

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO.: 041291-EI

In the Matter of:

PETITION FOR AUTHORITY TO RECOVER
PRUDENTLY INCURRED STORM RESTORATION
COSTS RELATED TO 2004 STORM SEASON
THAT EXCEED STORM RESERVE BALANCE,
BY FLORIDA POWER & LIGHT COMPANY.



PROCEEDINGS: STUART SERVICE HEARING

BEFORE: CHAIRMAN BRAULIO L. BAEZ
COMMISSIONER J. TERRY DEASON
COMMISSIONER RUDOLPH "RUDY" BRADLEY
COMMISSIONER CHARLES M. DAVIDSON
COMMISSIONER LISA POLAK EDGAR

DATE: April 13, 2005

TIME: Commenced at 6:00 p.m.
Concluded at 8:23 p.m.

PLACE: Holiday Inn - Downtown
1209 S. Federal Highway
Stuart, Florida

REPORTED BY: Karen Bellemare, Court Reporter
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FLORIDA PUBLIC SERVICE COMMISSION

REGIONAL CLERK

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8 appearing on behalf of Florida Power & Light Company.

9 MICHAEL B. TWOMEY, ESQUIRE, P.O. Box 5256,
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11 parents and AARP.

12 JOSEPH McGLOTHLIN, ESQUIRE, Office of Public
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15 behalf of the Office of Public Counsel.

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20 Public Service Commission Staff.

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EXHIBITS

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3 Admitted into the record Written Testimony of Mr. Finn

4 Caspersen, Commissioner-Elect, Town of Jupiter Island,

5 Florida

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1 P R O C E E D I N G S

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3 MR. BAEZ: Good afternoon or good evening.

4 I would like to call this hearing to order.

5 Counsel, will you read the notice?

6 MS. FLEMING: Pursuant to notice issued by
7 the Clerk of the Commission on March 16th,
8 2005, this time and place has been set for a
9 customer service hearing in Docket Number
10 041291-EI.

11 MR. BAEZ: Thank you, Ms. Fleming. Good
12 afternoon, everyone. Thank you for being here.
13 My name is Braulio Baez and I'm the chairman of
14 the Public Service Commission. Can everybody
15 hear me all right?

16 AUDIENCE: No.

17 MR. BAEZ: No? Thank you. I will have to
18 speak up then. My name is Braulio Baez. I'm
19 chairman of the Public Service Commission, with
20 me are Commissioner Lisa Edgar, on my far left;
21 Commissioner Rudolph Bradley, on my left;
22 Commissioner Terry Deason; and on my far right
23 Commissioner Charles Davidson; and then the
24 rest of the members of the Commission. We want
25 to thank you all for taking time out from what

1 is I'm sure a drive home from work to be with
2 us here today.

3 As you've heard counsel announce, we are
4 here as part of a series of customer hearings,
5 this being the last one for this tour at least,
6 a series of customer service hearings on
7 Florida Power & Light's petition to recover
8 storm costs from the 2004 hurricane season.

9 I don't have to -- I don't have to go in
10 and remind you-all what that was like for
11 you-all personally. It was a very
12 extraordinary time. Now comes the regulatory
13 part of that season. Unfortunately, we are now
14 considering what the bills are going to be and
15 what they're going to look like. And you'll
16 hear some comments from the attorneys for the
17 parties shortly.

18 I want to go over a few housekeeping rules
19 in advance. This is as you'll hear explained a
20 little later by our staff, this is part of an
21 official hearing. So there's a transcript. We
22 have a court reporter here taking down
23 everything that's said. Those of you that have
24 signed up to speak to us today, will be sworn
25 in at some point as witnesses giving testimony.

1 There is a chance that there may be questions
2 for you from some of the parties, certainly
3 from some of the commissioners, if they're so
4 inclined.

5 Another thing that I want to remind you,
6 because it's an issue that did come up at a
7 previous hearing after discussing it with
8 counsel for the parties, I think it's our
9 responsibility to remind those of you who are
10 going to address us today -- there are -- there
11 may be among you elected officials. We welcome
12 you. We thank you for your input. It's very
13 important for us. As elected officials there
14 may be an opportunity or you may have an
15 intention -- and I say elected officials, also
16 representatives of different municipalities and
17 other county governments and other institutions
18 of government as well, to the extent that you
19 would represent that you speak for your
20 institutions, certainly for your constituents
21 if you're an elected official or your superiors
22 if you're speaking for the board or a city
23 counsel or whatnot, I would ask you this, you
24 are a witness I will remind you. You are under
25 oath. And to the extent that you do represent

1 the interest or the views of your particular
2 institution, it should be made clear certainly
3 to the Commission and more importantly to
4 counsel for the parties that you have, a, the
5 authority to do it. Otherwise, please make it
6 clear, simply put that you are appearing on
7 your own behalf, and we'll take your comments
8 just the same and we'll value your comments
9 just as well.

10 I'm not trying to put anybody on the spot,
11 but as I remind you again, this is an official
12 hearing and it's subject to the hearing
13 process, which sometimes it's a mystery even to
14 me, that's the way it has to be, and I
15 apologize if anyone is discomforted by that,
16 but it's the way that we have to proceed.

17 A little bit about what we're going to
18 hear today. Because there are parties to this
19 docket, official parties to this docket, not
20 only the company, but certainly Public Counsel
21 is here, and a representative, an attorney for
22 AARP is also here as a party. We're going to
23 have some brief opening remarks. Starting off
24 with a presentation by our staff counsel,
25 Ms. Fleming, who is going to go over what the

1 post-customer hearing process is going to be in
2 terms of technical hearings and so on, and also
3 try to explain a little bit more about our
4 process and the petitions that we're
5 considering -- the issues that we're
6 considering here.

7 Also you're going to hear, obviously, from
8 the petitioner, Florida Power & Light, who's
9 going to give some brief opening remarks, we're
10 going to hear from public counsel, we're going
11 to hear from the representative, Mr. Twomey, of
12 AARP as well.

13 After those presentations are done, then
14 we're going to go ahead and swear in the
15 witnesses, everybody who has signed up to speak
16 today or wishes to speak to the Commission
17 today, and we're going to start taking public
18 testimony.

19 There are other ways to provide comments.
20 If you do not wish to be sworn in and give
21 sworn testimony, at the entrance there you may
22 have noticed a table that had among other types
23 of information on PSC and what we do and how we
24 can serve the public and whatnot, you may have
25 seen something -- you might have picked up

1 something called the Special Report. It's
2 green today. It summarizes the case and the
3 issues that we're considering, and also on the
4 back page it provides a space for those of you
5 who don't wish to speak who would like to
6 provide instead written comments, you can put
7 your written comments here and leave them with
8 the PSC staffer at the door. You can also put
9 them in the mail to us, you can fax them to us,
10 you can sign on to our Web site, you can fax
11 them to our offices, you can also log on to our
12 Web site and enter your comments
13 electronically. So it's not -- you're not
14 foreclosed from making your views known to the
15 Commission just because you don't feel like
16 speaking today. You have plenty of other
17 opportunities in which to make your comments
18 known. With that, I will turn it over to
19 Ms. Fleming who's going to lead us through a
20 short presentation on our process and then
21 we'll hear from the audience.

22 MS. FLEMING: Thank you, chairman. As you
23 know we are here today to hear from FPL's
24 customers regarding the company's request to
25 recover storm restoration costs that exceed the

1 storm reserve balance.

2 The storm reserve is a self-insurance
3 mechanism program that was established for all
4 investor owned utilities in Florida including
5 FPL. They are required to set aside a certain
6 amount of money from their yearly revenues and
7 currently FPL is accruing \$20.3 million per
8 year. In the event that FPL's actual storm
9 damage costs exceeds the amount of this
10 reserve, FPL may request relief from the
11 Commission.

12 As you know, FPL has petitioned for the
13 establishment of a surcharge on customer bills,
14 and the purpose of the surcharge would be to
15 recover any of these costs that are in excess
16 of the amount in their storm reserve. The
17 total amount requested by FPL is \$533 million,
18 and this slide provides a breakdown as to how
19 they've derived that amount.

20 In January the Commission authorized FPL
21 to begin applying a preliminary surcharge, and
22 these amounts are subject to refund based on
23 the Commission's final decision in this docket.
24 The surcharge results in an increase of \$2.09
25 in monthly bills for residential customers

1 using 1,000 kilowatt hours per month. FPL is
2 proposing that this surcharge remain in effect
3 for a three-year period.

4 I would like to briefly discuss the
5 Commission hearing process for those of you who
6 are not familiar. This process started with
7 FPL filing its petition, then Commission,
8 staff, and parties conducted with discovery
9 related to the petition, which is still
10 ongoing. Service hearings such as this one
11 allows the customers to testify and a technical
12 hearing will take place in Tallahassee
13 beginning April 20th.

14 The purpose of the service hearing today
15 is to hear from the customers of FPL concerning
16 the company's request and the company's effort
17 to restore electric service. The company and
18 the interveners will have an opportunity to
19 present their case through sworn testimony and
20 evidence at the technical hearing in
21 Tallahassee. At the technical hearing, parties
22 will put forth their own witnesses and
23 cross-examine other parties witnesses. Once
24 the hearing is concluded, all the parties will
25 file a legal brief, which are the summary of

1 the evidence presented by the Commission.
2 After legal briefs have been filed, the
3 Commission staff will prepare a recommendation
4 and present it to the Commission. The
5 Commission will consider the recommendation at
6 a public meeting, which is currently scheduled
7 for July 5th.

8 The Commission also considers three other
9 areas of hurricane related activity and those
10 are the underground power line studies, tree
11 trimming and lawn trimming, reliability and
12 quality of service audit.

13 Finally, as some of you may know, FPL
14 recently filed an application for a general
15 rate increase. The service hearing here today,
16 however, is only related to the recovery for
17 storm damage costs. Separate service hearings
18 will be scheduled to address its request for a
19 general rate increase.

20 Chairman Baez, Commissioners, that
21 concludes staff's presentation.

22 MR. BAEZ: Thank you, Ms. Fleming. Now
23 we'll hear from a representative for the
24 company, Mr. Hoffman. As I -- you've
25 established before, you -- go ahead and enter

1 your appearance.

2 MR. HOFFMAN: Thank you, Mr. Chairman,
3 Commissioners, members of the public. My name
4 is Ken Hoffman and with me is Patrick Bryan and
5 we are appearing this evening as the attorneys
6 for Florida Power & Light Company.

7 I want to begin by mentioning to our
8 customers who are here this evening that if you
9 have specific questions about your account or
10 about your service or FPL's restoration
11 activities that affected you specifically, we
12 have customer service representatives who are
13 here today with on-line terminals that can
14 provide you with that kind of information.
15 Those folks and the terminals are located in
16 the front room in the lobby area. We also have
17 with us this evening, Marlene Santos, who just
18 stood up and raised her hand. She is our vice
19 president of customer service, and she will
20 introduce you to the appropriate FPL employees
21 who will be able to assist you with any
22 questions or concerns that you may have.

23 If we are not able to answer your
24 questions this evening, we will attempt to
25 assist you with your concerns over the course

1 of the next 24 hours, and we will provide that
2 information to you as well as to the
3 Commission. With that Commissioners, before
4 you hear this evening from Geisha Williams, who
5 is FPL's vice president of distribution, I
6 would like to introduce Armando Olivera, who is
7 the president of Florida Power & Light Company
8 for some preliminary remarks.

9 MR. OLIVERA: Good evening. I hate to
10 give the Commission my back.

11 MR. BAEZ: It's quite all right. We won't
12 take offense.

13 MR. OLIVERA: I really want to thank you
14 all for giving us the opportunity to say a few
15 words today, to really hear from our customers
16 and get their feedback on our performance, but
17 more importantly for me to let you know
18 personally that we understand the frustrations
19 of this last hurricane season and the
20 frustration that many of you experienced with
21 extended outages. At each of these meetings,
22 we're really grateful for our customers'
23 comments, because it's really an important part
24 of our learning process. At Florida Power &
25 Light, we have a culture of continuous

1 improvement. And with your input, we believe
2 that we can get even better the next time. We
3 have already heard from many of our customers,
4 we've received calls, e-mails talking about our
5 efforts last year. And complimenting the work
6 of our employees and our partners in the
7 restoration, I have to tell you that I'm very
8 proud of the 17,000 employees and partners that
9 worked on the restoration last year. They
10 worked 16-hour days, seven days a week for
11 nearly six weeks to restore power as quickly as
12 possible.

13 I have been with Florida Power & Light for
14 over 30 years, many of those years in
15 operations, and even I was in awe with the kind
16 of commitment that I saw in every one of those
17 employees that was working in the storm
18 restoration.

19 We are committed to providing reliable
20 electric service because we know that you
21 depend on us. And we know how indispensable
22 electricity is to your daily lives, not just
23 for comfort in this tropical climate, but also
24 for your businesses and also for caring for
25 elderly loved ones. So we have a high level of

1 commitment for providing reliable service.

2 Over the last five years, we have invested
3 over four billion dollars to keep up and
4 improve our reliability, but equally important
5 to get the lights back on as soon as possible
6 for those who loose power for whatever reason.

7 The last year was really truly a challenge
8 when Florida was hit by four hurricanes. Three
9 of these hurricanes hit our service territory.
10 Charlie packed the hardest punch but spared
11 much of Southeast Florida. Frances had the
12 largest impact affecting all 35 counties in our
13 territory, more than 27,000 square miles, and
14 it kept our crews at bay while it lingered over
15 the state for three very long days. It was,
16 frankly, one of the biggest challenges that our
17 company has ever faced, and then of course we
18 did it all over again when Jeanne hit a few
19 days later.

20 After a hurricane, our goal is to restore
21 power to as many people as possible as quickly
22 and as safely as we can, but doing so comes at
23 a cost, but the economic impact on the
24 community for not restoring as soon as possible
25 is far more costly. Had Charley been the only

1 hurricane last year, the storm reserve, a cash
2 fund built over several years including
3 interest earned, that fund would have paid for
4 the repairs as it was set up to do. But with
5 three hurricanes in six weeks, our expenses to
6 restore power and recover from the storm as
7 quickly as possible amounted to nearly a
8 billion dollars. It used up the reserve fund
9 and it left us with a deficit of \$533 million.
10 As a result, we're seeking a temporary
11 surcharge to eliminate the deficit and enable
12 us to begin rebuilding the fund in anticipation
13 of future storms.

