My suggestion, we have been
20 going over two hours, let's maybe do two more names and
21 then take a very short stretch break for all of us.

22 **MR. KELLY:** Okay. Mr. Ray Gilley who will be
23 followed by Marco Billante.

24 RAY GILLEY

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

1 testified as follows:

2 DIRECT STATEMENT

3 **MR. GILLEY:** Good evening. It's good to be
4 here. Thank you all so much for coming all this way and
5 allowing us to learn and share with you our thoughts
6 regarding this important service to all of us. I, in
7 fact, used to work for the power company and, certainly,
8 I pay the bills now, too.

9 In a role that I serve as President of Metro
10 Orlando Economic Development Commission, we are trying
11 to grow and diversify this economy and infrastructure
12 like electric utilities, roads, water and sewer. But
13 nothing is more important than human capital. So
14 people, people are really the most important thing that
15 companies say they need to keep their businesses growing
16 here and for us to attract new high wage, high value
17 companies to the marketplace.

18 When energy does come up, and it certainly
19 does come up when the light switch, when you flip it,
20 and the power doesn't come on. So reliable service,
21 reliable service, certainly affordable, but -- and the
22 availability of energy.

23 We are in the midst of hurricane season. None
24 yet, thank goodness. But there is a lot of concern
25 about the reliability of service and the maintenance of

1 service and the return to service once there is weather
2 impact, severe weather impact. But, my experience tells
3 me that we are no worse than some other parts of the
4 country. While they don't get hurricanes, we are at
5 least comparable or better in terms of service
6 reliability.

7 We work with companies throughout the country,
8 but mostly companies within the region here, too, so I
9 am very sensitive to the timing of some of this proposed
10 increase, as well. And there has been a lot of talk
11 about that from a lot of folks, and I don't know what
12 the right number or percentage is. I will leave that to
13 you all and your staff and the input you have heard from
14 others, and that you will hear in the other hearings
15 that you are going to conduct. But would just add that
16 it is significantly important to maintain that healthy
17 balance. And I know that is what you all are looking
18 for in terms of trying to figure out, you know, what is
19 the right level to impose and/or to allow.

20 And it is our hope, my hope that we don't
21 degrade the system, obviously, but at the same time, you
22 know, make it reasonable and fair to all the customers,
23 and certainly attractive for businesses that rely on
24 energy as a big part of their day-to-day production and
25 operations activities. And that goes from office users

1 to manufacturers to distribution, you name it, they all
2 have -- we all have a need to have reliable, affordable,
3 and available energy.

4 So, I thank you all so much for listening and
5 giving us a chance to be heard, and for the careful
6 consideration that we know you will deploy in making a
7 good decision on behalf of all Floridians.

8 So, thank you so much for the opportunity.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. KELLY:** Marco Billante.

11 MARCO BILLANTE

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

14 DIRECT STATEMENT

15 **MR. BILLANTE:** Good afternoon. My name is
16 Marco Billante. Again, I would like to -- as the others
17 have, I would like to thank you for being here to listen
18 to us. I represent me.

19 Now, I, along with a lot of the others that
20 have previously spoken, am a retiree on a fixed income.
21 I live in an apartment complex here in Lake Mary. Now,
22 I have been in that apartment complex off and on now for
23 the last six years, and I have seen my electricity in
24 the same size apartment increase almost 100 percent in
25 the five years. And it is not by overuse.

1 Along with everybody else in our country, we
2 have been asked to tighten our belts and suffer along
3 with this bad economy. Why can't they? They are asking
4 for a return of, what was it, 12-point whatever percent?
5 That is unconscionable, especially under the
6 circumstances which we are facing today. If they can't
7 tighten their belts, I mean, what do they expect us to
8 do?

9 I have one question to ask our representative.
10 What is the company going to do when the retirees who
11 are not going to get an increase in their money, can't
12 afford to pay the bill and your company is so quick to
13 cut them off, and not even talk with them if the due
14 date is past, because I have had friends that have
15 suffered this. And, essentially that is all I've got to
16 say.

