

FLORIDA PUBLIC SERVICE COMMISSION MEETING

DOCKET NO. 020384-GU

ORIGINAL

IN THE MATTER OF:
PETITION BY TAMPA ELECTRIC
COMPANY d/b/a PEOPLES GAS SYSTEM

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LOCATION: Hollywood Beach Cultural and Community
Center
1301 South Ocean Drive
Hollywood, Florida
DATE: September 17, 2002
TIME: 12:00 p.m. - 12:45 p.m.
COURT
REPORTER: Robert Dale Floyd

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APPEARANCES

BRAULIO BAEZ, COMMISSIONER
ANSLEY WATSON, ESQUIRE
RICK MANN, ESQUIRE
DICK DURBIN
ADRIENNE VINING
ELISABETH DRAPER

1 WHEREUPON the following occurred:

2 COMMISSIONER BAEZ: I'll call this
3 hearing to order.

4 Counsel, read the notice, please.

5 UNIDENTIFIED FEMALE SPEAKER: Pursuant
6 to notice issued by the clerk of the court,
7 this public service hearing was called for
8 docket number 02-034GU at this time and
9 place.

10 As stated in the notice, the purpose of
11 this hearing shall be to take testimony as to
12 the rates and service of Peoples Gas System.

13 The procedure of this hearing shall be
14 as follows.

15 The company will present a brief summary
16 of its case and then the members of the
17 public may present testimony.

18 Members of the public who wish to
19 present testimony are urged to appear
20 promptly at the scheduled service hearing
21 time. Since the hearing may be adjourned,
22 the witnesses must be present to testify.

23 All witnesses shall be subject to cross
24 examination.

25 COMMISSIONER BAEZ: Thank you.

Counsel will stand. We're going to take appearances.

MR. WATSON: I'm Ansley Watson, Junior,
of the law firm of McFarland, Ferguson and
McMullin, P.O. Box 1531, Tampa, Florida,
33601, appearing for Peoples Gas System.

MR. MANN: My name is Rick Mann of the
office of Public Counsel.

We represent the customers in this case.

We're located at 111 West Madison Street, Suite 812 in Tallahassee, Florida.

COMMISSIONER BAEZ: Thank you, Mr. Mann.

MS. VINING: Adrienne Vining appearing
on behalf of the Commission staff.

COMMISSIONER BAEZ: Thank you.

Good afternoon.

My name is Braulio Baez. I am a member
of the Florida Public Service Commission.

I want to welcome those customers in attendance to this Service hearing regarding the Peoples Gas rate case.

Just a few words to give you sort of an idea of what it is that we're looking for and what we're doing here.

This is a formal proceeding that is part

1 and parcel of the rate case.

2 The testimony from the customers that
3 we're going to be receiving here, today, will
4 become part of the evidentiary record, and
5 that's going to form part of the record,
6 which I, myself, and the commissioners, are
7 going to consider when considering where and
8 how to set the rates of Peoples Gas, and
9 consider their proposed rates, as well.

10 This is a formal administrative
11 proceeding. That means that the testimony
12 that you, the customers, are going to be
13 providing us, is sworn testimony and is part
14 of an evidentiary record.

15 The court reporter will be taking down
16 your testimony, so I would ask that you speak
17 clearly into the microphone, identify
18 yourself, your name and address for the
19 record, and also, something that I don't
20 think should be a problem here, today, is
21 that one person at a time will be speaking.

22 We're here to solicit your views, and
23 opinions, and thoughts, concerning your
24 experiences with Peoples Gas as a service
25 provider. Service quality is an integral

1 part of consideration as a part of a rate
2 case proceeding.

3 You do not have to give -- if you wish
4 to give oral comments today and offer
5 testimony, you can do that, and that's why
6 we're here.

7 Also, you've been distributed a blue
8 report. Everyone should have gotten one.
9 This has a lot of useful information,
10 including the proposed rates that Peoples Gas
11 is petitioning for, in addition to a summary
12 and a history of the case.