14 Ever since the storms last year, we've
15 been hard at work and getting ready for the
16 2005 hurricane season. And you have my
17 continued commitment that FPL will do whatever
18 it takes no matter how severe the conditions to
19 restore power and get our customers' families'
20 homes and businesses back to normal as soon as
21 humanly possible. It's all about reliability
22 and we want our customers to know that they can
23 count on us.

24 In closing, let me thank our elected
25 officials, our emergency operating center

1 personnel and the local business leaders for
2 the job that they did in getting this area back
3 up and running. It took us all working
4 together to get this community back to normal
5 again. Together I believe we'll be even better
6 prepared should we have to do this all over
7 again and, hopefully, not any time soon.

8 Now let me turn it over to Ms. Geisha
9 Williams, who is our vice president of
10 distribution. She is in charge of the
11 restoration -- hurricane restoration efforts,
12 and she will in her remarks cover the hurricane
13 season last year and the changes that we're
14 making and improvements that we're making this
15 year.

16 Thank you very much.

17 MS. WILLIAMS: I am going to face the
18 audience --

19 MR. BAEZ: By all means.

20 MS. WILLIAMS: -- if you don't mind.

21 MR. BAEZ: You apparently are not afraid
22 to turn your back on us.

23 AUDIENCE: (Audience laughter.)

24 MS. WILLIAMS: All right. Good evening
25 everyone. As Armando said, my name is Geisha

1 Williams. I'm vice president of distribution,
2 and I'm responsible for the infrastructure that
3 delivers the electricity to the homes and
4 businesses in our service territory. And as
5 Armando mentioned, one of my key
6 responsibilities is the restoration of power
7 after hurricanes. Tonight I'm going to give
8 you a very quick overview of three areas.

9 First, our restoration efforts and they
10 were significant. Second, what it costs. The
11 cost of those restoration efforts. And, third,
12 how we're planning for the future because we
13 know there will be a next time. And we also
14 know that we can do even better for the people
15 that we serve.

16 Last year four major storms hit Florida in
17 the period of six weeks. Three of them
18 directly in our service territory, two directly
19 here in this community. In the last 100 years,
20 nothing like this has happened anywhere in
21 America.

22 Now even though mother nature can be
23 unpredictable, it's our responsibility to be
24 prepared in every way, operationally
25 technologically, as well as financially. We

1 put a lot of time and energy into this effort
2 because as a matter of principle getting the
3 lights restored to our customers as quickly and
4 as safely as possible is our top priority. And
5 to that end, our storm preparations begin way
6 before storm season begins. Our employees have
7 two jobs, their normal job and their storm job.
8 And they practice and train for storm jobs
9 every year.

10 Last year as a result of the storms we had
11 thousands of poles that were down, hundreds of
12 miles of downed lines. We had literally half a
13 million wires that needed to be spliced
14 together and many of these repairs were
15 completed in unbelievably difficult conditions,
16 some in water that was waist deep.

17 Now, even though we repaired thousands of
18 parts of our infrastructure, our electric grid
19 so to speak, less than one percent of our total
20 poles, which are more than a million, less than
21 one percent needed to be replaced. And less
22 than one and a half percent of our total
23 transformer population needed to be repaired.
24 Through it all our focus on our customers never
25 wavered, even when our own families were

1 impacted. Our employees, even those who lost
2 their homes, came to work with one goal in mind
3 and that was to get the power back on for our
4 customers. We all understand how important the
5 electricity is to bringing the community back
6 to normal speed.

7 As Armando mentioned, speed does come at a
8 price. Nearly 80 percent of the cost of
9 restoration is labor or labor-related. Our
10 17,000 worker army had to be paid. They worked
11 16 hours a day every day for the entire
12 restoration process. Our workers had to be
13 fed, so we provided 38,000 meals a day, and
14 20,000 gallons of water a day. Our workers
15 also had to be housed. Thousands needed hotel
16 rooms even though many slept in their trucks or
17 in tents particularly in the early going of the
18 restoration efforts.

19 It was a huge commitment in manpower and
20 resources, costing hundreds of millions of
21 dollars. Nearly a billion. But it was worth
22 it, because we knew that we were not just
23 restoring power, we were restoring communities.

24 On a personal level, I empathize with
25 anyone who had to struggle because of the

1 events of last year. I am part of an organized
2 effort to reduce the impact of future storms.
3 Now, while we cannot change the past, we can
4 certainly learn from it. And we can certainly
5 continue to seek ways of doing it better in the
6 future. And as you saw last year, we are
7 committed to doing everything that is humanly
8 possible to get your power back on quickly.

9 An issue that was brought to light last
10 year as a result of the hurricanes is, how do
11 we go about restoring power to essential
12 functions of the various communities that we
13 serve? Hospitals, police and fire and other
14 emergency facilities that are critical to the
15 health and welfare of the community, those our
16 are top priority, but our process is flexible
17 and we are very responsive to the changing
18 needs of the community. For example, many of
19 the communities we serve have a large elderly
20 population. So we're working closely with our
21 emergency operation centers including recently
22 having meetings with the emergency operation
23 officials in Martin County to ensure that we're
24 in alignment with their priorities for power
25 restoration and to help our customers,

1 including nursing homes and assisted living
2 facilities to be better prepared for the storm
3 season this year.

4 Another question that emerged from last
5 year's storms is, Well, why don't we have more
6 underground wiring? Well, about a third of our
7 infrastructure, distribution infrastructure, is
8 currently underground. And about three-fourths
9 of all new wiring for new customers is being
10 placed underground.

11 We are very much in favor of underground,
12 but it does come at a higher cost than our
13 standard overhead lines. Underground wiring is
14 also not the perfect solution as a lot of folks
15 would like to believe. Underground needs to be
16 evaluated on a case-by-case basis because it's
17 much more susceptible to flooding and to surge
18 than overhead wiring is, and it can also take
19 longer to repair.

20 Now, you may hear today from Public
21 Counsel's office about who should share in the
22 storm cost and how much should be covered.
23 What we are asking for today is a temporary
24 surcharge of about eight cents per day per
25 household. All of it as a result of direct

1 hurricane restoration. Nothing more, not one
2 penny, and we think this is a fair request.

3 Because of the storms, we lost tens of
4 millions of dollars in revenues throughout the
5 six-week period. We have incurred and are
6 still incurring the cost of the many hours of
7 overtime that our employees have been working
8 to catch up on the normal work that was delayed
9 because of the storms. These losses are borne
10 by the company, not by our customers.

11 Storm restoration costs are extraordinary,
12 far beyond the normal cost of doing business
13 and are clearly not covered by the basic rates
14 that we charge for everyday normal service. As
15 you heard from PSC staff earlier, insurance for
16 our poles and wires and other components of the
17 power delivery system is simply not available.
18 Not since Hurricane Andrew. We're also not
19 eligible for FEMA or federal grant money. So
20 many years ago the PSC established the
21 mechanism, a very well defined process to
22 address storm costs, and it has served our
23 customers very well for many, many, years. It
24 provides a fair and fiscally responsible
25 solution. As you've heard earlier, it includes

1 a storm reserve fund along with the ability to
2 seek recovery if your storm costs exceed the
3 reserve.

4 Now we don't know what the future holds
5 for Florida, but what we do know is that is the
6 most cost effective approach for our customers
7 and it ensures that FPL can continue to be
8 ready to restore power after major storms,
9 every time, even if you have back, to back, to
10 back hurricanes like we had last year, or, God
11 forbid should we have a back to back
12 unprecedented season like we had last year. As
13 you heard the Commission, with its regulatory
14 oversight in these matters, will make the final
15 determination after the technical hearing,
16 which will be held later this month.

17 Meanwhile, I'm from operations. So I'm
18 getting ready for the storm season in 2005.
19 And we have begun an awful lot of prestorm
20 planning. Let me be specific.

21 First, we're continuing to upgrade the
22 logistics and support structures that are
23 needed for rapid restoration. We're checking
24 inventories of supplies, securing agreements
25 and contracts, food, transportation and

1 housing. Second, we're enhancing our computer,
2 satellite and telecommunication system so if
3 disaster strikes we can communicate better.
4 Third, we're examining and expanding our mutual
5 aid capabilities with our partnered utilities
6 outside the state to ensure that we have a
7 ready and committed team of partner crews,
8 again should we need them. Fourth, we're
9 continuing to collaborate with local and state
10 emergency operation centers to make sure that
11 our restoration priorities are aligned. Fifth,
12 and perhaps most important of all, we're
13 continuing to enhance our efforts to provide
14 more timely information to more customers
15 during and after a hurricane, because we know
16 how important it is for you to make appropriate
17 plans for your families. Finally, we'll soon
18 stage our annual full mock hurricane exercise.
19 We call it a dry run. We've been refining this
20 process for years, and I think we improve upon
21 it every single year. All of this prestorm
22 planning is essential in helping us restore
23 power as quickly as possible and providing our
24 customers with the information that they need.

25 In closing, I would like to echo Armando's

1 comments about the performance of the
2 government and emergency officials during last
3 year storms. It's never easy being on the
4 front line when disaster strikes, and I think
5 your local officials and community did an
6 unbelievable job during a very difficult --
7 very difficult conditions.

8 We all wish that hurricanes wouldn't come,
9 but this is Florida and it's beyond our ability
10 to really stop them. I wish I could. Our job
11 is to respond quickly and safely to restore
12 power to our customers in the least amount of
13 time. We will make the necessary investments,
14 apply state of the art technology and continue
15 to build on what we've already learned. And
16 most importantly, we will continue to listen to
17 the community and to learn what it expects from
18 us. We always try to do more and do it better
19 because we know you're counting on us. In
20 working together in partnership with our
21 communities, Florida will have an even brighter
22 and stronger future.

23 Thank you very much.

24 MR. BAEZ: Thank you, Ms. Williams. Mr.
25 Mr. McGlothlin.

1 MR. McGLOTHLIN: Commissioners, with your
2 permission. Commissioners and ladies and
3 gentlemen, good evening. My name is Joe
4 McGlothlin. I'm with the Office of Public
5 Counsel based in Tallahassee. For those of you
6 who are unfamiliar with the office, it was
7 created by the Florida legislature in the early
8 1970s to represent the interest of customers in
9 proceedings before the Florida Public Service
10 Commission. The office has intervened in this
11 docket, and my purpose here tonight is to
12 acquaint you in a very summary fashion with the
13 principle arguments that we will be presenting
14 to the Commission when it begins the technical
15 hearing on the 20th of this month. Sometimes
16 with all these technical hearings, you can
17 think of it as the powers of such phase of this
18 proceeding.

19 We believe that the issue in this docket
20 is not whether FPL should recover its
21 reasonably incurred costs of restoration; the
22 issue instead is to what extent does FPL need
23 to increase its rate for that purpose. And for
24 several reasons, we contend that the proposed
25 surcharges, \$533 million, is higher than it

1 needs to be. And in making these points, I
2 think it will become clear that it's quite
3 possible to acknowledge FPL's rapid response to
4 the storm damage and at the same time
5 scrutinize carefully its request for a
6 surcharge on the customers. We will present
7 three primary reasons why we believe the
8 request is overstated.

9 Reason number one, the manner in which FPL
10 has calculated \$533 million requires customers,
11 if accepted in this form, will require
12 customers to pay some of those costs twice.
13 Once through base rate and then again through a
14 surcharge. I will use two simplified examples
15 to make that point. Take the example of an FPL
16 employee who worked a 16-hour day to put the
17 system back together. We agree that some of
18 those costs were extraordinary, specifically
19 the overtime, above and beyond the normal hours
20 that the employee would have worked are
21 extraordinary and should be a charge to the
22 storm reserve account. But a customer
23 presently pays through base rates money that is
24 designed to cover the normal level of
25 operations, those levels of expenses that the

1 utility would have occurred if it had never
2 been for those storms. So we believe that the
3 extraordinary costs belong to the storm reserve
4 but that the normal level of payroll expense
5 should be excluded.

6 Another example, FPL's rates are
7 constructed in a manner that enables us to be
8 able to begin collecting the costs of removing
9 damaged plants or retired plants from the time
10 it begins service. And FPL has accumulated a
11 reserve for that purpose. But in this case,
12 FPL wants to charge all of the costs of
13 removing damaged plants to the storm reserve.
14 That, again, has the effect of requiring
15 customers to pay twice. Once through the base
16 rates, which has been funding this cost to
17 remove reserve, and again to the surcharge that
18 it proposes. Again, we think that should be
19 pulled out of the \$533 million. Those are two
20 examples of adjustments, which would reduce the
21 amount of the total surcharge somewhat.

22 Reason number two, despite the storm
23 events and despite the period of time during
24 which FPL was selling far less energy to
25 customers when meters weren't turning, over a

1 twelve-month period, that includes storm
2 events, FPL's financial results were stellar.
3 FPL experienced high earnings during that
4 period of time. So the question in this case
5 for the Commission is, how should that fact be
6 incorporated into this -- making the equation
7 that it will address during the technical
8 hearing. FPL's answer is, not at all. FPL
9 wants to shift the entire cost of restoring
10 service and assistance to the rate payers and
11 that entire cost is reflected in the proposed
12 \$533 million surcharge.

13 On other hand, we contend that FPL has
14 sufficiently high earnings to absorb a portion
15 of the cost through earnings and still earn a
16 reasonable rate of return. And when FPL
17 proposes to charge the customers for the full
18 cost of the storm prepared effort, we question
19 whether it is fair or reasonable to put the
20 entire risk on customers when those customers
21 pay through their base rates a return to FPL's
22 investors for the purpose of accepting that
23 risk. We think it is unreasonable and unfair
24 in the extreme to require customers to both pay
25 for that return to shareholders and then also

1 pay to insulate the shareholders from any
2 responsibility.

3 Now, again, it's important to note that we
4 don't ask FPL to absorb the entire cost of the
5 restoration efforts. We contend that the
6 Commission should identify that amount of money
7 which would pay for earnings but leave FPL with
8 a reasonable return, which quantify as ten
9 percent on equity. We will present expert
10 testimony for the proposition that ten percent
11 of today's economic circumstances is fair and
12 reasonable and adequate both to treat investors
13 well and to keep FPL in a healthy financial
14 situation.