17 **COMMISSIONER EDGAR:** Thank you.

18 Mr. Kelly, and for everyone in attendance, we
19 are going to take a very short stretch. I have 4:15 by
20 my clock. We will come back in ten minutes. That's
21 4:25 by my clock, and we will pick up on the list in
22 order just where we have stopped. We are on recess.

23 (Off the record.)

24 **COMMISSIONER EDGAR:** Okay. We are back on the
25 record and we are coming back after a short stretch.

1 Mr. Kelly, if you could start us off with the
2 names again, please.

3 **MR. KELLY:** Alex Brick followed by Nancy
4 Metzger.

5 ALEX BRICK

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

8 DIRECT STATEMENT

9 **MR. BRICK:** Hi. My name is Alex Brick. I'm a
10 Progress Energy customer. I am also a law student, and
11 I sell insurance part-time, just basically to feed
12 myself. I haven't bought clothes in two years, and I
13 don't drink, I don't smoke. Most of my clients are
14 retirees, so they are on a fixed budget. You said maybe
15 30 percent increase for your monthly bill. So let's say
16 \$10 a month at the very low end. Now, that is basically
17 a final expenses insurance policy. A lot of people
18 aren't going to be able to afford that, and then they
19 are not going to be able to afford for their funeral,
20 things like that.

21 I already myself, I don't have health
22 insurance. And I just thought that I heard \$21 million
23 for officer compensation for Progress Energy. I don't
24 know the exact numbers, but I think that should be a
25 factor in what is fair and reasonable. I mean, I don't

1 know how hard you have to work to make that kind of
2 money, and that's really all I have to say.

3 Thank you.

4 **COMMISSIONER EDGAR:** Thank you.

5 **MR. KELLY:** Nancy Metzger followed by Kathy
6 Panter.

7 NANCY METZGER

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

10 DIRECT STATEMENT

11 **MS. METZGER:** Good afternoon.

12 **COMMISSIONER EDGAR:** Good afternoon. Could
13 you pull the mike down. There you go.

14 **MS. METZGER:** My name is Nancy Metzger, and I
15 live in Casselberry. I welcome the opportunity to speak
16 to you this afternoon, and I'm sure that I won't be
17 sending you any e-mails anymore this week.

18 As of July 2nd, the unemployment rate in this
19 country reached a 26-year high of 9.5 percent according
20 to the Department of Labor. 467 jobs were lost in June,
21 443,000 people were added to the long-term unemployed,
22 that is more than 27 weeks, making a total of
23 4.4 million unemployed. That is an increase of more
24 than 1,000 over May's job loss. That equals
25 14.7 million jobless. When you add the underemployed

1 and those who have given up looking for work, the rate
2 is 16.8 percent for a grand total of 25 million people
3 who can't find full-time work.

4 The first quarter for Progress Energy ending
5 March 31st, their assets were listed, and this column
6 said it was millions, 3,988 millions, compared to 3,520
7 millions for the same quarter in '08. That looks like a
8 pretty good increase to me. The total assets were 30 --
9 here again this is millions, 3,903 up from 29,873 in
10 '08. That's for the first three months of the year.
11 Their total capitalization is 100 percent.

12 The company is now asking for a 31.5 percent
13 increase. In January they said it was going up
14 25 percent, and then out of the goodness of their
15 hearts, they were going to reduce it a little bit. Bear
16 in mind that there was a rate adjustment, a gross
17 receipt tax, a municipal franchise fee, and a municipal
18 utility tax added to our statements each month. These
19 fees will increase, as well.

20 Those of us who live on a fixed income, such
21 as Social Security, certainly would never get increases
22 of 25 or 31 percent. Food cost increases rose last
23 summer due to the high cost of gasoline. When gas costs
24 went down, those food prices didn't reflect those
25 decreases.