13 Also, on the back, on the last page of
14 the handout, there is a space for providing
15 written comments.

16 If you do not wish to provide oral
17 comments, today, you can fill it out by hand,
18 if you wish, and hand it to the customer
19 affairs staff that is at the back of the room
20 or you can mail it in to the commission, as
21 well.

22 You can also provide your written
23 comments via Internet just by accessing the
24 Florida Public Service Commission website and
25 that address is, also, I believe or it should

1 be somewhere in this report.

2 It's on the third page at the bottom,
3 FloridaPSC.com.

4 So, you have many ways of participating
5 in our process, and we urge you to do so.

6 At this point, we're going to swear the
7 witnesses. We'll administer an oath.

8 Those of you that have signed up to give
9 testimony today, if you have the desire to
10 give testimony, I'd ask you all to rise,
11 please, and raise your right hands.

12 POTENTIAL WITNESSES SWORN

13 COMMISSIONER BAEZ: We're going to begin
14 by taking statements from, first, the
15 company, and then public counsel.

16 Public counsel will describe its role in
17 this proceeding to you, the customers, as
18 they're acting on your behalf throughout the
19 balance of the rate case.

20 Mr. Watson, would you like to begin?

21 MR. WATSON: Yes, sir.

22 Good morning.

23 Peoples Gas System operates the largest
24 retail natural gas distribution system in the
25 State of Florida, serving about 273,000

1 customers.

2 The company provides natural gas service
3 to residential, commercial and industrial
4 customers, both within and adjacent to Miami,
5 North Miami, Broward County, Palm Beach
6 Gardens, Fort Myers, Naples, Avon Park,
7 St. Petersburg, Tampa, Lakeland, Orlando,
8 Ustus, Daytona Beach, Jacksonville,
9 Sarasota, Bradenton, Ocala, and Panama City.

10 Peoples merged with and into Tampa
11 Electric Company in the middle of June of
12 1997.

13 It added the Ocala and Panama City areas
14 to its system at the end of June 1997, when
15 the former West Florida Natural Gas Company
16 was also merged with and into Tampa Electric
17 Company.

18 Since these mergers, Peoples Natural Gas
19 operations have been conducted as a separate
20 operating division of Tampa Electric.

21 Peoples Gas was last granted permanent
22 rate relief effective September 1992, and at
23 that time it was authorized a 9.75 percent
24 overall return on the property that it had
25 invested in serving the public.

1 Currently, the company's achieved return
2 is 7.81 percent and it continues to
3 deteriorate.

4 Without the rate relief that the company
5 is seeking, the achieved return for the
6 projected test year, which is 2003, will
7 decline further to 6.66 percent.

8 In the 10 years since Peoples' last rate
9 case, a number of factors have contributed to
10 the necessity of the company to now seek rate
11 relief.

12 The consumer price index, during this
13 10-year period, has increased more than
14 30 percent, and this has not only required
15 the company to pay more for the goods and
16 services it has to purchase, but it has also
17 contributed to a steady increase to the
18 company's direct and indirect payroll costs.

19 In addition, health care costs continue
20 to escalate at a rate significantly higher
21 than that of inflation.

22 During this 10-year period, there have
23 also been major changes in accounting
24 regulations, as well as increases in various
25 taxes, all of which have contributed to the

1 increase and cost to provide service to the
2 company's customers.

3 In spite of these increased costs, the
4 company has been able to continue to expand
5 it's pipeline distribution system in order to
6 make natural gas available as an energy
7 choice to more customers.

8 Since its last rate case, the company,
9 through both growth and acquisition, has
10 expanded its pipeline system from about 5,000
11 miles in length to approximately 9,000 miles,
12 and it has added over 100,000 customers.

13 At the same time, the company has
14 strived to improve the efficiency and economy
15 of its operations without compromising the
16 level of service rendered to its customers.

17 It's essential that the company be
18 permitted to recover its cost of providing
19 service in order to maintain its financial
20 integrity so that it can raise new capital
21 needed to provide service to the public.

22 It's also essential that the company
23 have fair and reasonable earnings in order to
24 maintain its financial integrity.

