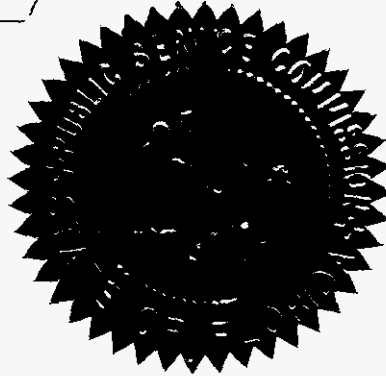


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090079-EI

In the Matter of:

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



PROCEEDINGS: LAKE WALES SERVICE HEARING

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

DATE: Tuesday, July 7, 2009

TIME: Commenced at 6:00 p.m.
Concluded at 8:15 p.m.

PLACE: Lake Wales Art Center
Updike Hall
1099 State Road 60 East
Lake Wales, Florida 33859

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

DOCUMENT NUMBER - DATE

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APPEARANCES:

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

ROBERT SCHEFFEL WRIGHT, ESQUIRE, c/o Young Law Firm, 225 South Adams Street, Suite 200, Tallahassee, Florida 32301, appearing on behalf of the Florida Retail Federation.

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

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

KEINO YOUNG, ESQUIRE, FPSC, General Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, appearing on behalf of the Commission Staff.

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P R O C E E D I N G S

1
2 **COMMISSIONER EDGAR:** Good evening. Hello. I
3 will call this customer hearing to order. My name is
4 Lisa Edgar, and I'm a Commissioner with the Florida
5 Public Service Commission. I am sitting in a little bit
6 for one of our colleagues, our Chairman, Matt Carter,
7 who has recently had back surgery and is required to
8 limit his travel, so he is not able to be with us
9 tonight, but he sends his regards. And, also, I'll ask
10 my colleagues to introduce themselves; to my right,
11 Commissioner McMurrrian.

12 **COMMISSIONER McMURRIAN:** Hi. I'm Katrina
13 McMurrrian. I'm glad to be here with you all tonight and
14 look forward to hearing your comments.

15 **COMMISSIONER EDGAR:** And Commissioner
16 Argenziano -- Commissioner Nancy Argenziano is joining
17 us by telephone.

18 Commissioner, can you hear us?

19 **COMMISSIONER ARGENZIANO:** Yes. And good
20 evening, everyone. I'm very glad that everyone could
21 come to the meeting and so sorry that I could not be
22 there. I have a fractured leg, and so I just can't get
23 there. But I'm glad that we have a hook-up. I hope you
24 can hear me. I can hear so far great, (inaudible). But
25 thank you all for coming, and I look forward to hearing

1 what you have to say. We are your Public Service
2 Commission and we are here for you.

3 **COMMISSIONER EDGAR:** Thank you.

4 Commissioner Skop.

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

6 Commissioner Nathan Skop, and I'm pleased to
7 be here in Lake Wales. I look forward to hearing all
8 the customer comments this evening. Thank you.

9 **COMMISSIONER EDGAR:** Thank you.

10 And I would like to ask our staff to read the
11 notice, please.

12 **MR. YOUNG:** Good evening.

13 By notice, this time and place has been set
14 for a customer service hearing in Docket Number
15 090079-EI, petition for a rate increase by Progress
16 Energy Florida, Incorporated.

17 **COMMISSIONER EDGAR:** Thank you.

18 And I would like to go ahead and take
19 appearances by the parties, from the attorneys
20 representing the parties in this case.

21 **MR. GLENN:** Alex Glenn, Progress Energy
22 Florida, General Counsel.

23 **COMMISSIONER EDGAR:** Okay. Mr. Kelly.

24 **MR. KELLY:** J. R. Kelly, Office of Public
25 Counsel.

1 **COMMISSIONER EDGAR:** And, Ms. Bradley.

2 **MS. BRADLEY:** I'm Cecilia Bradley, and I'm
3 with Attorney General McCullom's office, and together
4 with the Public Counsel we represent you all.

5 **COMMISSIONER EDGAR:** And I understand that
6 Mr. Schef Wright was also planning to be here with us
7 representing the Florida Retail Federation, an
8 intervenor in this matter, and that he is having
9 difficulty with traffic or something like that, and will
10 be joining us shortly.