1 There is a limit to what the public can
2 afford. We have to make do with what we have. We
3 sacrifice for the necessities and we live without wants.
4 I unplug my TVs, my microwave, my computer, and any
5 other electrical equipment. That is, that plug comes
6 out of the wall. The hot water tank uses a lot of
7 electricity. I only allow it to run for about a half
8 hour before I take a bath or a shower.

9 Progress should be looking for more
10 economically sound business practices, not going to the
11 well for more money. The well is empty. You are
12 supposed to be paying us back for several years of
13 overpricing. Stop paying more for coal. It has been
14 coming from out west and it is much more economical to
15 get it in the east, Kentucky, Pennsylvania, West
16 Virginia, Tennessee. They are paying way too much for
17 coal.

18 I could give lots of other ideas on how to
19 save money, but I am going to charge you for them. You
20 are supposed to be paying us back for several years of
21 overpricing. Now, that sounds amazingly like credits,
22 not on more increases. I was unable to determine if
23 Progress Energy is availing itself of the economic
24 stimulus package. However, I am going to keep my eye on
25 it.

1 **COMMISSIONER EDGAR:** Thank you.

2 **MS. METZGER:** Thank you. By the way, don't
3 give them any more.

4 **MR. KELLY:** Kathy Panter followed by JoAnn
5 Newman.

6 Kathy Panter.

7 JoAnn Newman.

8 Laura -- is it Saroka?

9 LAURA SAROKA

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

12 DIRECT STATEMENT

13 **MS. SAROKA:** My name is Laura Saroka, and I
14 agree with just about everything everybody has said here
15 today except for one thing. Nobody has brought up how
16 much the CEO is making, or any of the top executives, or
17 how much they are paying their lobbyists to get passed
18 what they want. And that goes for every branch of any
19 major business, and that is why this country is in the
20 state they are today is because of greed, okay? I have
21 already told the lawyer of Progress Energy I have
22 nothing left to do my improvements. So if you guys want
23 to come and do my improvements in my condo so that I can
24 save energy, be my guest.

25 **COMMISSIONER EDGAR:** Thank you.

1 **MR. KELLY:** Shelly Lauten or Lauter.

2 I know I am going to botch this one. Joe
3 Binkewicz.

4 JOE BINKEWICZ

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

7 DIRECT STATEMENT

8 **MR. BINKEWICZ:** Madam Chairlady and
9 Commissioners, my name is Joseph Binkewicz. I am a
10 retired military officer. I have lived in Florida since
11 1965, and in Lake Mary since -- my goodness,
12 20-something years ago. I am giving away my age, but I
13 would like to commend the Office of Public Counsel. The
14 yellow sheet that they gave us today is very
15 informative. And also the lady from Bill McCollom's
16 office, her presentation was right on point.

17 It is very difficult to follow my fellow
18 citizens here. They have very eloquently and to the
19 point expressed pretty much the way I feel, and I think
20 the way everybody in Lake Mary feels.

21 A return on equity which has been pointed out
22 by the Public Counsel, I have to -- I have to admit that
23 I think that the rate that Progress Energy is asking is
24 high, and I do that on the basis that I equate Progress
25 Energy with a high quality bond when you go to invest in

1 it. High quality bonds are not getting anywhere near
2 12-1/2 percent. If the difference between the four or
3 so odd percent the high quality bonds are getting, and
4 the 12 percent that they are asking for is taken from
5 the increase that they want, it will reduce the increase
6 to something that is insignificant. Maybe that is
7 something we should look at.

8 I don't think that Progress Energy has ever
9 experienced a loss in their entire corporate history.
10 Yet other companies that have have readjusted their way
11 of doing business and survived.

12 With regard to the depreciation, it seems
13 strange to me that a company has depreciated things to
14 such an extent that the Office of Public Counsel finds
15 that they have overdepreciated. And if they have done
16 that, they have done that at the cost of the people
17 sitting before you, and that should be returned to the
18 people as soon as possible. In addition to the 80 or
19 97 million that they are asking for in the future, I
20 would have to look at that with a very jaundiced eye.