15 Reason number three, recently FPL provided
16 to the Commission a new depreciation study in
17 which FPL concluded that it has collected from
18 rate payers over time more than a billion
19 dollars that it needs to remain on schedule for
20 collecting and recouping its investment and
21 plan. In other words, at the same time FPL has
22 identified a deficiency in the storm damage
23 reserve, it has reported an enormous excess in
24 the depreciation reserves. Recently our office
25 filed a motion asking the Commission to

1 consolidate this storm damage docket with the
2 rate case and depreciation dockets. And we
3 contend that the Commission is in a position to
4 address two problems at one time. The problem,
5 if you can call it that, of the large excess in
6 the depreciation reserve simultaneously with
7 the need to fund both the deficiency in the
8 storm damage reserve and to build up a positive
9 balance for future storm events.

10 To sum up very briefly, we ask the
11 Commission to shave down the \$533 million, the
12 amount of costs that have already been
13 collected through base rate or should be
14 collected through base rate. We ask the
15 Commission to take into account the high
16 earnings, which are available to absorb a
17 portion of the storm damage costs and still
18 leave a healthy utility.

19 And, finally, we ask the Commission to
20 consolidate those dockets so that it can
21 address the corrective action required to
22 address the depreciation excess at the same
23 time it entertains this petition for a
24 surcharge for customers.

25 Thank you very much.

1 MR. BAEZ: Thank you, Mr. McGlothlin.

2 Mr. Twomey.

3 MR. TWOMEY: Thank you, Mr. Chairman,
4 Commissioners. I apologize also for turning my
5 back on you.

6 Ladies and gentlemen, good evening. My
7 name is Mike Twomey. I'm appearing on behalf
8 of my parents who are customers of FP&L in
9 Melbourne, up the road apiece, that have been
10 served by FPL for many years, as well as AARP,
11 which many of you know has about a 2.7 million
12 member organization in the State of Florida and
13 many of their members are served by FP&L. My
14 parents and AARP are in opposition -- they're
15 in opposition to the customers having to pay
16 for the full cost of restoring FP&L's
17 electrical system. They're not opposed to
18 paying a portion. They're opposed of having to
19 pay all of the costs.

20 Now you've heard an excellent presentation
21 by the company about the undertakings they had
22 to make to get their system back in shape,
23 restoring the electricity and serving their
24 customers. It's likely we'll hear additional
25 testimony later from individuals that praise

1 the company for those efforts.

2 I want to let you know that no one -- no
3 party in this case that represents consumers is
4 opposed to that. No party has suggested that
5 the company did anything wrong in fixing its
6 system. So, therefore, it's not really an
7 issue. It's okay to praise the company, and
8 we're happy to hear that. The issue remains --
9 the issues that remain, as Mr. McGlothlin
10 pointed out to you a moment ago, are what are
11 the legitimate costs of repairing this company
12 and, two, once those are ascertained who should
13 pay for the cost. Now, I'm not going to repeat
14 all the things that Mr. McGlothlin said, but he
15 pointed out to you that the company is engaging
16 in what we call double billing or double
17 dipping, where they try and charge the
18 customers for the base eight-hour day that's
19 included in your rates already, they're being
20 paid for once, not just the overtime. We think
21 that is over-reaching on the part of the
22 company. We don't think it should be allowed,
23 and all of the customer groups support the
24 Office of Public Counsel in striking those
25 amounts, all the customers groups.

1 And let me tell you that in addition to
2 AARP, the Public Counsel is charged by law of
3 representing all of its utilities customers in
4 these proceedings and trying to represent their
5 interest to the best of their ability, and
6 they're doing an excellent job.

7 In addition to the Public Counsel who by
8 law represents all the customers -- as I said
9 AARP has millions of members in this state,
10 many served by FP&L, we're opposed. There's a
11 group of industrial customers called the
12 Florida Industrial Power Users Group. They are
13 in the case, they as well are opposed to
14 customers paying for all the restoration of
15 charges.

16 Lastly, is the Florida Retail Federation
17 which supports to represent in excess of 10,000
18 businesses throughout the state. They are on
19 record as well as opposing customers having to
20 pay all the charges.

21 Now you may ask yourself, Well, is FP&L on
22 the financial ropes? Can they not afford to
23 assist in the restoration and the fixing of
24 their own electric company? I want to point
25 out again, it's their company. It doesn't

1 belong to the customers. If they didn't fix
2 the system in some type of timely fashion, they
3 couldn't sell electricity, which is essentially
4 their only product. So there's an interest for
5 the company in fixing the system not providing
6 electricity for their customers.

7 Mr. McGlothlin cited the fact that they
8 had relatively stellar results for the year
9 2004. Companies are required to file with the
10 Public Service Commission what are called
11 Earnings Surveillance Reports. The most recent
12 one covers a 12-month period ending
13 January 31st, 2005. And the earnings, ladies
14 and gentlemen, that this company reported to
15 the Public Service Commission after tax 12.97
16 percent return on equity. 12.97 percent. If
17 you're in a private business yourself, compare
18 that to your profits for last year. If you're
19 a private citizen, a customer of this utility,
20 compare that to what your earnings are on your
21 stocks, your savings and other investments that
22 you have. It's a decent return. And what the
23 Public Counsel has said is they believe -- and,
24 again, all of the customer representatives in
25 this case believe that company shareholders

1 should be required to share in fixing their
2 system, not all of it, but to a level that
3 brings them down to a 10 percent return on
4 equity, which all of us representing consumers
5 believe is still a very fair and adequate
6 return on their investment.

7 Now, we believe that the Public Service
8 Commission has an obligation to explore every
9 possible remedy, every possible way that the
10 company's customer rates and many increases in
11 them can be kept to the absolute minimum.

12 First, we've all said that the double
13 dipping has to be taken out. The company has
14 to be required to help pay its share for fixing
15 its own business. Public Counsel pointed out
16 to you that recently they have filed a motion,
17 which others have joined, which AARP will join
18 shortly, that has said they have found, and I
19 want to give Public Counsel credit for this
20 completely, their analysts, their experts have
21 found as a result of a filing FP&L has made
22 recently that their depreciation reserve is
23 excessive to the tune of \$1.24 million. I
24 don't believe that anybody has disputed that.
25 Essentially there is \$1.24 million that they

are apparently not going to be able to use for the purposes the Public Service Commission allowed them to collect each month. Over one billion dollars, ladies and gentlemen. And what the Public Counsel has suggested and others support them on, is that the Commission should stop now. Time out. They've already allowed the company to begin collecting \$2.09 on average per month from the customers without even having a hearing yet, which will take place in a week or two.

By the way Ms. Williams says, It's only eight cents a day. Eight cents a day for three years. 365 times three years is only going to cost you customers on average eight cents per person per day or family per day, why worry about it? Well, the number of course is \$533 million. Take eight cents here and eight cents there, it adds up, ladies and gentlemen.

Now, we support the Public Counsel's efforts to have the Public Service Commission stop this proceeding and roll it into consideration with the company's rate case, which they're asking for between I think five and \$600 million more, and consolidate it with

1 the rate, consolidate it with the depreciation
2 case and ascertain now whether the depreciation
3 reserve can be used to pay off the cost of
4 storm restoration in the year 2004 as well as
5 replenish the company's storm reserve fund,
6 which they want to do in the rate case.

7 It's our belief and I believe it's the
8 belief of all of the customer representatives
9 that the Public Service Commission if it looks
10 at all these different cases at the same time,
11 different piles of money and different
12 requests, that they can take care of the
13 company's legitimate storm expenses for 2004,
14 refund the storm reserve so that as
15 Ms. Williams has said, the company is prepared
16 for the next storm season whenever we have more
17 storms. And that they can do all of this,
18 ladies and gentlemen, without charging their
19 customer's a penny of surcharges. In fact,
20 have the company refund those surcharges it
21 collected at the beginning since January 1st.

22 Now, there is an assumption apparently
23 that \$2.09 on average is not going to affect
24 any of the customers. And we would beg to
25 differ, particularly AARP. AARP represents

seniors over 50. They're concerned not just with their members, but the impact on all elder people, as well as low income people as well. \$2.09 a month adds up over the course of three years. If you're on a fixed income and if you're salary or retirement, it doesn't increase by that amount. It necessarily means that you have to do with less for something else, whether it's medicine, food, shelter and the like.

So we would urge you to support us in having the company share. And we would urge you to consider really why the company should have to not pay a portion of fixing its own business.

I thank you for your time.

MR. BAEZ: Thank you, Mr. Twomey.

Ladies and gentlemen, at this point we're ready to begin taking public testimony. So all of you that signed up to speak before the Commission today, would you please stand up and raise your right hand.

In this matter before the Florida Public Service Commission, do you swear to tell the whole truth and only the truth.

1 (Whereupon there was a response of I do.)

2 MR. BAEZ: First we have Commissioner
3 DiTerlizzi. I hope I got that right,
4 Commissioner.

5 MR. DiTERLIZZI: Very good

6 MR. BAEZ: And I apologize to all of you
7 in advance. I have made a practice of mangling
8 names throughout this hearing process so my
9 apologies in advance. Commissioner, thank you
10 for being here.

11 MR. DiTERLIZZI: Thank you. I am
12 Commissioner Michael DiTerlizzi, and I'm a
13 Martin County Commissioner representing the
14 citizens of Martin County and myself.

15 First, Mr. Chairman, Commissioners and
16 staff, I would like to thank you for coming to
17 Martin County and hearing the voices of the
18 citizens of Martin County. We greatly
19 appreciate that.

20 Secondly, maybe unbeknownst to you, but I
21 want to thank you for your assistance in
22 providing necessary utilities to the citizens
23 of Indiantown, who after the hurricanes became
24 homeless, who are now living in some temporary
25 housing with good clean running water and sewer

facilities. And those of us who represent them
2 and the people of Indiantown really appreciate
3 your assistance in making that happen for the
4 homeless people after the storms.

5 As you-all know and I won't repeat much of
6 it, we were hit by two -- two major hurricanes
7 in Martin County. This is the first time in
8 our history or at least in our recent history
9 that we were hit so close and direct hits in
10 Martin County.

11 Being a government elected official I
12 worked with our budget every single year and we
13 established our budget, we established our
14 operating funds and our operating reserve funds
15 and our emergency funds. **In Martin County we**
16 have about a 10 million reserve fund and we
17 have spent over \$50 million in hurricane
18 damages. It's an awful lot of money to look
19 and wonder where we're going to get it from.

20 I am not speaking today on behalf or
21 against the reserve funds for Florida Power &
22 Light, but I would like to let you know my
23 experience with -- as a citizen and a
24 representative of Martin County after the
25 hurricanes. **We were 100 percent without power**

1 basically in Martin County after Hurricane
2 Frances. And in some areas, it was as little
3 as one day, and in other areas, up to ten or
4 twelve days without power.

5 Florida Power & Light and other utility
6 companies from around North America came
7 together in Martin County and brought power
8 back to the citizens. Many of us were unhappy
9 at first waiting five, six, eight, ten days for
10 power to return -- for the return of power, but
11 it was something that we didn't really
12 understand in Martin County because we didn't
13 ever have to deal with the problem of two major
14 hurricanes or at least a hurricane, the impact
15 of Frances or Jeanne.

16 We quickly came to learn what a massive
17 undertaking it was for Florida Power & Light.
18 Understanding reserves and understanding
19 facilities and government operations came to
20 find out what went into the restoration of
21 power for the citizens of Martin County. I
22 don't personally believe that Florida Power &
23 Light or any organization could have done
24 without reserve funds, and I'm a strong
25 advocate of that.

1 I believe as you move forward and
2 contemplate this very tough decision on whether
3 to grant Florida Power & Light the ability to
4 recoup some of those funds I ask you to do a
5 very simple thing, contemplate it carefully, be
6 fair to the citizens of Martin County and be
7 fair to Florida Power & Light also who without
8 those reserves could not restore power to the
9 citizens of Martin County as quickly and
10 efficiently as they did.

11 And I speak with County Commissioners all
12 over the State of Florida, and they have told
13 me in many cases how they were many, many, more
14 days without power than we were. We didn't
15 know anybody. So we thought it was bad that we
16 were out for so long, but some areas of the
17 state were out even longer than we were and
18 other utility companies or even FP&L
19 experienced major damages elsewhere.

20 So I ask you to be fair to the citizens
21 and to be fair to FP&L and allow them to
22 continue to serve the citizens of Martin
23 County, allow the citizens of Martin County to
24 be able to have power restored as quickly as
25 possible in those times of great need.

1 Thank you very much.

2 MR. BAEZ: Commissioners, question?

3 COMMISSIONERS: (No response.)

4 MR. BAEZ: Commissioner, thank you for
5 being here.

6 MR. DiTERLIZZI: Thank you.

7 MR. BAEZ: Mayor Joe Connolly.

8 MAYOR CONNOLLY: I didn't --

9 MR. BAEZ: You didn't, sir? I'm sorry.

10 MAYOR CONNOLLY: We have a representative.

11 MR. BAEZ: Commissioner Caspersen.

12 MAYOR CONNOLLY: Yes.

13 MR. BAEZ: Okay. Is it Commissioner or
14 Commissioner-elect?

15 MR. CASPERSEN: Commissioner-elect. I get
16 sworn in next Wednesday.

17 MR. BAEZ: Congratulations, sir.

18 MR. CASPERSEN: My name is Finn Caspersen,
19 and I'm commissioner-elect for the Town of
20 Jupiter Island, which is located in the
21 southeast portion of this county. Earlier in my
22 professional life I was the CEO of Beneficial
23 Corporation, a Fortune 100 Company. I submit
24 this testimony on behalf of the Town of Jupiter
25 Island, and I'm so authorized, and respectfully

1 request that it be included in the record.

2 We are most concerned that Florida Power &
3 Light has requested this large hurricane-related
4 surcharge on all its billings to all of its
5 customers, and yet it has never established an
6 effective procedure, which is conducive to the
7 conversion of existing overhead, I emphasize
8 existing overhead distribution, to cable systems
9 underground. Despite the fact that the very
10 vast majority of storm related costs, which we
11 are talking about today, are associated with
12 overhead wires and poles.

13 We heard early today that three-quarters of
14 the new distribution facilities are going
15 underground. What we didn't hear is less than
16 one percent, if any, of the existing -- above
17 ground wires are going underground. There is
18 little or no conversion at this time.

19 We also heard about the flooding danger and
20 how in certain circumstances that it's
21 inappropriate to put lines underground. It's
22 ironic then that the lowest country in the
23 world, Holland, which is subject to severe
24 northeast storms has 100 percent, 100 percent,
25 of its distribution system underground. If they

1 can do it, certainly we should be able to do it.