11 Here to my left are members of our staff, the
12 Florida Public Service Commission. Also over here at
13 the table, members of our staff, as well. And over
14 there is a sign-up sheet. I would ask that everybody
15 who would like to speak to us -- and, please, we hope
16 that you will speak to us -- please use the sign-up
17 sheet. Mr. Kelly will be calling your names in order
18 here shortly.

19 I would also like to go ahead and introduce
20 Mr. Jack Shreve. Jack, if you would. Mr. Shreve is
21 with the Governor's Office. He is here representing
22 Governor Crist and helping to monitor what we do here at
23 the Commission on your behalf and on the Governor's
24 behalf. Mr. Shreve, thank you for joining us.

25 I would also like to go ahead and mention we

1 have over here at the table some green sheets that look
2 like this. If you haven't had a chance to get one,
3 please do. They contain some very general information
4 about the Commission, about who we are, about what we
5 do, what our statutory authority is, and also some of
6 the specific details of the petition that is before us,
7 and that we are here to discuss.

8 On the back sheet there is place that if you,
9 for some reason, would like to not speak to us, but
10 would like to give us your comments in writing, you can
11 do that, and then just go ahead and hand it to one of
12 our staff. Also, if you know of people who were not
13 able to join us this evening, but would have liked to
14 come here to speak, please feel free to take as many as
15 you would like and hand them to your friends, your
16 colleagues, your family members. These sheets are also
17 available on our website where they can be printed off.
18 They are self-addressed so that they can be mailed in,
19 and they will also become part of the record to this
20 case.

21 Here this afternoon or this evening all of
22 these proceedings are being transcribed by our court
23 reporter here. They will become an official part of the
24 record of the docket, as we call it, or the case that is
25 before us.

1 And, Mr. Wright, welcome. I went ahead and
2 put in an appearance for you.

3 **MR. WRIGHT:** Thank you, Madam Chairman.

4 **COMMISSIONER EDGAR:** So, please, again, very
5 quickly, please, for those who would like to speak to
6 us, sign up on the sign-up sheet. If you are not able
7 to, or if you know people who could not speak, please
8 grab these and have them mail the green sheets in to us.

9 Before we get to the section where we will
10 call your name and ask you to speak to us, we are going
11 to ask for some very brief presentations from each of
12 the parties to discuss directly with you what the issues
13 are in this case from their perspective.

14 After we have done that, then I will ask to
15 swear those of you who would like to speak in as a
16 group, because, as I mentioned, it is part of the legal
17 record of this proceeding, and then we will move through
18 the customer testimony portion.

19 This is an absolutely beautiful facility, and
20 I thank everyone here and the community here as a whole
21 for opening your doors and your arms to us. It is
22 absolutely gorgeous. The acoustics are a little
23 difficult, I think, with our sound system. So just work
24 with us and work with the court reporter, so that we can
25 all hear one another.

1 And so, at this point, before we get into the
2 customer testimony, I would like to begin with the
3 opening presentations, and so I would ask FPL to come,
4 please, and begin those presentations.

5 **MR. GLENN:** Progress.

6 **COMMISSIONER EDGAR:** Progress. Mr. Glenn, I'm
7 sorry.

8 **MR. GLENN:** I will take FPL. They're done.

9 **COMMISSIONER EDGAR:** Let me explain. Let me
10 say, Mr. Glenn, I do know the difference, believe it or
11 not, after four-plus years of doing this. But we did
12 have customer hearings on a similar docket for Florida
13 Power and Light for the last eight weeks. I think we
14 did nine of them, so they are just kind of stamped into
15 my brain. I apologize, Mr. Glenn.

16 **MR. GLENN:** I completely understand, and I
17 would love to take FPL's place right now, because they
18 are finished doing this. Before I begin my opening
19 remarks, I would like to just point out Mr. Ken Talbot.
20 He has got a pink tie, right there. We have got a
21 number of customer service representatives --

22 **COMMISSIONER ARGENZIANO:** Are you speaking
23 into the mike?

24 **MR. GLENN:** All right. I'm trying.

25 **COMMISSIONER ARGENZIANO:** It's difficult to

1 hear you.

2 (Pause.)

3 **MR. GLENN:** They are bringing more mikes,
4 Commissioner Argenziano. Is that better?

5 Like I said, Ken Talbott is with our customer
6 service department. If any customers have a question, a
7 concern, a complaint about their bill or their service
8 that they want specific answers to, you can talk to Ken.