21 With regard to accounting issues, I have done
22 government accounting at the federal level. I don't say
23 that the contractors that dealt with the federal
24 government were out to gouge the federal government, but
25 they are out to serve their best interests. And I ask

1 that the Public Service Commission serve the interests
2 of the people.

3 And, finally, I would like to say as a retired
4 person, I would hope that the federal government would
5 like to give me a 31-1/2 percent increase this year, but
6 I don't think they are going to do it.

7 Thank you very much.

8 **COMMISSIONER EDGAR:** Thank you.

9 **MR. KELLY:** Denise Carroll followed by Roger
10 Reid.

11 DENISE CARROLL

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

14 DIRECT STATEMENT

15 **MS. CARROLL:** Good afternoon. Obviously we
16 are all here today because we are concerned about rate
17 increases, and I can have sympathy for that for sure,
18 but I would actually like to talk about a home energy
19 check that I had done back in 2001 by Progress Energy.
20 They came in and went through our home. They told us to
21 add some insulation, which we did. They told us to
22 change our air conditioner to something a little bit
23 better. We put in a 19 SEER. And I would like to say
24 that since then our bill has gone down from \$400 a month
25 to about \$250 a month. And in addition to that, they

1 gave us a \$300 refund on our bill.

2 My husband and I are constantly looking for
3 different ways to concern -- to preserve -- to make
4 better usage of the energy that we use in our home.
5 This year we are looking at installing new double pane
6 windows and we continue to be conscientious customers
7 about our power usage. If you look around our house, we
8 have a TV in every room. We have cell phones plugged
9 in, computers. There are lot of places where we can be
10 a little bit more reasonable as consumers.

11 We have two air conditioners. We have them on
12 a different system, where we have one that goes up
13 automatically during the day when we are not home and
14 cools the house right before we plan to arrive that
15 evening.

16 We live in a 2,900 square foot home, which is,
17 obviously, in Progress Energy's territory, and we also
18 are a business owner that is in Progress Energy
19 territory. And I will tell you that Progress Energy
20 service in both of those locations has been excellent.
21 Our service rarely goes out. When it does, it flickers
22 and comes right back on. We use this energy. It is
23 crucial for our business to be able to support and be on
24 line all the time.

25 My competitor -- as a business owner, I watch

1 my competitors constantly cut rates and cut service.
2 And when my customers come to me, I always tell them,
3 you are going to get what you pay for. So you need to
4 be conscientious when you constantly lower rates and
5 expect the same service.

6 My husband and I, we have a large portion of
7 our stock portfolio in energy. We see the need for
8 power, not only in our home and in our business, but in
9 our retirement funds, as well. We are conscientious
10 owners. We are conscientious consumers. We recently
11 visited Niagara Falls where we toured their water power
12 plant, because we are always looking for different ideas
13 and ways to save energy. And while I understand that
14 water isn't possible here, we like that Progress Energy
15 is looking into different ways to service our
16 communities and offer the cleanest and most efficient
17 energy possible.

18 Thank you.

19 **COMMISSIONER EDGAR:** Thank you.

20 **MR. KELLY:** Roger Reid followed by Johnny Mae
21 Warner.

22 ROGER REID

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

25 DIRECT STATEMENT

1 **MR. REID:** Good afternoon. My name is Roger
2 Reid. I live in Apopka. I am a Progress Energy user,
3 and I am here for a couple of reasons.

4 One, I was going to expound on some of the
5 things that you have already heard about the brownouts
6 and the long outages after the storms, but I think you
7 have heard enough of that.

8 I think what we really should be talking about
9 is cost savings. There are a lot of ways things can be
10 saved. I have -- I am a business consultant, and I have
11 friends in heavy manufacturing that would love a chance
12 to do those \$41,000 fan blades. Whatever they are,
13 however they are made, I bet you we could cut the price
14 in half. That's number one.