2 My colleague and fellow commissioner,
3 Dr. Charles Falcone, who has his doctorate in
4 electrical engineering, and a former power
5 company official of one of the largest, if not
6 the largest now, electric utilities in the
7 country authored the attachment, which was
8 published in the Palm Beach Post on February
9 27th, which I also submit.

10 The Town of Jupiter Island has desired for
11 years to replace its overhead distribution lines
12 with underground cables. Frankly speaking,
13 despite the best efforts you've heard about, our
14 service reliability has been awful. We have
15 suffered numerous outages for many years, both
16 momentarily and longer terms. We monitor the
17 service, Florida Power & Light has monitored the
18 service, and we have continuous records for the
19 past four years of all of the outages. To date
20 the only thing that has kept the Town from
21 proceeding with undergrounding their lines was
22 the cost. After the hurricanes of 2004, there
23 was significant concern and there is significant
24 concern on the part of all our residents about
25 electric service and a rekindled desire to place

these lines underground. It's not only an
2 aesthetic concern, but it's primarily a public
3 safety concern. Most of the island was without
4 power for over a week after each hurricane.

5 Earlier Florida Power & Light provided the
6 Town with a cost estimate to accomplish this
7 conversion. We discovered in our research and
8 it was confirmed with a meeting with Florida
9 Power & Light's senior management, that embedded
10 in Florida Power & Light's cost figures is a
11 corporate overhead charge on top of the
12 contractor's cost of equipment and its
13 installation, and also a charge to recover the
14 federal income taxes incurred when the Town pays
15 Florida Power & Light for this work. While
16 Florida Power & Light does not identify the size
17 of the components of this cost, it is clear that
18 they would raise the total cost of underground
19 conversion by a very significant factor. For
20 example, based on a corporate income tax of
21 approximately 35 percent, even if Florida Power
22 & Light had no overhead charge, the Town's
23 payment would be 154 percent, 154, of the
24 contractor's bill. Moreover, if Florida Power &
25 Light's overhead fee were 100 percent of the

1 contractor's bill, which we understand it is, it
2 has never been denied, the Town would have to
3 pay 308 percent of the actual cost of burying
4 these lines.

5 It's very easy to understand why we're
6 frustrated. These fees compound on each other.
7 They can cause an already expensive project to
8 become cost-prohibitive. Frankly, these higher
9 costs result from Florida Power & Light's
10 insistence that they hire the contractor
11 themselves and by their insistence they be the
12 owner of the cables.

13 We believe that the Town and all towns are
14 competent to bury their own cables if they so
15 desire in accordance, of course, with Florida
16 Power & Light's specifications and in
17 accordance with their oversight, but we don't
18 believe that oversight is worth 300 percent of
19 the actual cost of underground. In any event,
20 it should be the choice of that town, if they
21 are willing to pay for the underground, a
22 reasonable fee, that they should underground it
23 with that Town's orders. To do so would be to
24 reduce the cost of underground conversion to the
25 lowest necessary level, just the contractor cost

1 of installing the system. This would greatly
2 increase the economic feasibility of a
3 town-sponsored underground conversion. It would
4 still be more expensive, obviously, than the
5 overhead system, but each town and community
6 would have to weigh the benefits and the costs
7 and choose what is best for its residents, and
8 that's all that we ask at this juncture.

9 In all of the main studies that I've read,
10 believe me I've been reading googles until my
11 eyes are blurry, I have never seen nor have I
12 heard from Florida Power & Light's discussions
13 with our Town or any others an analysis of the
14 high cost of underground distribution systems.
15 None of these studies assess the overhead and
16 tax costs, which I mentioned, which
17 substantially raise the cost. A policy -- your
18 policy, you have the power to set that policy,
19 could lower this conversion cost to its
20 essential level, the direct -- direct cost, and
21 direct overhead that's just fine, of employing a
22 contractor and FPL to oversee and to carry out
23 the conversion, it seems to be appropriate for
24 this matter. Properly contracted and properly
25 installed an underground cable system is far

1 more hurricane resistant and can be restored
2 much faster and with far less labor than
3 overhead distribution. Sometimes it's necessary
4 to raise the transformers that you saw under
5 water there but all you have to do is raise them.
6 These things can be solved. They are solved
7 every day. They were solved in Holland. We
8 sincerely urge you to consider ways to
9 facilitate underground distribution conversions
10 as part of this proceeding.

11 We do not oppose a surcharge for hurricane
12 preparedness per se. We simply request that
13 together with this arrangement Commissioners
14 require the utilities to propose, for your final
15 approval, a procedure for underground
16 distribution conversion which eliminates or
17 minimizes administrative overheads and
18 tax-related charges for those towns and other
19 communities that choose to step up to the plate
20 and take on such responsibilities.

21 Thank you very much.

22 MR. BAEZ: Thank you, Mr. Caspersen.
23 Commissioners any questions? Commissioner
24 Deason?

25 MR. DEASON: Yes. Mr. Caspersen, as I

1 understand your proposal, you're looking for a
2 way to minimize the cost of undergrounding, and
3 one way to minimize that would be to eliminate
4 income tax provisions, and that is if the city
5 did it, then there would be no need for FPL
6 being an investor own utility to collect income
7 taxes on that?

8 MR. CASPERSEN: That's correct. Then the
9 city could then lease it back for a dollar a
10 year plus maintenance or however you want to put
11 it.

12 MR. DEASON: And you're also looking for a
13 way to minimize overheads and markups and
14 things of that nature?

15 MR. CASPERSEN: That's correct.

16 MR. DEASON: And under your proposal, you
17 would contract with a licensed contractor that
18 would be approved by FPL?

19 MR. CASPERSEN: Certainly that would be
20 acceptable. I assume it will be reasonable
21 under approvals.

22 MR. DEASON: And are you willing to do
23 this both for existing facilities to convert as
24 well as new construction?

25 MR. CASPERSEN: Just existing facilities.

MR. DEASON: Have you approached FPL management about this proposal?

MR. CASPERSEN: There was a meeting approximately a year ago, and there have been other discussions to date, they have not been fruitful. There is another meeting scheduled in about two weeks and perhaps that will be more fruitful, hopefully.

MR. DEASON: Well, this is a very interesting subject. I've heard a lot of concern about undergrounding, and I've heard from many different local governments through the years, and -- but your approach is a rather novel one that I've not come across before, in a sense that, as I understand your testimony, the Town of Jupiter Island is willing to pay for those facilities, but you want to make sure you don't have to pay any more than is absolutely necessary and that's taking into consideration income taxes and markups, overheads.

MR. CASPERSEN: We are not willing to pay 308 percent. We're perfectly willing to pay 110 percent or whatever a reasonable figure it is.

MR. DEASON: And there is going to be a

1 meeting with upper management in a couple of
2 weeks?

3 MR. CASPERSEN: Yes.

4 MR. DEASON: I would just ask that you
5 keep me informed as to how those meetings go.
6 I would appreciate that.

7 MR. CASPERSEN: I would certainly be glad
8 to.

9 MR. DEASON: Can I ask our staff counsel a
10 question?

11 MR. BAEZ: Absolutely.

12 MR. DEASON: Is this something that
13 would be -- if this looks like a feasible
14 approach, is this something the Commission can
15 initiate rule making on and then make this
16 available for other towns and municipalities or
17 is it premature at this point to speculate?

18 MS. FLEMING: I think -- I think at this
19 point -- what I'm aware of is that staff has
20 been conducting an underground study, and that
21 study was presented to the legislature at the
22 beginning of this year's legislative session,
23 but as far as initiating rule making at this
24 point in time, I think it's still a bit
25 premature.

1 MR. DEASON: I would ask legal staff to
2 see if under current statutes -- I know the
3 legislature is looking at the entire
4 undergrounding situation in the state
5 particularly as a result of the hurricane
6 season of 2004, but I know the Commission
7 currently has jurisdiction when it comes to
8 underground, and we currently have a rule that
9 addresses incremental costs and how those have
10 to be assessed and collected and what is equal
11 sharing of that. And I would appreciate if we
12 can get an opinion as to whether something
13 consistent with the plan has been proposed, if
14 it has something even under current
15 jurisdiction and current statutory language
16 whether it's something that the Commission
17 would have the flexibility to pursue if we saw
18 fit.

19 MS. FLEMING: When we get back, I'll be
20 sure to do some research on that and get back
21 to your office.

22 MR. BAEZ: Commissioner Edgar?

23 MS. EDGAR: If I may. This issue had come
24 up a couple of weeks ago, and I did meet with
25 general counsel and asked him to look into

1 those same questions and to get back to us and
2 let us know about current authority and future
3 potential steps as he pursues it further.

4 MR. DEASON: Very good. I appreciate
5 that. I guess that will be shared with all the
6 commissioners.

7 MR. BAEZ: For the record, we'll file that
8 under great minds think alike.

9 Mr. Caspersen, thank you for your
10 comments. We have high hopes, as you can tell.

11 MR. CASPERSEN: That's what happens when
12 you get a power guy and a finance guy together.
13 Thank you very much.

14 MR. BAEZ: Thank you, sir. Susan Palmeri.

15 MS. PALMERI: Good evening. My name is
16 Susan Palmeri. I'm the operations manager at
17 the Martin County Airport located here in
18 Stuart, Florida. Contingency planning for the
19 possibility of a crisis or an emergency is part
20 of my every day job. I'm not here tonight to
21 speak either for or against the surcharge, but
22 I'm here to share with you my firsthand
23 experiences with Florida Power & Light, which
24 took place last year at the airport after
25 Hurricanes Frances and Jeanne.

1 It all began while the wind and the rain
2 were still blowing from Hurricane Frances. Two
3 FPL representatives contacted my office
4 interested in the possibility of utilizing a
5 portion of our airport as a staging site for
6 their hurricane recovery efforts. If you're
7 unfamiliar with Martin County Airport, I should
8 note that it's centrally located in the most
9 populated area of Martin County.

10 A specific area immediate came to my mind.
11 The airport hosts an annual air show, and for
12 the air show, we barricade off a secluded area
13 of approximately 50 acres in the northeast
14 section of the airport. This area would
15 provide FPL a private entrance and exit. It
16 offered a good road access and only required
17 the closure one of our three runways. **This**
18 would allow the airport to continue our
19 operations without a significant impact. The
20 area was offered to the two FPL reps and an
21 agreement was soon signed.

22 Although I could probably talk for hours,
23 I would prefer to highlight for you this
24 evening three specific areas where I was a
25 firsthand witness as to what was really going

1 on behind the scenes after the hurricanes, not
2 what you may have read in the paper and not
3 what you may have heard from an FPL
4 representative.

5 I think how a company prepares for,
6 responds to and recovers from a crisis can tell
7 you a lot. As far as preparing for the
8 emergency, it was quickly apparent to all of us
9 at the airport that FPL had developed a well
10 thought out emergency response plan for
11 hurricanes.

12 It was extraordinary for us to see how
13 rapidly they were able to develop a specific
14 plan for our site, making the best use of every
15 inch of space we provided for them. FPL's
16 preplanning allowed them to mobilize swiftly,
17 make educated modifications based on the
18 specific situation and make better decisions in
19 dealing with the entire emergency situation.

20 And, secondly, responding to the
21 emergency. In any emergency situation, it's
22 vital to think clearly and to react quickly.
23 In my opinion, a major part of FPL's success in
24 their recovery efforts in our area was due to
25 the extraordinary people who first responded.

1 Many of them coming straight from the west
2 coast of Florida where they had just worked
3 through Hurricane Charley. Some had even
4 experienced hurricane damage to their own homes
5 and were without power. The amazing thing was
6 that they were all fully committed to the job
7 at hand, no matter what job they had been
8 assigned. They had people coordinating the
9 logistics, media relations, security, parking,
10 refueling, recycling, laundry and spare parts
11 just to name a few. These were trained
12 personnel with defined rolls and
13 responsibilities. They had both the technical
14 knowledge and the people skills that were
15 necessary to implement and execute an
16 impressive logistical mission.

17 And finally the recovery and remediation
18 after the emergency. What made the situation
19 so extraordinary was that FPL and the airport
20 had to ramp up, ramp down, ramp up again and
21 ramp down again because of the two separate
22 hurricanes. This is certainly challenging
23 based upon the unique and critical role that
24 each of us played during this extraordinary
25 weather event. What made it work for both of

1 us was that FPL was fully committed from the
2 beginning to restoring our site to its original
3 condition after they had completed their use of
4 the site.

5 Although no severe damage was done, they
6 were -- there was restoration work that had to
7 be completed before we could utilize our third
8 runway. FPL assigned one specific person to
9 our site who coordinated all communications and
10 follow-up on the restoration. This individual
11 was responsive, had excellent coordination and
12 follow-up skills. We kind of joked about him
13 and called him our superman. And I chuckled a
14 couple of weeks ago when I found out what his
15 internal nickname is at FPL. They call him
16 McGuyver. Well, McGuyver ensured that we were
17 fully satisfied in the restoration of our site.
18 I think that having a plan and qualified staff
19 that understands how to implement the plan was
20 the key to FPL's success on our site.

21 Thank you.

22 MR. BAEZ: Commissioners, questions for
23 Ms. Palmeri?

24 COMMISSIONERS: (No response.)

25 MR. BAEZ: Thank you very much. Larry

1 Nadeau.

2 MR. NADEAU: That's close enough. I have
3 been called worse.

4 MR. BAEZ: So have I.

5 MR. NADEAU: Good evening, Commissioners.
6 I'll be very brief. And, again, for the
7 record, I am not here to support up or down on
8 the surcharge, but merely to kind of share an
9 experience with Florida Power & Light's
10 partnering effort. And for the most part we
11 all know budgetary-wise, how struck we all are
12 that at times we need help. Going back to 2002
13 where we initiated -- the Emergency Public
14 Works Association partnered for the future
15 get-togethers with all kinds of people from
16 different agencies, associations and of course
17 general public. We invited Florida Power &
18 Light to be a partner in that session. They
19 participated very well, just one phone call and
20 that's all it took. It just so happens a few
21 months later the State of Florida offered some
22 funding to -- again some new grants for any
23 type of need for emergency purposes. Of course
24 in the preparatory stages, we are an emergency
25 management team for the City of Port St. Lucie.