9 We have got customer service representatives
10 in the back with computers who have access to your
11 accounts, and we can address that, hopefully, tonight.
12 If we can't, we will get back to you promptly and then
13 we will provide responses to the Commission on any of
14 that.

15 Commissioners, thank you for the opportunity
16 to speak to our customers tonight. But more
17 importantly, to listen. We value what you have to say
18 whether it is a concern, a question, or a compliment.

19 We know that there is never a good time to ask
20 for an increase in base rates. No one wants to pay more
21 for electricity, especially in challenging economic
22 times. Yet we also know that everyone wants and needs
23 reliable electric power. It is vital to our livelihoods
24 and our quality of life and our state and our economy
25 run on it.

1 If you will just recall the hurricanes of 2004
2 and 2005 and the importance of quick and safe power
3 restoration. It's essential that your electric utility
4 is financially healthy and able to provide that kind of
5 service, but there is a cost of providing that level of
6 service, and that's why we are here tonight.

7 Base rates, which is what our filing is about,
8 cover the cost of a utility's -- cover the utility's
9 cost of producing and delivering electric service to
10 customers' homes and businesses.

11 Now, just a perspective. If you take a dollar
12 on your electric bill, about 24 cents of that dollar
13 goes to cover our base rates, just to put it into
14 perspective. Over the last 25 years, Progress Energy
15 Florida has invested more than four and a half billion
16 dollars in power plants, poles, wires, substations,
17 buckets trucks, new meters, and other capital
18 improvements, and we have done this while limiting our
19 increases in base rates to about 1 percent over the last
20 25 years.

21 Now, think about it. Compare that with the
22 cost of housing, which has increased 113 percent; food,
23 which has increased 115 percent; and medical care, which
24 has increased more than 253 percent over the last
25 quarter of a century. At the same time, we have been

1 able to maintain top quartile performance in the
2 industry in service reliability, in power plant
3 operations, and in safety, thanks to our dedicated and
4 skilled work force.

5 Now, the cost increases that we are facing now
6 combined with the past costs that the company has
7 absorbed can no longer be offset by our effective cost
8 management, or efficiencies, or customer growth.

9 Now, to give you an example of some of the
10 investments that we are making and they are a part of
11 our rate request that we have asked, we are spending
12 this year about \$300 million to replace the steam
13 generators at our Crystal River 3 nuclear power plant.
14 These are huge five-hundred ton pieces of equipment. We
15 have got to replace these to ensure the customers are
16 going to continue to receive around-the-clock
17 carbon-free energy from our lowest cost source of power
18 and from one of the nation's best performing and safest
19 nuclear power plants.

20 The company has also invested a billion
21 dollars to upgrade its oil-fired Bartow steam plant in
22 Pinellas County. We have replaced the oil-fired
23 capacity with fuel efficient combined cycle natural
24 gas-fired technology. The plant now produces twice as
25 much as the old plant did, but with significantly fewer

1 emissions and lower fuel costs to customers. We have
2 also got to continue to invest in the backbone of our
3 system, our transmission lines, our distribution system,
4 and our power plants to make sure that we have got the
5 power ready when you need it.

6 Just an example, this is a turbine blade.
7 This blade is one of 800 blades in just one of our 13
8 natural gas-fired power plants. This blade wears out
9 after being subjected to temperatures of about
10 2,000 degrees Fahrenheit day in and out, and it has got
11 to be replaced every several years. This one blade
12 costs \$41,000. That's just one blade. That is roughly
13 a 400 million investment in turbine blades alone. And,
14 that is just one piece of one part of an equipment in
15 our 64 power plant system-wide. We are a very capital
16 intensive business as you can see. I've got to be
17 careful with this, because it is \$41,000.

18 While we are continuously making investments
19 like these, we must also plan for the future to support
20 Florida's aggressive energy policy, a policy that is
21 aimed at developing a cleaner, more efficient energy
22 portfolio. Progress Energy supports that policy, and
23 our balanced approach to meeting those goals includes
24 investments in renewable energy, increased energy
25 efficiency, and state of the art low carbon or

1 carbon-free power plants.

2 Implementing this policy and continuing to
3 provide reliable and excellent service depend on
4 sustaining the company's financial strength. We compete
5 for investors. We compete with other electric
6 utilities. We compete with other businesses and other
7 industries, the Wal-Marts, the IBMs, the McDonald's of
8 the world to attract capital.