15 Number two, back in January I noticed
16 something that Progress Energy was doing in their
17 methods that I felt with a minor change could save
18 hundreds of thousands, if not millions of dollars for
19 the company. So I wrote to the president of the
20 company, and about two weeks later I received a phone
21 call back from some nice lady in his office. And we had
22 a short discussion on what I -- basically, what it was
23 about, without revealing too much, because I expect to
24 be compensated for my ideas. And the phone call ended
25 with we will get back to you.

1 It's July. I wrote again after receiving this
2 little brochure saying that there was going to be this
3 huge increase, and it was pretty much unintelligible
4 except for the fact that there was going to be a hearing
5 here in Lake Mary, so that is why I showed up.

6 I have written twice now to the office of the
7 President, and I have been ignored. And I don't think
8 you should give them one dime in an increase until they
9 explore every possible cost saving method.

10 Thank you.

11 **COMMISSIONER EDGAR:** Thank you.

12 **MR. KELLY:** Johnny Mae Warner.

13 Deb Ulmer.

14 Linda Moscato.

15 Susan Dupree.

16 George Kosmac.

17 **COMMISSIONER EDGAR:** He is coming.

18 **MR. KELLY:** And following him will be Fran
19 Butler.

20 GEORGE KOSMAC

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

23 DIRECT STATEMENT

24 **MR. KOSMAC:** Good afternoon. My name is
25 George Kosmac, Deputy Superintendent for the School

1 Board of Seminole County.

2 As many of you may know, Seminole County is
3 one of the top rated school districts in Florida, with
4 this past year 95 percent of our schools being rated
5 either A or B. Many people believe that teachers and
6 parents are the only reason why we have achieved this
7 level of academic excellence. However, we know, also,
8 that services are as essential as great teaching and
9 great parents. And when I say services, I am talking
10 about transportation services, custodial services, food
11 services, and also those electric power needs that our
12 schools depend on.

13 And I would say that the service that we do
14 get from Progress Energy for our 71 schools is truly
15 outstanding. We have outages, there is no question, and
16 lightning strikes do take effect, and there is accidents
17 where we lose power. The responsiveness of Progress
18 Energy to these outages has been excellent. We also
19 find them very supportive when we are doing new
20 hook-ups, new additions to schools, new portable
21 classrooms. The advice and the assistance that they
22 give us is excellent.

23 As to the electric rates, school districts,
24 including Seminole are under great financial pressures
25 these days, as you probably know. We are facing huge

1 cuts next year, \$18 million. In fact, with next year
2 and the past two years of cuts, those cuts amounted to
3 \$46 million. In the past four years, our annual
4 payments, however, to Progress Energy have decreased by
5 \$521,000. That is year over year they have decreased
6 521,000. And that represents about a 5 percent savings,
7 and it has decreased every year since then.

8 You ask how did that happen? Well, we have
9 implemented conservation measures that have worked. We
10 have installed more efficient air conditioning units,
11 and we have raised the set points certainly in our
12 classrooms and in our offices. But those measures have
13 worked, and we are very fortunate to have actually seen
14 a decrease in our overall cost structure.

15 You know, we are concerned about any proposed
16 increase, and we understand also that that increase is
17 not necessarily applied to the bottom line of all the
18 rates. You know, it may only apply, I understand, to a
19 portion of the components of the electric bill. But we
20 also ask that you consider the rate request, again,
21 being fair and reasonable in your consideration, and
22 also consider the reliability aspect of the service that
23 is provided by Progress Energy. We want to ensure that
24 our students and our staff get the same service that we
25 have experienced in the past from Progress Energy.

1 Thank you very much.

2 **COMMISSIONER EDGAR:** Thank you.

3 **MR. KELLY:** Fran Butler followed by Judy
4 Shaffer.