1 And I apologize I work for the City of Port St.
2 Lucie in the public works department. In any
3 event, these preparatory stages we saw a need
4 for -- a specific need for -- and that's an
5 electronic message board. Messaging to the
6 general public the needs, the wherewithal as to
7 where they must go, what is available to them.
8 Well, a great project but we did not have the
9 cash. Well, come to pass of course it was a
10 great project but we didn't have the cash. We
11 didn't have the ability for final closure to
12 the proposal. So we contacted Florida Power &
13 Light and they came to the rescue. They gave
14 us some action to support the grant. And of
15 course it took a little while to get our grants
16 reviewed by the state because, of course, their
17 funding's limited as well, and then all of a
18 sudden a call comes to us and says your project
19 has been approved. So we've got four message
20 boards out of this, because of their cash and
21 support and so here we are.

22 In earlier 2004 we prepared and trained
23 for and the hurricanes hit. On the message
24 boards 24/7 we were delivering messages to the
25 general public to our neighbors and friends

1 coming in and out of the city where to go,
2 where the evacuations were, shelter openings,
3 closings, where to get food and water. All
4 kinds of very, very important messages sent to
5 the general public.

6 So in all I say partnering is the key if
7 we're going to survive for any kind of
8 emergency, and I applaud Florida Power & Light
9 for being a partner. And we're going to be
10 talking to them again because we're initiating
11 other activities. We want to say thank you,
12 Florida Power & Light for being here for us.
13 Thank you.

14 MR. BAEZ: Thank you. Any questions,
15 Commissioners? Mr. Jerry Graziose.

16 MR. GRAZIOSE: Close. Graziose.

17 MR. BAEZ: I'm sorry.

18 MR. GRAZIOSE: Graziose.

19 MR. BAEZ: Graziose.

20 MR. GRAZIDSE: Graziose.

21 MR. BAEZ: Okay.

22 MR. GRAZIOSE: I have to ask for your
23 forgiveness, I'm just getting over some
24 laryngitis. My name is Jerry Graziose. I'm
25 the director of safety for the School Board of

1 Broward County Florida. I have been asked by
2 the superintendent to come up and discuss
3 recovery efforts that we've had with Florida
4 Power & Light on behalf of the School Board.

5 Currently I've had about 30 years in
6 emergency preparedness in Broward County, over
7 20 years with the School Board, and I became
8 associated with FP&L back in 1984 on emergency
9 preparedness. The School Board of Broward
10 County has over 350 assorted sites, not just
11 schools but other facilities that support the
12 school system. We have 277,000 students. We
13 have over 30,000 staff people. And I am the
14 representative from the School Board that goes
15 to the EOC. And the way our EOC is set up we
16 are very close to the utility table where FP&L
17 has representatives, as well as the other
18 utilities.

19 I was also part of the EOC back in 1992
20 when Hurricane Andrew hit Broward County. We
21 seem to be lucky in Broward. I know the
22 superintendent teases me and says my evaluation
23 depends on if Broward County gets hits by a
24 hurricane. In all my years there, Broward
25 County has been hit -- has been affected south,

1 north and to the west by different hurricanes,
2 but we've missed a direct hit. We are very
3 fortunate for that. But under each of the
4 storms, under Hurricane Andrew, after it was
5 over more than 50 percent of Broward County,
6 the southern half was without power, and it
7 took the school district three days to get
8 power back to all the facilities so that we
9 could get in operation. Because as part of the
10 EOC, as part of the emergency operation center,
11 we go around, we meet with many organizations.
12 And any part of an emergency plan as the
13 gentleman here just talked about partnership,
14 you can call it team work, partnership,
15 cooperation but in any county in Florida or
16 anywhere in the United States in order for the
17 community to get back operation, the schools
18 have to open. If the schools don't open,
19 people stay home. People stay home businesses
20 don't open. I can tell you when I'm at the EOC
21 and there's a storm coming -- and at our EOC I
22 believe at the last storm we had almost 600
23 people in the EOC from different agencies and
24 they had their families there in many cases on
25 one of the floors. When the storm gets closer

and that team goes into the room, which has a
2 representative from FP&L, and they sit there to
3 discuss when they're going to open up shelters,
4 when you open up shelters, you close schools.

5 So that County Administrator and all those
6 people, all those representatives from city
7 government and all the agencies, they're
8 sitting there and they have to make that
9 decision. It's a very difficult decision
10 because they know when they open up shelters
11 and they close schools everything -- a lot of
12 businesses come to a halt, a lot of employees
13 go home, and we always face the risk of, you
14 know, it could be 24 hours of nice weather
15 before the storm because the agencies we work
16 with need 48 hours to move people out of the
17 evacuation zones, get the shelters set up. So
18 you're talking a large dollar, a very large
19 economic impact on a community.

20 So after Andrew it was three days we got
21 back in operation. And as I mentioned when it
22 got closer on Hurricane Frances, and they go
23 into that room to discuss this type of
24 situation, I can't tell you how many people are
25 in there saying, Please keep the schools open

1 today so that we don't have to leave the EOC
2 and go home or make arrangements. So it's a
3 very difficult decision.

4 After Hurricane Frances, because as we
5 heard earlier how long it took to get through,
6 that affected the north end of Broward County,
7 again, after it was over we had over 50 percent
8 of the area without power. It took two days to
9 get us back up in operation, which was a
10 significant increase and better performance
11 than after Hurricane Andrew. And we were very
12 happy with that.

13 I can tell you during that EOC because of
14 the length of the storm we spent over 92 hours
15 straight in the EOC working with all the
16 representatives from police, fire and utility,
17 FP&L. Greg Beta (phonetic) is our person from
18 FP&L that I worked very closely with for many
19 years on our emergency preparedness program.

20 In Broward County at the EOC, they had to
21 prepare a report every three hours. So every
22 three hours we got a report from FP&L on which
23 schools were back up, what grids, I learned
24 some technical terms from the gentleman there,
25 because many times a grid system coming up --

1 they also had a list of our 34 shelters. Of
2 those 34 shelters, four of them are special
3 needs.

4 I also know about the funding, because in
5 the State of Florida, there are many unfunded
6 mandates. One of them is that all new school
7 construction requires a shelter be constructed
8 with the school so that hopefully after a storm
9 of this magnitude our infrastructure, our
10 buildings would be able to survive and be able
11 to be open again. These are unfunded mandates.
12 And in my department, I do have to keep a
13 contingency of funds in order to help us on the
14 emergency. And believe me FEMA is not the
15 answer. We have not seen a dollar yet from
16 FEMA. But you have to work all these together.
17 When the shelters -- when the storm was over
18 and restaurants were not open and FP&L's crews
19 and telephone crews and all the other agencies
20 were involved, we opened up our shelters to all
21 the responding people that came in. We gave
22 that list to Greg over at FP&L and said get
23 this out to all of your people that if they're
24 looking for a place to get food and water,
25 because this was the beginning of the operation

1 before everybody could get -- before the troops
2 could come in and get all the operations and
3 logistics set up, we opened up our school
4 shelters to any of the emergency people that
5 were responding; that's all part of this
6 contingency. But I just want to let you know
7 that FP&L has been very important in our
8 emergency preparedness plan. We review it each
9 year. They go over the shelter list. They
10 work with us on all of these issues.

11 I did have some incidents, because all our
12 schools because of state statute and the
13 education code, the wiring is underground, but
14 in some of our schools when power came back up
15 generators would go in the FP&L volt rooms.
16 And we didn't realize how difficult it was when
17 you have a system that's underground, some of
18 our sites are 500, 600 feet areas of the -- and
19 with parking lots and driveways, some of it was
20 cable problems where they had to dig up the
21 entire site in order to fix the cable, replace
22 it. Even after they had turned the power back
23 on, they had to go back to some of the schools
24 to dig up ground to replace cables and
25 transformers in their volt room. So we know

1 firsthand what's involved in getting the
2 utilities back up, plus the sensitivity to
3 equipment in schools. We have to have crews
4 there, because as soon as you turn power on, we
5 don't know if all the surge protectors and the
6 million dollars worth of equipment that is in
7 the schools including the air conditioning
8 systems, is something going to go down with a
9 power surge or if we lose a leg of a power, all
10 these terms that they throw at me. So we were
11 -- because I worked with FP&L in all of these
12 emergencies we've had over the last 20 years,
13 on behalf of the School Board, our students and
14 everything, we appreciate the response that we
15 received from FP&L that we could get back in
16 operation in two days. And by allowing us to
17 do that, we were able to send crews to St.
18 Lucie County and Orange County to get their
19 schools back in operation so their communities
20 could get back to normal.

21 So on behalf of everyone, FP&L makes me
22 look real good. And on a personal note, we did
23 get a phone call in the EOC from a day care
24 center that was in a low income area. And we
25 don't just handle public schools when I get

1 them. I get calls from private schools,
2 parochial schools, they all utilize us as their
3 contact person. And this day care, because it
4 was part of a county agency, if they could not
5 get power by a particular day that they had to
6 open up, they would have had to transfer all of
7 their students to other day cares and this day
8 care person said they would go out of business
9 in this area, and it would provide a problem
10 with some of the residents because as I said it
11 was in the neighborhood and many of them didn't
12 have transportation. I contacted Greg and I
13 told him the seriousness of this issue -- and I
14 can tell you every time I went to FP&L they
15 gave me a ticket number, they gave me the
16 updates. They did get out to this day care
17 center and run the wires so that they could be
18 back in operation so that the students could go
19 there and the parents could go to work.

20 Getting these places back in operation
21 saves a lot of money for a community. You have
22 to get the infrastructure up and schools are a
23 very important part of it in order to get the
24 community back in operation.

25 Thank you for letting me speak tonight.

1 MR. BAEZ: Questions of Mr. Graziose?

2 COMMISSIONERS: (No response.)

3 MR. BAEZ: Thank you, sir. Brian Powers.

4 MR. POWERS: Good evening, Commissioners.

5 For the record, I'm Brian Powers. I'm speaking
6 tonight on behalf of myself. For me as a rate
7 payer of FP&L, it really comes down to two key
8 issues. One is, for the services provided, was
9 there a fair value received? And I think on
10 the first one for 70 bucks over three years I
11 can say, yeah, I can't get somebody to show up
12 and cut my yard for 70 bucks. So I think,
13 yeah, for what they've done and the wires that
14 were down in my yard I certainly received a
15 fair value as a rate payer for that and getting
16 three years to pay for it I think is fair.

17 These storms as it was pointed out earlier
18 I didn't realize were a 100 year event, let's
19 hope it's another 100 years, but I would rather
20 take three years to pay for them. And when you
21 go through a rate case, one, I'm not sure that
22 it would cause our rates to go down in anyway
23 if we rolled those in. And, two, any impact or
24 any recovery basically would be perpetual in a
25 rate case or at least until the next time they

1 went in when there is no guarantee when that
2 would be.

3 So I think, one, I received a fair value
4 in paying 70 bucks over three years. And, two,
5 being able to end that surcharge in three years
6 and never have to pay it again for me as a rate
7 payer is very important.

8 Thank you for hearing our concerns and
9 coming all the way down here.

10 MR. BAEZ: Any questions for Mr. Powers?

11 COMMISSIONERS: (No response.)

12 MR. BAEZ: Thank you, sir. John Geske.
13 Mr. Geske.

14 MR. GESKE: My name is John Geske. I'm a
15 resident of Palm City. I lived in the Stuart
16 area for over 20 years. Before I start, if I
17 misunderstand -- misunderstood people or
18 figures that have been put out, I apologize for
19 that, but I am disappointed in the manner in
20 which the slide figures I think were glossed
21 over. You have 988 million in total loss,
22 100 million in insurance recover (sic),
23 something else from the reserve fund, and
24 coming up with 533 million that they're asking
25 to recover after three years. Does that

1 include any new reserve fund for hurricanes?
2 Are we going to have to pay for more or extend
3 the 2.08 a month? I don't know. It wasn't
4 explained.

5 MR. BAEZ: Do you want to go over that
6 now?

7 MR. GESKE: Okay. If you will please.

8 MR. BAEZ: If you look on the Special
9 Report, what is being sought is the cost in
10 excess of what was in the reserve. So that's
11 why all the subtraction and the reductions that
12 were going on.

13 MR. GESKE: After three years, what will
14 the reserve fund be?

15 MR. BAEZ: The reserve fund will show zero
16 plus whatever an annual accrual is. I see some
17 nodding. 20.3 million.

18 MR. GESKE: Is that built into the 2.08?

19 MR. BAEZ: 20.3 is built into your rates.

20 MR. GESKE: Into the rate.

21 MR. BAEZ: Your base rates.

22 MR. GESKE: So after three years, they got
23 60 million.

24 MR. BAEZ: After three years you would
25 have -- yes. Roughly speaking, yes. And

1 assuming no hurricanes.

2 MR. GESKE: All right. Very good.
3 Whether it's 2.08 or 2.09, \$1.90, \$1.88, you
4 know and I know they have to replenish this
5 fund. It's not up to us to determine the exact
6 amount, that's up to the Commission, but they
7 deserve it, they warrant it, and they've proven
8 with the past hurricanes they can handle the
9 situation.

10 Thank you.

11 MR. BAEZ: Questions of Mr. Geske?

12 COMMISSIONERS: (No response.)

13 MR. BAEZ: Thank you, sir. Alfred Blum.
14 Mr. Blum.

15 (Whereupon there was no response.)

16 MR. BAEZ: Sally Clemmer.

17 MS. CLEMMER: Good evening, Commissioners.
18 I'm Sally Clemmer from Jensen Beach. I think
19 FPL did a good job after Hurricanes Frances and
20 Jeanne. We lived through Hurricane Andrew and
21 we had no power for 23 plus days. So a couple
22 of days without electricity after Martin
23 County's two hurricanes was nothing.

24 We realize that restoring electricity is
25 not a simple matter of simply flipping a switch.

1 FPL employees were suffering the same problems
2 as everyone else, but they were still expected
3 to work restoring everyone's electricity in
4 addition to restoring their own lives. I find
5 no fault with FPL after a hurricane.

6 I wish other utilities, particularly Bell
7 South, had done as well communicating with the
8 public as did FPL. I hear some laughing so
9 somebody else had the same problem. I would not
10 be happy with the rate increase, but I
11 understand the necessity and the reason for it.
12 I, like most people, do not want to pay more for
13 anything, but I believe we do need to have a
14 reserve fund to pay for damages for future
15 hurricanes. I won't be ecstatic, but I can live
16 with a fair charge to build up the storm reserve
17 fund.

18 MR. BAEZ: Thank you, Ms. Clemmer. John
19 Maiucci.

20 (Whereupon there was no response.)