9 A fair rate of return and a realistic
10 opportunity to earn that return are critical to
11 attracting investors, investors I bet that many of whom
12 are in this hall tonight. If you own a mutual fund or
13 if you have a pension, most of you probably own some
14 Progress Energy stock. These investors are crucial to
15 providing the capital needed to run our business, to buy
16 those blades, to respond to storms, to keep the lights
17 on.

18 Now, we understand that our customers
19 expect -- they expect electric service to be reliable,
20 affordable, and produced in an environmentally sound
21 manner. We are committed to meeting those expectations.
22 On behalf of all of our dedicated employees, especially
23 the 758 who live in Polk County and surrounding counties
24 and who work hard every day to serve our customers,
25 thank you for your attention, for coming out tonight,

1 and I look forward to listening to what you have to say.

2 **COMMISSIONER EDGAR:** Thank you. And that was
3 Mr. Glenn with Progress Energy Florida.

4 And now, Mr. Kelly, our Public Counsel for the
5 state of Florida.

6 **MR. KELLY:** Thank you, Madam Chair.

7 Good evening. Can you hear me okay? I hope
8 that is not too loud. Thank you so much for showing up.
9 I agree with Mr. Glenn, this is your hearing.

10 **COMMISSIONER SKOP:** Commissioner Argenziano.

11 **COMMISSIONER ARGENZIANO:** Yes.

12 **MR. KELLY:** Can she not hear me?

13 **COMMISSIONER SKOP:** Do you have a question?

14 **COMMISSIONER ARGENZIANO:** (Inaudible.)

15 **COMMISSIONER SKOP:** I think the acoustics are
16 very bad. We might be able to move the podium back, if
17 that is possible. We will have to tear this tape, but
18 we are in an old Catholic church it looks like, and the
19 sound projects better from the front of the church.

20 **COMMISSIONER ARGENZIANO:** (Inaudible) --
21 speaking into the microphone. And it's kind of
22 embarrassing that our telephones are not working. I
23 wish I could be there. (Inaudible) - and I don't want
24 to keep interjecting. I don't know if there is
25 something else we could do at this point. I don't know

1 if it is being closer to the microphone or just the
2 acoustics, as you say.

3 **COMMISSIONER SKOP:** Commissioner, I'm going to
4 move the remote mike over to the podium, then we can
5 bring the podium back like we did at the last service
6 hearing, and that might help a little.

7 **COMMISSIONER ARGENZIANO:** Please. Thank you
8 very much.

9 (Pause.)

10 **COMMISSIONER EDGAR:** Mr. Kelly, let's do a
11 quick test to make sure the court reporter can hear you.

12 **MR. KELLY:** Commissioner Argenziano, can you
13 hear me okay?

14 **COMMISSIONER ARGENZIANO:** That seems better.

15 **MR. KELLY:** Is that better?

16 **COMMISSIONER ARGENZIANO:** Yes, it is.

17 **MR. KELLY:** Okay. Again, thank you so much
18 for taking time out of your busy schedules to come and
19 join us tonight. My name is J. R. Kelly. I'm with the
20 Office of Public Counsel, and I have the distinct
21 pleasure of representing you, the ratepayers, in this
22 proceeding before the Public Service Commission.

23 Basically, my office is charged with the
24 responsibility of representing collectively all
25 ratepayers, not individually, but collectively in front

1 of the Public Service Commission. And our goal is very
2 simple. We want to achieve the best quality of electric
3 service for you at the least cost possible.

4 Now, why are we here tonight? We are here
5 because Progress Energy is requesting a basic rate
6 increase -- a base rate increase okay, excuse me. Okay.
7 What is that? Well, I want you to think about a
8 thermometer, and what goes into a thermometer until you
9 get to the top. Because when you fill up the
10 thermometer, that is what you pay every month when you
11 consume electricity.

12 A portion of that, about 44 percent down on
13 the bottom is what are base rates. Other parts of the
14 thermometer are made up of what are called cost-recovery
15 or pass-through charges, such as nuclear charges, such
16 as environmental charges, fuel charges, conservation
17 charges. Folks, we are not here for any of that
18 tonight, and I will touch on that a little bit later.
19 We are here because of the base rate increases that are
20 at the bottom of your thermometer.