25 That financial integrity bears directly

1 on Peoples' ability to furnish service to its
2 present and future customers, on the cost of
3 the service that it renders, and on the
4 continuity, efficiency, and extension of that
5 service.

6 In short, Peoples' financial integrity
7 depends on whether or not the rates that it
8 is allowed to charge are adequate, under
9 efficient management, to produce earnings in
10 an amount sufficient to reasonably compensate
11 its investors for the use of their property
12 by the public, and encourage them to make
13 further investments in the business as
14 needed.

15 In summary, Peoples Gas System has made
16 a concerted effort, over the past 10 years,
17 to maintain its current level of rates in the
18 face of ever increasing costs.

19 However, the company has reached the
20 point where its rates must be increased so
21 that it may continue to render efficient
22 service to its customers.

23 In essence, the service rates currently
24 in use by Peoples Gas are totally inadequate
25 to permit it to cover its operating costs and

1 earn a reasonable rate of return.

2 In view of the current economic
3 conditions, service rates predicated on a
4 rate of return of 9.29 percent should be
5 approved by the commission so that the
6 company may have the opportunity to cover
7 operating costs and earn a fair and
8 reasonable rate of return.

9 Thank you.

10 COMMISSIONER BAEZ: Thank you,
11 Mr. Watson.

12 Mr. Mann.

13 MR. MANN: Good afternoon.

14 My name is Rick Mann. I'm with the
15 office of public counsel.

16 The public counsel represents customers,
17 rate payers, in the State of Florida for
18 public utilities, such as Peoples Gas.

19 I had spoken with a couple of the
20 witnesses who will present testimony this
21 morning. Already, I understand there's a
22 third one, and hopefully, I'll get a chance
23 to speak with him after he gives his
24 testimony this morning.

25 We have been urged by some South Florida

1 customers to get involved in this rate case
2 before the Public Service Commission
3 precisely because of the requested increase
4 in revenues by Peoples Gas.

5 They have asked the Public Service
6 Commission to grant them a revenue increase,
7 revenues to be collected from you, the
8 customers, of \$22.6 million. That's a 15 and
9 quarter percent increase over the revenues
10 they're already collecting from you now.

11 There are a number of issues that we
12 will bring to the Commission to combat
13 Peoples' request for this increased revenue.

14 For one thing, as Mr. Watson alluded to,
15 regarding the current economic conditions, it
16 concerns the cost of capital.

17 We feel strongly that the cost of
18 capital that Peoples Gas is asking for is way
19 too high.

20 For example, the return on equity that
21 they're asking for, that they're seeking from
22 the Commission, that is the profit for the
23 owners of Peoples Gas, they're asking to
24 receive a range of 10.75 percent to
25 12.75 percent. That's profit to the owners

1 of Peoples Gas, and that is for a protected
2 monopoly. You or I cannot go out into the
3 stock market and receive a return on our
4 investment, much less from a protected
5 monopoly, of 12 percent.

6 We believe that's way too high and we
7 will fight to decrease that, as well, among a
8 number of other issues that we'll bring to
9 fore.

10 The rates for Peoples' -- we're
11 interested in all of the rates for all of the
12 customers, but I will point out that for the
13 residential customers, they're being asked to
14 support an increase in their rates of
15 anywhere from 32 percent to 50 percent. That
16 is, the rates for the average customer
17 without the gas costs in there.

18 The \$20.17 that Peoples intends to
19 increase those customers rates to, on
20 average, will be the highest in the State of
21 Florida.

22 The public counsel's office will stay
23 active in this case.

24 We're conducting discovery, and we will
25 be prepared for the hearing on December 13th

1 to do all we can for the customers.

2 If any of you has a question of me, I'll
3 speak with you after this meeting or you can
4 call me in Tallahassee. I'd love to hear
5 from any of you.