21 MR. BAEZ: Mr. Maiucci.

22 (Whereupon there was no response.)

23 MR. BAEZ: Steve Wolfberg.

24 MR. WOLFBERG: Good evening. Steve
25 Wolfberg with Martin County Emergency Services,

1 and I appreciate the time to address the
2 Commission tonight. I am speaking on behalf of
3 the Department of Emergency Services and two of
4 the primary responsibilities that we have in
5 Martin County are emergency management and fire
6 rescue. Our charge and the recovery phase of
7 the hurricanes in Martin County is to return our
8 citizens back to normalcy. We cannot do that
9 without the support of FP&L. There were delays
10 in getting resources here, but it was not the
11 fault of FP&L. We had storms Charley, which was
12 at four days prior to land fall of Frances. We
13 had Ivan between Frances and Jeanne, but once
14 the resources arrived in Martin County the
15 logistics and the operational effect of FP&L was
16 amazing. I've been in emergency services for 28
17 years. I see deployments on a routine basis to
18 large events, large state events and national
19 events, and I see it compared equally if not
20 better by FP&L at the Stuart Airport site. It
21 was monumental.

22 Within the emergency operation center, we
23 worked very closely with the FP&L
24 representative. The primary representative was
25 Mr. Nick Blunt (phonetic). What was impressive

1 about this is that we do have the essential
2 facilities that by law we have to restore first,
3 FP&L restores first, but Martin County alike
4 with other counties and jurisdictions, we never
5 recognized the impact it was going to have on
6 the adult living facilities that have been very,
7 very popular in the last ten years, especially
8 since Andrew. We recognize nursing homes
9 having some degree of redundancy and power
10 specifically the generation -- generators, that
11 many of these were not large enough to handle
12 the air conditioning, which for the elderly
13 folks especially in nursing homes and the
14 extended care, it was very, very difficult to
15 live in this environment without the air
16 conditioning. The FP&L reps within the EOC
17 worked very closely with us, even though they
18 were not essential facilities, to get these
19 areas up and running as early as possible, but
20 more important, identifying the different grids
21 that they were on so we could communicate with
22 those facilities so they could take necessary
23 actions in the meantime between the time that
24 they lost the power and store -- the power
25 should be restored.

1 Again, I'm not here to support or oppose
2 the surcharge. I am here to speak on the
3 recovery efforts of FP&L and on the emergency
4 services phases. They did a phenomenal job, and
5 I do appreciate what they did.

6 MR. BAEZ: Commissioners, questions of
7 Mr. Wolfberg?

8 COMMISSIONERS: (No response.)

9 MR. WOLFBERG: Thank you.

10 MR. BAEZ: Thank you. Howard Evirs.

11 MR. EVIRS: Mr. Chairman, Commission,
12 staff. I'm from Palm Beach County, but I
13 arrived at the county offices at 12:45 and you
14 had just closed the hearing so I came here.

15 MR. BAEZ: I'm sorry. Thank you for
16 making the trip though.

17 MR. EVIRS: I'm not here to oppose FP&L
18 getting paid for their cost of the restoration.
19 However, there is a tendency among utilities,
20 many utilities, to try and recover all of their
21 expenses through -- as the restoration expense.

22 So I wrote a letter in November to the
23 Florida Industrial Power Users Group and also a
24 copy to Public Counsel. I would be glad to
25 leave a copy with you. And I'll repeat a little

1 bit of what Mr. McGlothlin said. An awful lot
2 of the equipment that FPL replaced during this
3 restoration, many poles, many transformers, many
4 wires, all of those have been depreciated upon
5 depreciated and I urge the staff to scrutinize
6 the accounting procedures of FPL to be sure that
7 everything that was replaced is retired and an
8 offsetting charge to their -- which I just
9 learned was an excess reserve, and that the new
10 poles, transformers, and wires be capitalized
11 and amortized over the life of the product
12 rather than three years. That's all I have --
13 the only other comment is that I certainly would
14 like to commend FPL's crews and their outside
15 so-called foreign crews for the job they did.

16 My only recommendation would be to improve
17 communications a bit. They set a date, a pretty
18 conservative date out here when service would be
19 restored, a long way out, and then all of a
20 sudden they're back. I think they could do a
21 better job of adjusting that date as the
22 progress was made.

23 Thank you.

24 MR. BAEZ: Any questions of Mr. Evirs?

25 COMMISSIONERS: (No response.)

MR. BAEZ: Thank you, sir. You could just give that to counsel. Thank you. Terry May.

MS. MAY: Good evening. I am here today as a resident. I have lived in Martin County for the past 20 years, Palm City is my home. I wanted to take this opportunity today to publicly thank Florida Power & Light for the extraordinary efforts during the hurricanes. I was without power eight days both times, but we understood the enormous job that they had before them. And I was so impressed with every aspect of the operations, the recovery. And in addition to that, I do not have a problem with the rate increase at all. I agree with the other folks who came up here before and expressed that 70 something dollars is a great bargain for three years, and I agree with that whole heartily. I can find a way truly to eliminate \$2.09 a month from my own budget to rebuild that fund. I think it's very critical. It's very frightening for me to think of us going through another season and having no reserve fund. And I hope that whatever decision you make is swift, because our season is just about upon us so I just ask that you take that

1 into consideration.

2 Thank you

3 MR. BAEZ: Questions of Ms. May?

4 COMMISSIONERS: (No response.)

5 MR. BAEZ: Thank you, ma'am. Lucy Corley.

6 (Whereupon there was no response.)

7 MR. BAEZ: Ms. Corley.

8 (Whereupon there was no response.)

9 MR. BAEZ: Sister Teresa Auad.

10 (Whereupon there was no response.)

11 MR. BAEZ: Even the sister abandoned us
12 today. Jim Vojcsik. Was I even close? This
13 has become personal for me.

14 MR. VOJCSIK: You were close.

15 MR. BAEZ: All right.

16 MR. VOJCSIK: Good evening. My name is Jim
17 Vojcsik, and I am the executive director of the
18 United Way of Martin County.

19 MR. DAVIDSON: You weren't close.

20 MR. BAEZ: I wasn't even close.

21 MR. VOJCSIK: I am used to it. My wife
22 Donna and I live in Palm City, which is where we
23 stayed during both storms last fall. And the
24 United Way is an important source of both local
25 funding and volunteers for human care needs

1 during disasters. I would like to speak about
2 two cases where Florida Power & Light responded
3 to specific unmet needs related to interruptions
4 in power services during the hurricanes of 2004.
5 Sometimes you can judge a community or in this
6 case a company by how it takes care of its most
7 vulnerable citizens during a crisis. In one
8 case, we had an organization called the ARC of
9 Martin County, which is a United Way agency that
10 provides services to adults and children with
11 developmental disabilities. Several of their
12 consumers live in group homes, which were badly
13 damaged by Hurricane Frances. During Hurricane
14 Jeanne, these residents stayed with their staff
15 at the ARC in a temporary shelter at their
16 administrative and program office on Kanner
17 Highway in Stuart because the special needs
18 shelters were not able to accommodate them.
19 This group of individuals included individuals
20 with special needs such as mental retardation,
21 cerebral palsy and spina bifida, and they
22 weathered the storm safely in this temporary
23 shelter, but they were severely challenged
24 afterwards by not having their power restored.

25 So at United Way we spoke to Nick Blunt,

1 who's the external affairs manager at FPL and
2 made him aware of the situation, and he was able
3 to help the organization get its power restored
4 in a relatively short time.

5 During Hurricane Jeanne, we had another
6 example of a United Way Agency, the Hibiscus
7 Children Center, which is shelter that takes
8 care of abused and neglected children. It lost
9 power for several days. This waiting period was
10 very stressful for the children who had been
11 removed by the state from their homes and placed
12 in a shelter, as well as the staff members who
13 took care of them. Once again after speaking to
14 Mr. Blunt the shelter got its power back much to
15 the relief and gratitude of those folks
16 involved.

17 In both crisis situations Mr. Blunt and
18 FP&L were very responsive to the needs of
19 vulnerable populations and the people who take
20 care of them. Although the United Way does not
21 have a position on surcharge, as a consumer I
22 support the request for FP&L, and I will tell
23 you why, because I think during the storms a
24 majority of people I know felt they wanted FP&L
25 to do whatever it took to get their power turned

1 back on. And I think if you had told us at the
2 time it was going to cost us eight cents a day
3 over three years to get that done, I think the
4 majority of people I know would have thought
5 that was a pretty good deal.

6 Thank you.

7 MR. BAEZ: Questions? Questions of Mr.
8 Vojcsik?

9 COMMISSIONERS: (No response.)

10 MR. BAEZ: Thank you, sir. Ron Voellar?

11 MR. VOELKAR: Voelkar.

12 MR. BAEZ: Voelkar.

13 MR. VOELKAR: Voelkar.

14 MR. BAEZ: Okay. Apparently my ability to
15 read has abandoned me as well.

16 MR. VOELKAR: For the record, I'm just glad
17 I didn't have to follow a nun. Ron Voelkar.
18 I'm a Stuart resident and a small business
19 owner. Thank you for the opportunity to speak.
20 I was without power twice for a week each time.
21 And I witnessed an army of efficiency and
22 courtesy up and down our streets for our
23 neighbors from the FPL staff during what I think
24 was a period of extraordinary circumstances. I
25 understand the arguments on both sides -- as

best I can understand the arguments on both
2 sides. A three year surcharge seems to me to be
3 a reasonable request. I trust the FPL
4 accounting of the storm recovery, and I support
5 the three year surcharge as requested by FPL.
6 And I actually wrote down a few reasons why as I
7 was listening tonight. To me there is already a
8 recovery process and a mechanism to have this
9 forum. And I trust it will happen. And I trust
10 it's there for a reason.

11 I think that while FPL was performing
12 hurricane relief, there was a lot of FPL regular
13 work that didn't get done for an elongated
14 period of time because it was extraordinary. I
15 think the focus should be on storm costs and not
16 on equity returns. And I also think that -- I
17 don't ever want FPL to question the thoroughness
18 of preparing and executing a quality contingency
19 plan. I don't ever want that to be a question
20 in the back of everyone's mind in some meeting
21 room, you know, a month before October.

22 So I support the surcharge and I appreciate
23 your time.

24 MR. BAEZ: Questions of Mr. Voelkar?

25 COMMISSIONERS: (No Response.)

1 MR. BAEZ: Thank you, sir. Oh, gosh.
2 You-all are doing this on purpose. Stella
3 Boland.

4 UNIDENTIFIED WOMAN: Boland.

5 MR. BAEZ: I'm sorry, Boland?

6 UNIDENTIFIED WOMAN: Yeah. I think she
7 left.

8 MR. BAEZ: Ms. Boland left.

9 UNIDENTIFIED WOMAN: I think so.

10 MR. DAVIDSON: You got it right.

11 MR. BAEZ: Commissioner Bradley whispered
12 in my ear. Molly Mehlech.

13 MS. MEHLECH: Mehlech.

14 MR. BAEZ: Mehlech.

15 MR. MEHLECH: That was pretty good.

16 MR. BAEZ: You couldn't leave it alone.
17 Thank you.

18 MS. MEHLECH: Good evening, Commissioners.
19 I'll be brief. Everybody is tired sitting and
20 I'm sure you are too and the whole bit. I had
21 the privilege the summer before the storms to
22 serve on a new transmission line committee for
23 Martin County.

24 Now granted I don't even know, one, how I
25 got on the committee. Two, I know more about

1 electricity at this day after all the meetings
2 and the storms than I could ever imagine.

3 The first question that occurred in our
4 three meetings spread over I think it was three
5 months, on selecting the new transmission route
6 from north county to central county was, and
7 there was 25 of us, We want underground lines.
8 We want underground lines. There wasn't a
9 person sitting there as part of this committee
10 and consensus group that didn't agree. And, of
11 course, I want them under the river for many
12 reasons. After meeting with every honcho, every
13 EE engineer, everybody at FP&L, I was told why;
14 that we can have them, but here is the cost, and
15 do you want to pay it Mrs. Mehlech? And my
16 answer was, No, I don't. That is a lot of
17 money. I will live with the overheads.

18 However, one important point did come out
19 of our group, the consensus group -- we don't
20 deny that underground is, of course, much more
21 aesthetic, we love it. There are times when
22 winds -- certain types of wind that there's less
23 interrupted service, we all agree with that, but
24 the one thing that we said was anybody,
25 community -- any community anywhere, any

1 neighborhood that wants to pay out of their own
2 pocket for the service, underground, fine, they
3 can, but it is not to be passed on to others.
4 If a certain community wants it, that's fine,
5 but the rest of us are not going to pay for it.
6 And that was really a big outcome of the
7 discussion on underground.

8 And I thank you for your time and I'm
9 finished.

10 MR. BAEZ: Question of Ms. Mehlech?

11 COMMISSIONERS: (No response.)

12 MR. BAEZ: Thank you, ma'am. Ron Cauley.

13 MR. CAULEY: It's been covered by everyone
14 else.

15 MR. BAEZ: Okay. That's why it said
16 perhaps.

17 MR. CAULEY: Right.

18 MR. BAEZ: Sharon Slattery.

19 MS. SLATTERY: Good evening and thank you
20 for coming to Stuart, Florida. We really
21 appreciate you coming to see us tonight.

22 MR. BAEZ: Thank you for having us.

23 MS. SLATTERY: My name is Sharon Slattery.
24 My husband and I are residents of Martin County
25 for the last 12 years. We also work for central

service agencies in this community, Jesus House
2 of Hope and the Center for Information and
3 Crisis Services, which does not allow us
4 permission to change the outcome out of
5 financial relationships with the legislature.

6 However, as a taxpayer I have to tell you
7 that \$2.09 a day -- a month is not going to
8 change my life. It's just not going to change
9 my life. In my extended family, my husband's
10 aged mother, our widowed son and my oxygen
11 dependant sister are also dependant on our
12 family, as extended families do, to pay when
13 they can't pay, and the whole sum of \$8.36 a
14 monthly is not going to alter my lifetime or my
15 lifestyle in any way, shape or form. What does,
16 however, alter my lifestyle is the way Florida
17 Power & Light performs its duties and services
18 and provides to our community. We heard a
19 little bit about the number of people who were
20 fed at the airport. I don't know if you know
21 what happened to the food that was left over
22 after all those huge meals, but they got good
23 food, they got bacon and eggs and grits and
24 sausage and biscuits and all kinds of really,
25 really wonderful things. And when they were

1 finished eating, they would call Jesus House of
2 Hope and say, We're bringing some food over.