21 Now, what goes into base rates? Basically,
22 there is a lot of complicated formulas, accounting, et
23 cetera, but generally speaking you can break it down to
24 two things. One, it's an opportunity for Progress
25 Energy to recoup their operating and maintenance

1 expenses, the things that they need to operate on a
2 daily basis and take care of their assets and their
3 investments. Number two, it is an opportunity for them
4 to earn a fair and reasonable return. Fair and
5 reasonable rate of return on the investment they make in
6 their company.

7 Now, the bottom line today is that Progress
8 Energy is asking for a \$500 million base rate increase
9 annually. \$500 million.

10 Now, folks, I would be the first one to tell
11 you Progress Energy is an outstanding company. I'm not
12 here to bash them. They are a great company. They have
13 great people, they have great leadership, they do a lot
14 in their communities, and we commend them for that. But
15 where we disagree with them today and in this case is
16 what they are asking for. We do not believe it is fair
17 and reasonable, especially in today's economic times.

18 Now, there are several issues of contention
19 that we are going to argue on your behalf. One is rate
20 of return. You heard Mr. Glenn touch on that a little
21 bit about getting a fair and reasonable rate of return.
22 Well, what they are asking for in this case is
23 12.54 percent return on equity. How many of you get
24 that from your stocks and bonds right now? A show of
25 hands, okay. That's too much, in our opinion. It is

1 excessive. Okay. It's just not fair in today's
2 economic times.

3 We open the newspapers every day. Where is
4 unemployment at? How many people are out of work? How
5 many people are not getting salary increases? How many
6 people are just trying to keep their head above water?
7 Folks, 12.54 percent is just simply too much to ask for
8 in today's economic times. Hopefully three, four, five
9 years from now, maybe that will be a reasonable rate of
10 return to ask for, but not today.

11 Secondly, an issue that is going to be heavily
12 litigated in this case is depreciation. Now,
13 depreciation, for those of you who don't quite
14 understand, it is basically when you buy an asset, such
15 as a car, and you think that car is going to last ten
16 years, each year that car will lose part of its value.
17 Why? Because it's being used. Well, Progress Energy,
18 the same thing happens when they buy assets.

19 They have hundreds of thousands of different
20 assets, from small widgets to large nuclear plants,
21 okay. All of those -- many of those become depreciable,
22 and many of them become depreciable over various lives.
23 Some are good for ten years, some may be good for 40
24 years. There is an extremely -- I cannot explain to
25 you, it's a sophisticated formula for depreciation. But

1 the bottom line is you, as ratepayers, pay to Progress
2 Energy every year in your rates part of the depreciation
3 expense that they get to charge off.

4 Over the past years, Progress has
5 overcollected, in our opinion, over \$700 million too
6 much in depreciation. Okay. We believe -- there is a
7 couple of different ways to deal with it. You could
8 take depreciation, and you could take less depreciation
9 over the next 20, 30, or 40 years that you and your kids
10 and your grandkids pay, or what we think is a better way
11 to handle it in today's economic time is to refund part
12 of that back and cut down on the amount of this rate
13 increase that Progress is asking for.

14 In addition, there are going to be some
15 accounting issues that we are going to identify that we
16 are going to contest. Remember this. Everything
17 Progress is asking for is based on estimates, guesswork.
18 Now, they have some outstanding experts and people in
19 their company that are making the best choices they can.
20 But we don't believe that some of them are accurate, and
21 we are going to be contesting their guesswork with our
22 own experts that we intend to challenge their figures.

23 Now, a couple of things real quick. I want to
24 set the record straight here. Remember when I talked
25 about my test tube; 44 percent roughly there is base

1 rates. That is why we are here today. The other parts
2 are fuel charges, environmental, nuclear. Folks, you
3 are going to pay those other charges, whatever is
4 approved by the Commission at different hearings. It
5 has nothing today to do with that. If you are worried
6 about Progress being able to invest in environmental
7 things, their fuel charges, their nuclear, folks, that
8 is not why we are here today. The \$500 million is
9 separate, separate from that. And I want to make sure
10 you understand that.

11 Now, what can you do? Folks, this is your
12 hearing. Your hearing. These Commissioners are here to
13 hear what you have to say. Please, please take this
14 opportunity to come up here and talk to these
15 Commissioners. They are good folks. They are not going
16 to bite you. I know some people don't like to speak in
17 public, but, folks, you do not have to be an elaborate
18 speaker. Come up here and just speak from your heart.