6 Thank you.

7 COMMISSIONER BAEZ: Thank you, Mr. Mann.

8 If there are no preliminary matters,
9 counsel, we can move on to public testimony.

10 MS. VINING: Not at this time.

11 COMMISSIONER BAEZ: Thank you.

12 Mr. Mann, has consumer affairs given you
13 the sign-up sheets?

14 MR. MANN: Yes, sir, they have.

15 COMMISSIONER BAEZ: Then I will look to
16 you to call your witnesses.

17 MR. MANN: All right.

18 COMMISSIONER BAEZ: Thank you.

19 MR. MANN: I'll call, as the first
20 witness, Ms. Holly McHatton.

21 MS. MCHATTON: My name is Holly
22 McHatton.

23 I live at 6380 Thomas Street, Hollywood,
24 Florida.

25 The first thing I wish to address is

1 Peoples Gas, every month, sends a cute little
2 brochure like this, and it's got a cute
3 little barbecue recipe.

4 I'm amazed that there's nobody here
5 because if it said, rate increases, you'd
6 see -- perhaps, you'd see more, but also, the
7 time, 12 o'clock noontime, people are not
8 going to leave their jobs and be late to
9 come.

10 Like you were talking about, it is a
11 little slow, and people have lost jobs. So,
12 that part alone, I'm upset. Nothing says
13 anything about a rate increase, just public
14 hearings, until you read it.

15 This being an investor-owned company,
16 we're talking about profits, guaranteed
17 profits or whatever.

18 I don't know any investor that has a
19 guaranteed profit, and I don't know why that
20 Peoples Gas should be guaranteed an increase
21 or a rate return of 12 or 10 percent. I
22 can't get that kind of money if I invest it.

23 I'm going down my little brochure -- if
24 you have any questions of what I'm asking or
25 whatever -- and according to this brochure,

1 it says you're asking for rate increases
2 because you're providing more services,
3 direct and indirect payroll costs, inflation,
4 major changes in accounting regulations.

5 Now, my question was, too, like before
6 and after accounting regulation changes,
7 where is the need for the increase? Before
8 the changes or after the changes?

9 I mean, the big companies, we know, like
10 Enron, after Enron, they changed accounting
11 practices. Does that mean that the CEOs
12 don't get as much money because it's moved
13 somewhere else?

14 My question is, how did you put --
15 efficiency and running the corporation, does
16 that include the huge amounts paid to CEOs
17 for running the corporation?

18 You also want to recover costs. I don't
19 understand that. I thought you just wrote it
20 off.

21 Then, I'm looking down all your
22 increases that you wish to provide, and then
23 I'm shocked to see that you want increases
24 but you want to decrease for the larger
25 corporations, and I don't -- I think that's

1 appalling.

2 In particular and especially down here
3 in Florida, South Florida, you have a very
4 large elderly population. After Hurricane
5 Andrew people can't afford to pay insurance.
6 Some choose to go without insurance so they
7 can eat.

8 Also, medicine is very expensive down
9 here for -- I guess, all over the country --
10 but for the elderly, medicine or don't eat,
11 insurance or don't eat, and the gas that's
12 provided in most residential homes down here
13 is, basically, for one of three things.

14 It's to run a stove, it's to give you
15 hot water so you can take a bath, or two days
16 as year, in the summertime, it's to get a
17 home, and for you to put the brunt of
18 this, basically, the brunt of this on the
19 little people, and give the corporations a
20 free ride, I don't understand it, and I think
21 it's outrageous, it's simply outrageous.

22 Also, I know for a fact that you want to
23 raise the -- you want to increase 30 percent
24 for the natural gas automobiles, 30 percent.

25 Now, the only people that basically use

1 the natural gas automobiles are
2 municipalities. So, when you raise that, of
3 course, they're not going to eat it, our
4 taxes are going to be raised and we're going
5 to get it again, and I don't think that's
6 fair.

7 I think that the gas company had
8 incentives with the municipalities to go to
9 the natural gas cars, and it's like a switch
10 and bait thing. You're going to bam them for
11 30 percent. I don't understand that. I
12 don't think it's right.

13 I pray that this Commission can look at
14 this and realize this is out of whack, it's
15 totally out of whack.

16 If they truly need such an increase --
17 last time I checked, two plus two was still
18 four -- go across the board and take a small
19 increase. You may get the little guy a
20 little bit, it will still be fair to the
21 bigger guy, rather than giving them a
22 decrease and only a little increase.