3 Jesus House of Hope did not have any
4 electricity, but we had our pantry open and we
5 were giving away food just because that's what
6 we do, we give away food. So folks would come
7 over and just bring us huge amounts of food and
8 Jesus House of Hope had people lined up outside.
9 And I got to tell you, my life is significantly
10 better when I can say to these folks, here is a
11 meal in a bag from the military and here's some
12 bacon and grits and eggs from Florida Power &
13 Light. It was a really nice way to spend my day
14 being able to offer those kinds of foods,
15 because Florida Power & Light was smart about
16 how they go about doing their business.

17 I also spend a lot of time going from
18 trailer park to trailer park to trailer park
19 because I cover four counties, and I can only
20 tell you that probably -- my journal I counted,
21 52 people told me how wonderful it was, because
22 after hours Florida Power & Light people had
23 come back to the trailer park and helped them
24 stack up the garbage that's there or the waste
25 matter that was blocking their driveways. 52

1 people who work for Florida Power & Light may
2 have been getting overtime, and they had been
3 working all that time and how they got paid that
4 overtime I really don't care, whether it came
5 from my money or the stockholders, but 52 of
6 them went back out, that I know about, went back
7 out and helped elderly and disabled people make
8 their lives better. They made it just a little
9 bit sweeter, just a little bit softer, they
10 brought back blankets for babies. They helped
11 people fix generators. You know, that's the
12 kind of Florida Power & Light that I like to do
13 business with. I also know that during the
14 times of the storms and since that time, nobody
15 from Florida Power & Light stopped giving to the
16 United Way contribution. And one of the things
17 that I do a lot of is going around in the United
18 Ways behalf asking for organizations and
19 businesses to give us money because we need
20 money and Florida Power & Light didn't close the
21 doors and say, Sorry, Sharon, we're not inviting
22 United Way in because we have a lot of bills.
23 They gave generously. I think probably record
24 high numbers of money came in Martin and St.
25 Lucie Counties from Florida Power & Light folks.

1 I give money to Care to Share and they in
2 turn -- that as my rate paying helps somebody
3 else get their bill straight. But they do a lot
4 of matching of all kinds of contributions. Care
5 to Share is something that I think helps to do.

6 Again, Florida Power & Light and its
7 business ethics and its morals affect my life
8 every single day. They make it easier to be a
9 social worker. \$8.36 is not going to
10 significantly alter my life one way or the
11 other. So be smart. Give it to them if they
12 need it, and thank you very much for coming.

13 MR. BAEZ: Thank you, ma'am. Questions of
14 Ms. Slattery?

15 COMMISSIONERS: (No response.)

16 MR. BAEZ: Thank you. Arlease Hall.

17 MS. HALL: You got it. Good evening. My
18 name is Arlease Hall, and I would like to say
19 that I am here to commend Florida Power & Light
20 for a job well done. At the time of the two
21 hurricanes, my husband and I, we lived in
22 Okeechobee, and in the area in which we lived we
23 were without power for a total of two days on
24 both occasions.

25 Also I work here in -- I work in St. Lucie

1 County, and I've worked there for about eleven
2 years, and I too assisted in the medical needs
3 shelters in St. Lucie County. And I just want
4 you to know that I would like to commend these
5 guys. When I drove down Highway 68 and Highway
6 70, and whenever I made a call when I saw that
7 there was something wrong, I don't know who else
8 in terms of their communications, but when I
9 went back home days later, those things and
10 those power lines were done. So I would like to
11 commend them for their recovery efforts and for
12 an outstanding job well done.

13 MR. BAEZ: Question of Ms. Hall?

14 COMMISSIONERS: (No response.)

15 MR. BAEZ: Thank you, ma'am. Chris
16 Mahovriz.

17 MR. MAHOVRIZ: Mahovriz.

18 MR. BAEZ: Mohovriz.

19 MR. MOHOVRIZ: I am a longtime resident of
20 Martin County and probably one of the few in
21 this room that was born and raised here.
22 Through the hurricanes I -- I say that FP&L
23 could have done more. The problem is they
24 should have been most cautiously watching what
25 they needed to do as far as maintaining the

1 areas around where power lines are. I live in
2 Fishermens Cove, by the way, and my area was
3 hit very badly with power outages. Being at
4 Fishermens Cove we were without power for
5 several days on each hurricane, but -- I mean
6 \$2.09 a month doesn't seem like a lot to a lot
7 of people, but when you are watching your
8 income and watching your budget -- I mean,
9 every dollar counts, especially in my home
10 being that I'm raising two teenagers and I'm a
11 single dad. I see it as totally unnecessary
12 for this surcharge only because FP&L should
13 have been more aware. Should have been
14 watching. And I know I've reported certain
15 areas where they should have been trimming back
16 and maintaining the power lines.

17 If they knew this was coming, they should
18 have been prepared for it. They shouldn't have
19 just sat idly by and just not just maintained
20 the poles, the lines or anything. And as far
21 as putting power lines under the ground, that
22 should have been considered a long time ago.
23 Even though with Fishermens Cove a lot of its
24 power is underground but we get fed off of
25 lines that come into Fishermens Cove. There

1 should be more done to look into the
2 underground aspect of power lines. As far as I
3 was concerned, as far as the power went, I lost
4 a lot, monetarily and financially to recover
5 from the hurricanes, and we shouldn't have to
6 be doing this when storms approach.

7 Now unlike this past season -- I mean, I
8 have been through all kinds of storms, but this
9 year -- I mean, we got hit within two miles of
10 each storm, which was a fluke, but still FP&L
11 should be more aware of what's going on with
12 their own power. They shouldn't pass on the
13 cost that should have been taken care of long
14 before. Now that it's happened now they want
15 to recover monies that should have already been
16 spent to repair and maintain what should have
17 been taken care of all the time. I don't think
18 the surcharge is needed. I mean, they -- if
19 anything they need to look into the CEOs'
20 pockets and stop giving large raises. You
21 know, I'm sure a lot of people would agree with
22 that. Let them pay for some of the costs.

23 Thank you.

24 MR. BAEZ: Question of Mr. Mahovriz?

25 COMMISSIONERS: (No response.)

1 MR. BAEZ: Thank you, sir. Daniel
2 Replogle.

3 MR. REPLOGLE: That was pretty good.

4 MR. BAEZ: I don't know if I'm getting any
5 better or worse.

6 MR. REPLOGLE: It's Rep.

7 MR. BAEZ: Rep.

8 MR. REPLOGLE: Logle.

9 MR. BAEZ: Replogle. Did I get it?

10 MR. REPLOGLE: You said it was pretty
11 good.

12 MR. BAEZ: Welcome, sir.

13 MR. REPLOGLE: Thank you. Thank you for
14 allowing me to appear here.

15 MR. BAEZ: It's your show, sir.

16 MR. REPLOGLE: I am here representing
17 myself. I'm a retired financial executive.
18 I'm truthfully impressed at the tenor of the
19 comments that were made here this evening to
20 this Commission. It reminds me more of a
21 stockholders meeting rather than a rate
22 increase meeting, but nevertheless, that's
23 where we are.

24 I am a financial person. I would like for
25 you to consider in your deliberations on this

1 rate increase the fact that what is facing us
2 is a price that the people have to pay for the
3 hurricanes. All people have to contribute
4 along the way. I have to contribute, you have
5 to contribute, Florida Power & Light has to
6 contribute, Bell South has to contribute,
7 Martin County has to contribute, but there is a
8 price that has to be paid, and we all have to
9 share in that price.

10 In my case, the damage to my property last
11 year was in excess of 50 percent of my annual
12 income. Okay? It was in excess of ten percent
13 of -- five percent of my net worth. It was in
14 excess of ten percent of the value of my
15 property. I would like for you to consider
16 what Florida Power & Light considers an
17 abnormal amount of money that they need to go
18 for a special rate increase to be recovered and
19 how that compares to their equity --
20 stockholders' equity, net worth, their income
21 for the year, where they are. I don't see that
22 amount -- I believe the number's less than
23 \$600 million.

24 MR. BAEZ: 533.

25 MR. REPLOGLE: Less than 600 -- as a

1 number that is so substantial that they should
2 be going out and looking to the public to cover
3 this for them. I had no one to go to to ask
4 them to help me pay for my repairs. Yet, I had
5 to pay for my repairs if I want to maintain my
6 property and be able to live in the future. I
7 think that -- I would like for you to consider
8 the numbers, the impact on the financial
9 statement of Florida Power & Light and what it
10 also has do with the rest of us.

11 Thank you very much.

12 MR. BAEZ: Thank you, sir. Questions?

13 COMMISSIONERS: (No response.)

14 MR. BAEZ: Thank you, sir. Chuck Goodman.

15 MR. GOODMAN: Thank you, Commissioners.

16 My name is Chuck Goodman. I'm a 13-year
17 resident of Martin County, president of a small
18 homeowner's association in Palm City. And I
19 I've got to tell you that I'm probably the
20 graduate of the school of unpopular politics
21 right now, because we have a serious problem if
22 you guys don't give these guys the money that
23 they're asking for as well as more money.
24 Because what happens if this hurricane season
25 comes and we don't have the money to restore?

1 So I encourage you to double what they're
2 asking for. However, there's got to be a
3 stipulation. As the other gentleman said,
4 there's a lack of maintenance that is apparent.
5 I have numerous occasions e-mailed and called
6 FPL for them to come out and trim trees around
7 the lines. I will share with you that the last
8 time I e-mailed them was this last week in
9 anticipation of this meeting. FPL response is
10 it's the responsibility of the property owner
11 for them to trim around the power lines.
12 However, don't do this because you might get
13 electrocuted. So whose problem is it? It's
14 FPL's. So go give them the money, charge them
15 and mandate though that they do the preventive
16 maintenance on their facilities that is
17 necessary. Okay?

18 I can submit this for the record if you
19 would like, it's a copy of this e-mail, but
20 that's my opinion and that's it.

21 MR. BAEZ: Thank you. You have a copy and
22 you want to -- I think, Mr. Goodman, one of the
23 things that you point out is that perhaps more
24 has to be done to clarify what the
25 corresponding responsibilities between

1 homeowners and certainly the company as to tree
2 trimming and so on, and maybe a better job
3 needs to be done by all involved to really
4 understand what the process is and whose
5 responsibility it ultimately is and so forth.

6 MR. GOODMAN: Years ago prior to the
7 current CEO, and I don't know -- and I'm sure
8 that it's not just his two million dollar
9 salary that everybody is looking out for, but
10 years ago if you e-mailed FPL within a week
11 they had crews come through the entire neighbor
12 and take the trees back 25, 30 feet from the
13 lines. I requested service prior to the 2004
14 storm season. I have requested service prior
15 now to the 2005 hurricane season only to be
16 told that we're not on a schedule. Fine, show
17 me the schedule. Are they going to be here for
18 2006, or are they going to wait until 2007, et
19 cetera?

20 MR. BAEZ: That's a good question.
21 Commissioner Bradley, do you have a question?

22 MR. BRADLEY: I think Florida Power &
23 Light has customer representatives here who can
24 work with you.

25 MR. GOODMAN: I did meet with them prior

1 to the meeting, but I also felt that it was
2 necessary for me to come up and tell you guys,
3 Listen, go with the money. Give them more
4 money. Okay? Because we're going to need it
5 if we have another crisis.

6 Thank you.

7 MR. BAEZ: Thank you, Mr. Goodman.

8 MR. TWOMEY: Mr. Chairman.

9 MR. BAEZ: Mr. Goodman, if you will
10 indulge us a moment, Mr. Twomey has a question.

11 MR. TWOMEY: Very briefly. Do you have
12 and would you be willing to provide your
13 records, if you have them, showing that you
14 requested storm -- tree trimming in 2004 and
15 2005, and they responded they didn't have a
16 schedule?

17 MR. GOODMAN: I can give you copies of
18 e-mails going back and forth, as well as we
19 lost power on the 24th of December as we were
20 trying to cook Christmas dinner. And when they
21 came out to restore power, they said tree crews
22 would be in the neighbor within a week. On the
23 26th due to the same situation, we lost power
24 again. And we were told again crews would be
25 in. There is actually a tree touching power

1 lines in the community and FPL's just not come
2 out to do anything about it. And there's been
3 numerous phone calls and numerous e-mails here.
4 I'd be glad to provide you copies.

5 MR. BAEZ: Mr. Goodman, if you would
6 provide whatever e-mails you choose to to the
7 staff counsel here. Ms. Fleming, you can --
8 you can give Mr. Goodman your particulars.

9 MR. GOODMAN: Thank you.

10 MR. BAEZ: Paul Roberts.

11 (Whereupon there was no response.)

12 MR. BAEZ: Mr. Roberts.

13 (Whereupon there was no response.)

14 MR. BAEZ: James Hunter.

15 MR. HUNTER: Good evening. Bear with me.
16 I'm nervous and I can't read my own writing.
17 I'm coming at this from a different angle. I'm
18 approaching this as FPL's business practices.
19 I am of the opinion that starting in 1991, 1992
20 and in 1995 they cut their work force to the
21 bone. They did it under the pretext of
22 competition, but as well you know they don't
23 have any competition.

24 There is no preventative maintenance being
25 done. Either in plants and -- evidence of

1 friends of mine that have worked out in the
2 switch yard or out in the D&D -- anyway, the
3 power poles, the lines. Poles are rotting.
4 Work's not getting done. You heard about the
5 tree trimming. It's not getting done, which
6 just -- where is all this money going. They
7 have been saving money to fight the phantom
8 competition now since 1991. Where is the money
9 going?

10 UNIDENTIFIED MAN: That's what I'd like to
11 know, where the money is going.

12 MR. HUNTER: So would I. Now they're
13 coming in and they want to increase -- I don't
14 care if it's two dollars a month or five
15 dollars a month. It's the principal of the
16 thing. If they had been -- it's a power
17 company. It's not a shoe store. You can't run
18 it like a shoe store. You've got to run it
19 like a power company.

20 I said they're a monopoly. They have no
21 competition. They make a significant amount of
22 money. Trust me, they do. They sell so much
23 product they're expanding like crazy.

24 How many businesses out there in the world
25 sell so much product that they're expanding

1 like crazy? And, again, there's another issue
2 out here that they want to come to PFC for
3 money to build power plants. I don't know any
4 small businessman that can do that. I don't
5 know that GM can do that. I don't know anybody
6 else. Where is the money going?