19 And we want to hear what you have to say. And
20 I'm not asking you to come up here and bash Progress
21 Energy. On the contrary, come up here and tell whatever
22 you feel about Progress Energy. But most importantly,
23 tell the Commissioners how this rate increase will
24 affect you and your livelihood. We look forward to
25 hearing from you.

1 And one last thing I wanted to let you know,
2 because I don't want you to think that we don't believe
3 Progress Energy is entitled to a fair and reasonable
4 return. On the contrary, they are entitled to a fair
5 and reasonable rate of return. And just to let you know
6 how they are fairing over the last 12 months, according
7 to the latest reports they have filed with the Public
8 Service Commission, they made \$517 million, which is a
9 9.16 return on their investment, about \$5 billion in
10 revenues. So they are not hurting. They are not
11 hurting. They may need a little more money, maybe, to
12 get up maybe a little higher rate of return, but
13 certainly not up to 12.54 return on investment.

14 Thank you very much and please take this
15 opportunity to come speak.

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

17 And, Mr. Wright, if you would come forward and
18 introduce yourself and a brief presentation. And go the
19 other way, if you would, around the wire. Thank you.

20 **MR. WRIGHT:** Thank you, Madam Chairman,
21 Commissioners.

22 Good evening. My name is Schef Wright. I was
23 born in South Florida 59 years ago. I have spent the
24 last 29 years in Tallahassee working in the energy
25 business. First, for Governor Graham's Energy Office,

1 then on the Public Service Commission staff, and for the
2 last 20 years in private practice.

3 I have the privilege in these proceedings to
4 represent the Florida Retail Federation. The Federation
5 is a statewide organization of more than 9,000 members
6 from the smallest mom and pop commercial establishments
7 to the largest chains of grocery, department, drug,
8 electronic stores that you all shop at.

9 We are all in this together. We are consumers
10 like you are consumers. And we are in this case to work
11 to keep Progress' rate increase, if any, to the smallest
12 amount that is consistent with Progress providing --
13 continuing to provide adequate, safe, reliable service.

14 We agree that Progress needs sufficient funds
15 to provide safe, adequate, reliable service. This case
16 is about whether Progress Energy Florida needs, really
17 needs another half a billion dollars a year of your
18 money and our members' money to provide that service.
19 We doubt it. And we are going to put the company to the
20 test in the hearings before your Public Service
21 Commission.

22 I'm going to talk about a few brief things,
23 and then I'm going to talk about some things we are not
24 challenging in this case. We think Progress' rate
25 increase should be reduced to reflect a lower, but very

1 reasonable rate of return on their stockholders'
2 investment. It is the equivalent of profit in this
3 context. They have asked for 12-1/2 percent. National
4 information shows that recent awards are more like
5 10-1/4 percent. The difference between those two
6 numbers would cut Progress' request by something like
7 120 or \$130 million a year. And, frankly, we think that
8 compared to the risks that Progress faces that 10-1/4
9 percent is probably too high.

10 Let me talk about risks. The return on
11 investment, or ROE, return on equity, is supposed to
12 compensate the company for the investors in the company
13 for the risks they take. Well, how much risk do you
14 take when you recover 64 percent, or maybe even
15 70-odd-percent of your total revenues through
16 pass-through clauses? We have got fuel clause. We got
17 environmental cost-recovery. We have got energy
18 conservation cost-recovery. We have nuclear
19 cost-recovery, and until last summer for about three
20 years we had storm cost-recovery. The point is they
21 face very little risk.

22 Now, they do face some risk that their
23 earnings might taper off or flatten out if economic
24 times get bad, and that's what has happened now, but
25 part of what they are trying to do in this case is shift

1 even that risk to you by asking for more money to keep
2 their profits up. We think a 12-1/2 percent after-tax
3 rate of return is just unreasonable relative to the
4 risks they face.

5 I want to make it clear we are not talking
6 about cutting jobs. We are not talking about taking
7 anybody out of the field who is working hard to keep
8 your power on. We are not talking about cutting their
9 wages. We are going to take a hard look at senior
10 management compensation, but we are not talking about
11 cutting the wages and salaries of the folks who are out
12 there working the lines, running the substations,
13 running the power plants.