23 I still haven't really seen the
24 justification for the huge increases that
25 you're asking for.

1 From what I understand, I mean, you said
2 you're building more lines, but maybe I'm
3 confused, maybe I don't know what I'm talking
4 about, but I thought other companies built
5 the lines and charged you to use the lines
6 and you don't build them. I don't know.
7 Straighten me out if I'm wrong.

8 Is that correct?

9 COMMISSIONER BAEZ: Well, actually, I
10 was going to wait until you finished your
11 comments. I've been taking notes and trying
12 to go down the list with your concerns.

13 A. Okay.

14 COMMISSIONER BAEZ: But the lines on
15 that point, specifically, the lines -- and
16 I'm sure Mr. Watson may clarify me at some
17 point -- but some of the lines that they're
18 talking about are distribution lines, and
19 those are the types of facilities that the
20 local companies, like, Peoples Gas, usually
21 own.

22 MS. McHATTON: So, but when new property
23 is developed, don't the developers pay for
24 that or at least a portion of it?

25 COMMISSIONER BAEZ: There is a mechanism

1 by which developers either contribute or
2 build out lines themselves and then
3 contribute them to the company.

4 That brings me to one of the other
5 points that you raised.

6 You mentioned accounting practices, CEO
7 compensations, and you had a comment about
8 the rate classes, how they were proposing, at
9 least, to distribute, if there's an increase
10 or whether there's an increase or a decrease
11 in the rates, and how they propose to
12 distribute it amongst the residential and
13 commercial classes.

14 All of those issues are things that our
15 staff is looking at, and I failed to mention
16 before, this is just a customer testimony
17 part of the rate case process.

18 There will be a full-blown hearing where
19 expert witnesses will testify on behalf of
20 the rate payers, through public counsel, as
21 well as the company.

22 In order to prove up each of their
23 cases, whatever allegation or whatever
24 proposals that they're making, evidence is
25 going to be introduced in addition to your

1 comments today, that we'll use to come up
2 with a resolution or certainly a
3 determination on the proposed rates.

4 So, you've raised some very good points,
5 and I just wanted to assure you that those
6 very points are things that are the subject
7 of audits, the subject of testimony at a
8 later date.

9 I believe the hearing, the technical
10 hearing is going to be in December?

11 MS. VINING: Yes, December 13th.

12 COMMISSIONER BAEZ: That's back in
13 Tallahassee where all the expert testimony is
14 going to be given, but you know, I just
15 wanted to let you know that we do recognize
16 that those are the very issues that we're
17 going to be dealing with as part of the
18 technical issues, and I will hope that you
19 will have an answer along those lines at THAT
20 time. It's going to be the subject of a lot
21 of testimony and a lot of discussion during
22 this time.

23 You know, it's three months away, so
24 there's still a lot of time for evidence and
25 information before we can -- you do make some

1 good questions, though.

2 MS. McHATTON: I still have a couple of
3 more.

4 COMMISSIONER BAEZ: Have at it. You
5 have the floor.

6 MS. McHATTON: Thank you.

7 I think it's ridiculous that they're
8 doubling connection and disconnection fees.
9 That doesn't make sense.

10 But the only other thing I think I have
11 to say is, when I came in, someone handed me
12 some things about conservation, and other
13 than -- you know, normally, people will
14 insulate their homes and make them
15 energy-efficient and everything, but there is
16 not one thing on how you can conserve on
17 natural gas anywhere.

18 COMMISSIONER BAEZ: That's an
19 interesting point, and I'm sure that the
20 consumer affairs staff is listening, and
21 perhaps have to help --

22 MS. McHATTON: The only way I can
23 conserve is to take my hot water heater out
24 and say, no, no more gas.

25 COMMISSIONER BAEZ: And that just

1 wouldn't be fair.