5 FRAN BUTLER

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

8 DIRECT STATEMENT

9

10 **MS. BUTLER:** Good afternoon. My name is Fran
11 Butler. I am from Mount Dora, and this is my first
12 meeting of this sort. And I do want to say that I do
13 appreciate the fact that you are having a public
14 hearing, and with no offense, I do hope that it is not
15 some strategy, that some decision has already been made,
16 and you are going to appease people. However, I hope
17 that is not the case, because so many of these good
18 people have come out and taken their time and have done
19 the research and really want to make a difference. So I
20 do hope that all of these comments are going to make a
21 difference.

22 One of the reasons that I showed up here was
23 to find out exactly where the money was going. If there
24 is going to be such a big increase, where exactly is the
25 money going? I keep hearing fair and reasonable. Are

1 we talking fair and reasonable to the shareholders or
2 are we talking about fair and reasonable to the
3 customer? I mean, I would like to know exactly whose
4 perspective we are looking at really.

5 To the customer, you have heard a lot of
6 reasons why this increase is way too much, and you know
7 as well -- I mean, you know now that these people are
8 not just sitting at home looking at the TV or sticking
9 their head in the ground, they are aware of what is
10 going on. They are doing their research, and they know
11 what they are talking about.

12 So we want to know where the money is going,
13 and if it is just going to increase somebody's pay, why
14 are they getting an increase in pay when none of us are
15 getting increases in pay? Not only are we not getting
16 increases in pay, but the health insurance is going up.
17 So many other things are going up. So it is really not
18 fair and reasonable to have this much of an increase on
19 us from Progress Energy.

20 I did have someone come out to my house about
21 two months ago, and he told me that there was an
22 increase, and that the energy companies were going to be
23 putting an increase on our electric bills. He wanted to
24 look at my electric bill. And his purpose of being
25 there was to look at my house and say what can we do so

1 we can reduce your electricity bill, because it is going
2 to be more. It is a given that it is going to be more.

3 He looked at the windows, he looked at the
4 doors, he looked at, you know, all sorts of things like
5 that. Now, this is all fine and well, and I think these
6 are good things to look at. But if you can afford -- if
7 you are in a set budget, you can't afford this stuff.
8 You are going to get rebates, but how are you going to
9 initially pay for this stuff if you are on a set budget?

10 I mean, we are not saying that we don't want
11 to work with Progress Energy as far as trying to become
12 more efficient, but where are we going to get the money
13 to pay for this stuff?

14 At any rate, those are my two points, and,
15 again, I agree with most everything everybody has said.
16 I think it is fair and reasonable to consider being
17 asked, but when it comes down to justifying such an
18 increase, I don't believe that it is a good increase,
19 not for somebody's increase in pay, not for a salary
20 increase and that sort of thing.

21 And I believe that's it. Thank you very much.

22 **COMMISSIONER EDGAR:** Thank you.

23 **MR. KELLY:** Judy Shaffer followed by Seneca
24 Ferry.

25 JUDY SHAFFER

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

3 DIRECT STATEMENT

4 **MS. SHAFFER:** Good afternoon. I am Judy
5 Shaffer. I live in Lake Mary, and I am a Florida
6 native. I have been in Lake Mary for 18 years. I am
7 here to represent the unemployed.

8 I have been unemployed twice in the last year
9 and a half. I have worked for two major corporations
10 for the past ten years, and have been unemployed
11 probably about six months out of the last year and a
12 half from two different places.

13 I just want to give you some real life numbers
14 maybe to make it more realistic. It costs me \$693 a
15 month for my house. And I didn't plan on speaking
16 today, so bear with me. Two hundred and ten dollars a
17 month for my car payment. Thankfully, for the
18 administration that is in office now, even though I
19 didn't vote for him, my COBRA is 178 a month instead of
20 \$509 a month. My electric bill last month was \$114. My
21 phone and my Internet together, \$150 a month. My water
22 runs about \$65 a month. The gasoline for my car runs
23 about \$80 a month. My food runs, if I am lucky, about
24 120 a month.