7 Somebody made a comment about contributing
8 to a hurricane relief bill. I would like to
9 remind everybody in this room that they do
10 every time they pay their light bill.

11 I'm vehemently opposed to this. FPL has
12 been using money -- or taking money in
13 significant quantities. I'm not an accountant.
14 I don't know. All I know is what I see. And
15 somebody ought to be asking them where's the
16 money going. People are tap dancing around it.
17 It's business practices, and they have poor
18 business practices. That's all I've got to
19 say.

20 MR. BAEZ: Commissioners -- I'm sorry
21 Commissioners, question of Mr. Hunter?

22 COMMISSIONERS: (No response.)

23 MR. BAEZ: Thank you, sir. David
24 Rockhill.

25 MR. ROCKHILL: My name is David Rockhill,

1 and I appreciate your time and listening. I'll
2 probably be relieved of my duties because of
3 what I'm doing. I don't speak for the company
4 that I work for. I speak for my children. I
5 speak for the right way to go about things.

6 I have been a businessman for -- I was in
7 business 20 years up in New York. I have been
8 down here two years. I work at the Power
9 Plant.

10 MR. BAEZ: I'm sorry, sir.

11 MR. ROCKHILL: I work at the power plant.

12 MR. BAEZ: Which power plant?

13 MR. ROCKHILL: St. Lucie County Power
14 Plant as a subcontractor. I started the last
15 outage. So it's not a point of the hurricanes.
16 I worked -- I started this outage -- they hired
17 me this outage in August, and I have been there
18 since. I'm very grateful for their work. And
19 there are a lot of good people there. They
20 have a lot of problems, a lot of rules and
21 regulations and tying their hands. The only
22 thing I have to say is the fact that these
23 problems existed before. We're packaging
24 things that were not maintained under
25 hurricane. We've changed fuel pull lights --

1 MR. HUNTER: Yes.

2 MR. ROCKHILL -- in a building that has so
3 much concrete and it's under a hurricane
4 package. My question is that are we really
5 taking into account, and I'm not saying there
6 weren't -- there wasn't hurricane damage, the
7 problem is they have Local 627 I believe it is,
8 and they've cut them down to the youngest guy
9 who is 48 years old and he now is management,
10 and there is nobody in that union that is in
11 that maintenance department.

12 They have not hired. The company I worked
13 for, and I can only speak electrical, but I've
14 seen others, they come in and -- we are now
15 doing work, which I'm very grateful for and
16 honestly to tell you the truth because we don't
17 hire in-house we're probably more qualified
18 for.

19 The problem is that -- and I've never done
20 this before so --

21 MR. BAEZ: You're kind of fading in and
22 out.

23 MR. ROCKHILL: Just excuse me, this is the
24 first for me.

25 MR. BAEZ: Not a problem, sir.

1 MR. ROCKHILL: The problem is I really
2 believe that we're in a quagmire here so I'm
3 not going to be grace with words. The fact
4 that -- business as usual. We're looking at
5 the bottom line. Top execs are probably, and I
6 can't prove that, making well -- making x
7 amount of dollars and meanwhile we're not
8 maintaining the plant.

9 Now are we looking for a hurricane to come
10 and do this? Because honestly to tell you
11 truthful -- and besides that now all of a
12 sudden we have Homeland Security there. Now
13 we're fixing every security light. They've all
14 been out. This has been there. They only fix
15 what they have to fix. That's not maintenance.
16 And that's something -- not a problem with the
17 maintenance department; that's a problem with
18 management. We're looking at the bottom line,
19 and we shouldn't be and that's my point.

20 We should be looking at what needs to be
21 done. Sometimes the bottom line is hiring.
22 Maybe you don't make that much. We don't need
23 to look -- when -- although you buy stocks and
24 things, this is what happens with all the
25 corporations. We're looking at the very top

1 dollar. We're not looking at what really needs
2 to be done in maintenance. Now are we going to
3 blame all of this on hurricane damage? Some of
4 it is, and I'm not saying it isn't, but some of
5 it isn't. And I would request as a customer an
6 accounting of that.

7 MR. BAEZ: Mr. Rockhill, are you saying
8 you work at the St. Lucie Plant, and that's the
9 St. Lucie Nuclear Plant?

10 MR. ROCKHILL: Yes, sir.

11 MR. BAEZ: Commissioners, do you have
12 questions?

13 COMMISSIONERS: (No response.)

14 MR. BAEZ: Mr. Rockhill, thank you for
15 your comments.

16 MR. ROCKHILL: I have -- I have another.

17 MR. BAEZ: Oh, okay. I'm sorry.

18 MR. ROCKHILL: I also am a resident. Can
19 I break this into two?

20 MR. BAEZ: Absolutely.

21 MR. ROCKHILL: As a resident -- I come
22 from New York, from Long Island. We had LILCO
23 and LIPA took over, the state took over because
24 of the fact of all the problems. This could be
25 a possibility if they're not cautious. It

1 happened there, it can happen here.

2 My problem is -- during the hurricanes I
3 was working a lot of hours. I lost electricity
4 like everybody else. Twice during both
5 hurricanes, ten days each. Because I was
6 working the hours and my personal situation, I
7 missed a payment. LIPA -- FP&L did not request
8 that to reinstate the power -- because they cut
9 me off, to reinstate the power would be a
10 deposit, which was always something that was in
11 New York, and you could check my credit, I have
12 Triple A. It just happened this way because of
13 the hurricanes and myself working at the power
14 plant. What ends up happening now is -- it was
15 not a big deal, I paid the fee, you know, the
16 past, and I have been paying up through it.
17 Since I have been here two years -- as soon as
18 I got down here my wife divorced me, so I can't
19 make payments exactly like I used to do prior.
20 So I played the game, unfortunate that it may
21 be, down to the wire on everything. I had just
22 gotten a notice from FP&L that they requested
23 200 something dollar deposit. Now, they didn't
24 request it when they cut me off. Three or four
25 months later they requested it. And they said

1 I have done this repeatedly, and it's only been
2 maybe twice and late by days.

3 Now in New York -- and I know this is a
4 separate entity, but they put a restrictor on
5 your power at first. They do things to help
6 the customer. FP&L -- I don't give them
7 \$200 -- 200 something dollars -- because I've
8 already talked to them over the phone, and I
9 talked to a supervisor, because that's who I
10 demanded to talk to and I was very pleasant and
11 you can check the recorder. I was very
12 pleasant. And she said that if I don't give
13 them a deposit, they're going to cut me off.
14 Now I'm still current and they're mailing me
15 only this month's bill, but they still want a
16 200 something deposit. And in that letter,
17 they also state that they don't have to give me
18 back that \$200. So now I don't think that FP&L
19 is being very customer friendly. I don't
20 think -- I know for a fact that they are
21 abusing the system because they lacked in
22 maintenance.

23 I request everybody to look deeper into
24 it. And that's all -- whether I pay more,
25 whether I get laid off, whether anything

1 happens, it doesn't make a difference. If I
2 don't voice my opinion, I will never feel good
3 about myself. And I don't wish to go through
4 life anymore keeping things within myself.
5 There is good management in FP&L, but there are
6 rules that are holding their hands tied. I
7 don't feel they're doing the right thing, and
8 it's a buddy system, even in my company. This
9 is not (sic) the 21st Century. It won't cut
10 it. You won't get good people in. And this is
11 what we need. We need good people in. FP&L,
12 quote, unquote, says that we have an open
13 policy. You can voice your opinion. I've done
14 this a number of times. I'm not good at it,
15 but I do voice it, and a lot of it gets
16 squashed, and I'm not happy about it, and I
17 have paid the price for it, and I will pay the
18 price for this, but I think that we need to
19 address these things. And I would hope that --
20 I thank you very much for your time, and I
21 would hope that you would look into it.

22 Thank you very much.

23 MR. BAEZ: Mr. Rockhill, before you go, I
24 don't know if you're aware of this, but there
25 are some customer service representatives here

and you might want to discuss --

MR. ROCKHILL: No. Honestly -- I have
3 been a business person all my life. And
4 honestly I will -- I am current on my bill. I
5 will mail my check in, and I will not give them
6 a deposit. I asked them if I could
7 self-produce electricity, which I could do in
8 Long Island, and they won't allow it here.
9 They won't allow a credit for solar. They
10 won't allow anything. You have to buy their
11 electricity, that to me is another -- that's
12 wrong. If I choose to spend 15,000 in solar
13 electricity, and put it on my house and the pay
14 back is ten years, I should be able to sell
15 them excess power, and I shouldn't have a
16 problem, and that is wrong also. They're a
17 monopoly, they're trying to keep it that way,
18 and I'm not happy, but they pay my salary. So
19 this is very tough, and I understand being a
20 businessman for so long where they come from,
21 but you can't do this in the 21st Century. We
22 need to be able to go and say, We're looking
23 for green power. If I choose to turn around
24 and put solar electricity on my house, they
25 should buy back what I don't produce (sic). So

1 the hours that I don't produce it it evens it
2 off. It's done throughout the country. We are
3 not -- if we're going to start this thing,
4 you're going to end up with -- we had this in
5 Long Island. We had with this LILCO. All
6 right? I can see it all happening again, and
7 it's not a good thing. And they're a much
8 bigger company than LILCO ever was. So they
9 have more power, more political power. And we
10 all know you that you can't stop politics, but
11 there are certain things that need to be said,
12 there are certain things that need to be done.

13 I'm not saying everything is going to be
14 corrected and all of that. I'm not looking for
15 100 percent. What I'm looking for is a little
16 in the customer aspect. I'm looking for a
17 little bit more of treating the customer like a
18 customer. I would never treat anybody like
19 that and say something like that over the
20 phone. And I would never go to a house -- or
21 actually industrial I would never bill for
22 thing I never did. All the billings for things
23 that they never did. And that's by -- by
24 nonmaintenance, and that is my opinion. All
25 right? And it's totally an opinion, and --

1 actually, it's a fact in my eyes. I can't
2 prove it, but I can't drag other people into it
3 because people nowadays in Florida you -- you
4 don't make much money, and I can't really turn
5 around and jeopardize somebody else's job.
6 This is one of the higher paying jobs in
7 Florida and it doesn't pay much. We're getting
8 a lot of travelers, but that's because there is
9 no work across the country. But they don't
10 realize that if they continue this and there's
11 work across the country, they won't have the
12 manpower for the outages, but they will have to
13 learn that just like we will learn things.

14 MR. BAEZ: Thank you for your comments.

15 MR. ROCKHILL: Thank you very much.

16 MR. BAEZ: Thank you. Is there anyone
17 else that did not sign up to speak that would
18 like to speak and address the Commission? All
19 right.

20 (Whereupon there was no response.)

21 MR. BAEZ: Someone's got their hand up?
22 I'm sorry I can't see. Sir, do you want to
23 address the Commission?

24 MR. SANTANA: Yes.

25 MR. BAEZ: Please raise your right hand.

1 In this matter before the Florida Public
2 Service Commission, do you swear to tell the
3 whole truth and nothing but the truth.

4 MR. SANTANA: I do.

5 MR. BAEZ: State your name and address for
6 the record.

7 MR. SANTANA: Hi, my name is Bernie
8 Santana, and I live at 17352 70th Street North,
9 Loxahatchee, Florida. And I wanted to come
10 here tonight. I'm sorry that I came in late.

11 MR. BAEZ: That's all right.

12 MR. SANTANA: I couldn't go to the one in
13 West Palm, which was closer but, Hey, I wanted
14 to make the effort of being here tonight.

15 I just want to thank Florida Power & Light
16 for all their efforts. As we've all gone
17 through all these hurricanes, we want them to
18 just know that -- I personally live in a rural
19 area where I have horses, I have animals, for
20 me it was great. I know a lot of people here
21 tonight might have gone through a lot of hell
22 with the two hurricanes. I lost power one day
23 with the first one and the second one also just
24 one day. It was a great thing to have power
25 back, because I'm on a well water system.

1 Animals don't have, you know, water to drink.
2 I mean, nobody cares at that moment about
3 bathing so much but animals need, you know, the
4 water and everything.

5 I want to commend, you know, Florida Power
6 & Light for all their hard effort. I saw it
7 up-hand (sic) in my neighborhood. They were
8 all there at midnight. I saw them up in poles,
9 you know, working, hard workers, you know.

10 Talking about that \$2.09, we're worried
11 about \$2.09? I've heard all kinds of things
12 here tonight. I mean, just look at your -- I
13 just got my bill for homeowners, you know, 800
14 whack, you know, from last year to this year,
15 taxes \$400 from last year to this year, and
16 we're worried about \$2.09? I support the \$2.09
17 and I applaud Florida Power & Light for all
18 their hard effort that they've done.

19 MR. BAEZ: Questions of Mr. Santana?

20 COMMISSIONERS: (No response.)

21 MR. BAEZ: Thank you, sir. Is there
22 anybody else that wishes to address the
23 Commission?

24 (Whereupon there was no response.)

25 MR. BAEZ: All right. I want to thank all

1 the residents and all the customers that came
2 out to give us their views. We got many
3 interesting views, many important views and we
4 do appreciate it. At this point -- this is the
5 final service hearing, correct, Ms. Fleming? I
6 should know that, right?

7 MS. FLEMING: That is correct.

8 MR. BAEZ: The technical hearing is going
9 to take place I think April 20th through --

10 MS. FLEMING: April 20th through the 22nd.

11 MR. BAEZ: -- through the 22nd in
12 Tallahassee, Florida. Again, I want to thank
13 you all for coming out and giving us your
14 views. Have a good night everyone. We're
15 adjourned.

16 (Whereupon the hearing was concluded at
17 8:23 p.m.)

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STATE OF FLORIDA)
 :SS
2 COUNTY OF ST. LUCIE)

3
4 CERTIFICATE

5 I, KAREN M. BELLEMARE, a Shorthand Reporter and
6 Notary Public of the State of Florida at Large,
7 certify that the foregoing hearing was
8 stenographically reported by me and is a true and
9 accurate transcription of said hearing.

10 I certify further I am neither attorney nor
11 counsel for, nor related to, nor employed by any of
12 the parties to the action in which the hearing is
13 taken and, further, that I am not a relative or an
14 employee of any attorney or counsel employed in this
15 case, nor am I financially interested in the outcome
16 of this action. Dated this 25th day of April, 2005.

17
18 

19 Karen M. Bellemare