2 MS. McHATTON: Thank you very much.

3 COMMISSIONER BAEZ: Thank you for
4 coming.

5 MS. McHATTON: Thank you.

6 COMMISSIONER BAEZ: Mr. Mann, will you
7 call your next witness?

8 MR. MANN: The next witness is Mr. Jeff
9 Barrett.

10 MR. BARRETT: Good afternoon. Thank you
11 for giving us this opportunity of speaking.
12 I certainly appreciate it.

13 I am a new gas customer. I've just
14 started service in the last month, and this
15 is my first little new flyer --

16 COMMISSIONER BAEZ: Mr. Barrett, before
17 you get too far into your comments, may I ask
18 you to just state your name and address for
19 the record?

20 MR. BARRETT: Sure.

21 COMMISSIONER BAEZ: Thank you.

22 MR. BARRETT: I'm Jeff Barrett, 1450
23 Jefferson Street, Hollywood, Florida.

24 COMMISSIONER BAEZ: Thank you.

25 MR. BARRETT: Okay.

1 I was absolutely stunned at the
2 immorality of this planned rate increase, and
3 from what I've heard today and the
4 justifications, probably, are I think the
5 best argument against these rate increases.

6 I think a corporation that is returning
7 6 to 9 percent on an investment is doing very
8 well, 10 to 12 percent in this economy is
9 outrageous.

10 Further, what we were told is that the
11 reason for the reduced return on investment
12 is that they have made substantial investment
13 in increased customer base and increased
14 facilities. That's expensive, and it was
15 paid for based on existing rates, and they're
16 still maintaining a 6-plus percent rate of
17 return. So, I don't think this is a company
18 that is in particularly bad shape, other
19 than, perhaps, economic greed.

20 They are a monopoly franchise, and that
21 reflects a public trust, that when I decided
22 to turn gas on, I received incentives. It
23 was obvious to me that part of the public
24 trust is that the state sees an interest in
25 expanding the usage of natural gas. To

1 create burdens on those consumers who have
2 been incited to receive this, is a violation
3 of that public trust.

4 I think the entire structure of this
5 suggests that these people are intending to
6 violate their franchise by violating that
7 trust and act strictly on behalf of
8 investors, rather than on behalf of those
9 whom they serve with the product. I think
10 that's something that should be very clearly
11 taken into account.

12 For them to come here and propose a
13 large increase to consumers and decreases to
14 the largest users, I just find that
15 offensive, not just to me as a consumer, but
16 it ought to be offensive to the Public
17 Service Commission, that this kind of
18 proposal would be presented.

19 I do understand that it's cheaper to
20 service a large commercial account, and more
21 profitable, but the fact is, that the biggest
22 problems an industrial user would have with
23 natural gas is tooling up. Once they have
24 that natural gas, they have the cheapest
25 source of power supply available in this

1 country. Why do they need a decrease?

2 You know, there is a tendency in our
3 society today, politically, that people
4 should pay as they go.

5 I don't think that serves the public
6 interest when you consider that a consumer is
7 out there working. Traditionally, they don't
8 receive the value for what they produce. In
9 fact, the United States, when we spoke speak
10 of it as being one of the most highly
11 productive nations in the world, means that
12 the average worker receives less, as a
13 percentage, of the gross national output. We
14 pay for our participation.

15 So, although an individual consumer may
16 cost more to service, when you think that an
17 individual may have difficulty paying their
18 bill because of illness, job loss, indigency,
19 and that if they have to get that turned on,
20 they're going to be paying fees that amount
21 to three and four times the amount of their
22 average monthly bill, plus the fact, that
23 they have a deposit on account with this
24 company. The company has not lost a dime
25 because somebody didn't pay that bill on

1 time, but they are going to make a lot of
2 money.

3 They're going to make money on the
4 bill-hanger they put on the door, they're
5 going to make money on the shut-off, they're
6 going to make money on the reconnection, and
7 they have the added new fees to this.

8 Consumers should not be treated that
9 way.

10 Consumers should not be underwriting
11 usurious profits to a corporation that has a
12 public trust to address.

13 Consumers should not be paying large
14 increases to underwrite the cost of providing
15 cheap volume service to large industrial
16 users.

17 It seems to me that in the overall scope
18 of things, the costs of servicing people at
19 the home for shut-offs, turn-ons and
20 collections, can be included, in part, in a
21 rate structure, that those who are having
22 difficulty should not be presented with
23 insurmountable burdens.