25 Of course, our insurance costs, and there are

1 also incidentals like clothing, and the \$175 bill I just
2 had to pay to have my computer fixed so that I can apply
3 for jobs. So, roughly my monthly expenditures is \$1,610
4 a month, not counting incidentals. I get \$1,200 a month
5 on unemployment.

6 I am living off of my 401k that I had to
7 withdraw. And I have two boys in college that I can't
8 help. I think I am a conscientious consumer. I think I
9 have a really pretty good electric bill, and I am very
10 happy when it is -- you know, sometimes I can get it
11 down to about \$65 a month. I turn my water heater off,
12 like the other lady said. I turn that off unless I am
13 going to take a shower, and then I turn it on about
14 30 minutes before. I have one of those things on my
15 water heater, so I get a monthly credit of 4 to \$6 a
16 month. Maybe your corporation could offer me a job. I
17 am a certified project manager, and I can't find work.
18 That's all.

19 Thank you.

20 **COMMISSIONER EDGAR:** Thank you.

21 **MR. KELLY:** Seneca Ferry.

22 SENECA FERRY

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

25 DIRECT STATEMENT

1 **MR. FERRY:** Thank you. Thank you for being
2 here. One of the things I was thinking about while
3 people were speaking is the fact that you can spend
4 thousands of dollars and decrease your electric bill,
5 but that doesn't change the fact that they want an
6 increase in the rate anyway. In which case you can
7 decrease your energy bill and then let them increase it.
8 I do think it is an excessive increase, like everybody
9 said, and I don't want to touch that.

10 I do want to speak on behalf of a population
11 that hasn't been mentioned, and that is the special
12 needs. Many, including our family, have special needs,
13 and I'm not counting myself, although I have a
14 disability. My son has severe cerebral palsy and severe
15 allergies and requires a lot of electricity to keep
16 things going in the house from charging special lifts
17 and other equipment that we have to keep things going.

18 And so in a way we are -- we can't live
19 without power, and we need to have the filtration
20 constantly for allergies. And generally he does quite
21 well, considering. We don't have a great income. And
22 we did have a nice, I thought, good nest egg when we
23 retired here. And the nest egg got up and flew away.
24 And, hopefully, some will come back.

25 But, nevertheless, we had to do a lot of

1 modifications on the home to make it wheelchair
2 accessible. And we have looked in the future and with
3 the costs of doing what we are doing, we feel we
4 probably are going to have to sell our house, and
5 actually have it on the market. But can't -- we have to
6 get some equity out in order to -- if we have to move to
7 a smaller house, we have to modify it to make it fit,
8 and that takes cash again.

9 But I think the idea of energy conservation
10 and the things that can be done, if you didn't have to
11 go to the great expense to add those things to your
12 home, it would be great. And then there is all the
13 other pressures of energy coming our way that are coming
14 through our great benefactors in D.C. that are just
15 going to make things worse.

16 But, I think a 12 percent or whatever profit
17 is unreasonable for anybody, and to raise things at this
18 time for everybody doesn't really make good sense. And
19 I am against this, and I hope you will consider it.

20 Thank you.

21 **COMMISSIONER EDGAR:** Thank you. And I didn't
22 get your name. Could you tell us again, please, your
23 name.

24 **MR. FERRY:** Seneca Ferry.

25 **COMMISSIONER EDGAR:** Thank you.

1 **MR. KELLY:** That is all the names I have.

2 **COMMISSIONER EDGAR:** Okay. It has been a good
3 afternoon. On behalf of all of our participants up
4 here, thank you to everyone for coming. Thank you for
5 sharing your thoughts. Please thank your friends and
6 neighbors who spoke earlier. And we are finished with
7 our customer hearing here in Lake Mary. We are on our
8 way to St. Petersburg. Thank you all.

9 (Service Hearing adjourned at 5:07 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 4th day of August, 2009.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
(850) 413-6732