24 These people are so cynical that in
25 coming up with these increases, and the

1 increased fees, they also want to make money
2 on the cost of collecting a bill by a charge
3 card.

4 Now, when someone is at deadline and
5 needs to pay a bill, the only way they can
6 pay is by a charge card, but they're going
7 pay extra for that, and they're going pay
8 more than this company pays to run that
9 charge.

10 Well, other companies in this country,
11 and particularly utilities, are making it
12 more convenient and accessible to pay those
13 bills through electronics and telephone
14 without additional charges.

15 Where did they come off doing this? Why
16 are they raping the consumer? Because there
17 are so many of us?

18 They went out and got the extra hundred
19 thousand customers. They had a 40 percent
20 increase in their customer base, and now,
21 they're coming after us.

22 There is no sense to this. There is no
23 basis to the argument that they presented.

24 If they would present an honest argument
25 with a fair structure with sensitivity to

1 their consumers, they may not face the
2 opposition to these rate increases.

3 But this is outrageous. This is so
4 wholly inappropriate in an economy where
5 people are struggling, and where the state
6 has established priorities to make these
7 services and utilities available to the
8 public.

9 A fair rate increase to the largest
10 users is not going to be damaging because
11 they are using cheap power, taking it out on
12 the consumer, and having us, once again, pay
13 more, and simply to allow that would be to
14 violate your responsibilities of the public
15 trust, and I hope that you will consider
16 requiring that this company look to their
17 cost-efficiencies, that investment in
18 expansion in taking over other companies
19 franchises is at their expense, not our
20 expense, and that their request for rate
21 increases, take into account fairness to the
22 public and the broader customer base, the
23 public, that elects these officials, that
24 pays the taxes, that services the industry
25 that will be using this gas.

1 Thank you.

2 COMMISSIONER BAEZ: Thank you,
3 Mr. Barrett.

4 You made some interesting points, and I
5 also, as I assured Ms. McHatton, want to
6 assure you that a lot of the points, a lot of
7 the objections that you registered, are the
8 subject of much testimony and much
9 information-gathering, and certainly, an
10 audit that gets performed by our staff, as
11 well.

12 So, when the company proposes a
13 connection fee or a collection fee or any
14 other type of charge of that nature, it is
15 based on cost of service.

16 So, I want to assure you that our staff
17 is doing its level best to establish what
18 that cost of service is and get a rate or a
19 charge that is corresponding to that.

20 MR. BARRETT: That is one of my
21 concerns.

22 I mean, you know, cost of service is a
23 philosophical issue, and we seem to be going
24 direct-line on cost of service, and it has
25 cost us in many areas, many areas.

1 I have a wind storm insurance bill that
2 is outrageous because they've decided that
3 those who are at the coast should pay the
4 cost of that insurance when, in fact, what
5 happens is, those who get hit create a boom
6 for other areas of the state.

7 You know, a fair-risk pool would be one
8 that includes everybody who is affected by a
9 storm, those who benefit and those who are
10 devastated. To have people who are
11 devastated pay the costs, is wrong.

12 It's the same thing with gas.

13 Those who have the greatest exposure to
14 financial harm -- we live in a society, and
15 they need to be protected from that, and some
16 of those costs, granted they exist, ought to
17 be included in the broader rate structure.

18 Although consumer gas is expensive, it's
19 in the public interest, and having those
20 least able to bear those costs simply
21 because, hey, those are the costs that go
22 with that part of the pie, well, you know
23 what? It's a big pie, and the costs ought to
24 be distributed throughout that pie to make
25 sure that the entire public trust is

1 addressed, not piecemeal.

2 Carving it up, you can come up with all
3 kinds of justifications, but the end result
4 is that we, living in our homes and working,
5 get hurt, while those who are out there to
6 make a profit, have lower costs and greater
7 profitability, and I don't think that's what
8 we're here for.

9 I don't think the be all and end all of
10 government or society is to make sure that
11 those with the most get to get more, and
12 those what that kind of rate structure and
13 that kind of thinking creates.

14 So what I'm asking is, not that you sit
15 and consider what are the costs of servicing
16 a consumer and what are the costs of a
17 shut-off or turn-on, but consider the impact
18 of those costs, and how can we best
19 distribute them to meet the greatest public
20 need and benefit.

21 It's a much larger responsibility than
22 being simplistic.

23 COMMISSIONER BAEZ: Thank you,
24 Mr. Barrett.

25 Mr. Mann.

1 MR. MANN: Yes, sir.

2 The third customer to speak will be
3 Mr. John P. Hayden.

4 MR. HAYDU: Hi.

5 COMMISSIONER BAEZ: Good afternoon.

6 MR. HAYDU: My name is John Haydu, and
7 I'm with Vehay Manufacturing, Hollywood,
8 Florida, 1980 Grant Street.

9 I really can't trample over the same
10 grounds that the two previous speakers have,
11 so, rather than get into all the inequities
12 of a rate decrease for the larger customers
13 and a rate increase for the small guy -- I'm
14 a general service user, so you know where I'm
15 coming from there.

16 I'm not getting a big increase, and I'm
17 not complaining about my increase, but why
18 I'm here right now is just to hear everybody
19 else's testimony, and also, to suggest that
20 for small businesses like myself it would be
21 good to have a mechanism similar to FP&L,
22 where, for example, in my business, my
23 business always drops off in the summertime.

24 I'm a small parts manufacturer for
25 companies like Beckman, Caultier, Tracey

1 and others. However, my business always
2 drops off in the summertime every single
3 year, and my prices for gas always increases
4 in the summertime every single year.

5 To give you an example, the price of my
6 gas for the service period ending 7-2, was
7 \$528.77. The very next month, it went to
8 \$1,223.52.

9 That's more than double, as you can see,
10 and it's very difficult to run your cash flow
11 operation with those types of numbers
12 bouncing around.

13 If you had a vehicle similar to FP&L, it
14 would be helpful.

15 COMMISSIONER BAEZ: Are you talking
16 about the budget billings?

17 MR. HAYDU: Yes.

18 COMMISSIONER BAEZ: All right.

19 MR. HAYDU: That would be helpful, and
20 at the same time, you would be helping out a
21 lot of other customers like myself.

22 COMMISSIONER BAEZ: Thank you,
23 Mr. Haydu.

24 I notice that there are company
25 representatives here and maybe someone would

1 like to talk to you a little bit about it.

2 MR. HAYDU: Very good.

3 COMMISSIONER BAEZ: Thank you,
4 Mr. Haydu.

5 Mr. Mann, do you have any other
6 witnesses?

7 MR. MANN: Are there any other witnesses
8 to speak?

9 No, sir, I believe that's it.

10 COMMISSIONER BAEZ: Seeing none others,
11 I want to thank the customers that did show
12 up. I'm glad to see that y'all have an
13 interest in the process. It is a process,
14 obviously, that affects you, and the Public
15 Service Commission is very desirous of your
16 participation, so I thank you for coming
17 today.

18 Should you need any further contact with
19 the Commission, we do have a website. It's
20 Florida PSC.com, and we do have a
21 1-800-number that will put you in contact
22 with customer service representatives that
23 might be able the address your questions or
24 certainly direct you to where you can find
25 your information.

1 Once again, I thank you, and I thank the
2 company for bringing out its representatives
3 and public counsel for showing up, as well as
4 the Commission staff.

5 Thank you all, and we are adjourned.

6 (Meeting concluded)
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1 THE STATE OF FLORIDA)

2 COUNTY OF BROWARD)

3 I, Robert Dale Floyd, hereby certify
4 that I was authorized to and did stenographically
5 report the foregoing proceedings; and that the
6 transcript is a true and complete record of my
7 stenographic notes.

8 I further certify that I am not a
9 relative, employee, attorney or counsel of any of
10 the parties, nor am I a relative or employee of any
11 of the parties, attorney or counsel connected with
12 the action, nor am I financially interested in this
13 action.

14 Dated this 24th day of September
15 2002.

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Robert Dale Floyd
Court Reporter