14 We are not talking about cutting the amount
15 that Progress invests in plant, the turbine blade, the
16 steam generator, lines, substations, transformers. We
17 are not talking about cutting the amounts they invest in
18 plant items that they need. We are talking about
19 cutting the amount of profit that they earn on that.

20 Mr. Kelly mentioned the depreciation surplus.
21 To put dollars on that, I said if we adjusted the ROE
22 that would cut their increase by 120 or \$130 million a
23 year, maybe more. Flowing back that surplus that you
24 and we created would probably cut their request by
25 another \$120 million a year. And we believe there are

1 other items that together will form tens of millions of
2 dollars of further reductions.

3 Remember what I said at the beginning. We
4 don't disagree that Progress needs sufficient revenues
5 to provide safe, adequate, reliable service. We do
6 disagree as to whether they need it. The issue in this
7 case is does Progress need another half a billion
8 dollars a year of your money and our money to provide
9 safe, adequate, reliable service. We don't believe so.

10 The evidence in this case will tell. Your
11 Public Service Commission will make that decision later
12 this fall. Please tonight tell them your opinions on
13 this important case.

14 Thank you.

15 **COMMISSIONER EDGAR:** Thank you, Mr. Wright.
16 Ms. Bradley, would you please come forward.

17 **MS. BRADLEY:** Thank you.

18 I am Cecilia Bradley, and I work for Attorney
19 General McCullom. And I have the pleasure of working
20 with your Public Counsel, Mr. Kelly, and his staff to
21 represent all of you. So we appreciate you coming here
22 tonight to tell us about your concerns about this rate
23 increase that is proposed.

24 We don't always have such beautiful buildings
25 to come to, and I know you all are proud of this

1 facility. It really is a gorgeous place to be.

2 Now, we hear from different people, and they
3 talk about -- you know, some people say, well, \$13.83,
4 you know, what's the big deal? It's not that much
5 money. But we have heard from some people that are on
6 fixed incomes, and one lady came at an earlier hearing
7 in another case and said that may not be much to you,
8 but to me that's my co-payment for my doctor's visit,
9 and that's my co-payment for my medication for this
10 month, or that may be the money I need to feed my kids.
11 And so this amount of money is a big deal to me.

12 We know nobody wants a rate increase. That is
13 not pleasant for anybody, but we are here to find out
14 what your concerns are and how this effects you, because
15 that helps us represent you better in these proceedings
16 that are coming up.

17 Now, they talk about they need a 12.54 return
18 on equity. And as mentioned, boy, wouldn't a lot of
19 people want that kind of return. At one of the other
20 hearings that we did a few months ago, somebody did some
21 calculations, and they said, well, to get that return on
22 equity we would be able to get money cheaper. And they
23 did the calculations, and they figured it up, and it
24 was -- they would get a 5 million benefit for the
25 customers, but the customers would have to pay

1 30 million for it. Well, I don't deal with that kind of
2 money in my private life, so I have to put it in
3 something I can understand. And if somebody came up to
4 and said here is \$5. I'd say, well, thank you, that's
5 very nice of you. But then if they said, but you have
6 to pay me \$30 for this five. All a sudden it doesn't
7 look like as good a deal. So we are looking at a lot of
8 these issues, and, you know, is the benefit really worth
9 it to you all.

10 Also, I have to look at the fact that -- you
11 heard from Mr. Wright, the companies he represents, they
12 are not monopolies like the utilities. They have to
13 deal with other companies and try to get your business
14 by serving you well. In a lot of these companies, if
15 the electric rate goes up, there is kind of a trickle
16 down effect, because the groceries, the pharmacies, the
17 other people, the schools, their electric rates are
18 going to go up, too. So eventually they are going to
19 have to raise their goods and services to deal with this
20 increase in electric rate. And these are just some of
21 the issues we're looking at and are concerned about, but
22 it's important that we hear from you. What are your
23 concerns? How is this going to affect you?

24 And we really appreciate you coming out
25 tonight. I know there are probably a lot of other

1 things you would have rather been doing tonight. There
2 is probably a good baseball game on, or a good movie,
3 good TV, being with your family. And for you to take
4 time away from all of those things to come out shows us
5 how important it is for you to take the time, and we
6 appreciate that.

7 Thank you.

8 **COMMISSIONER EDGAR:** Thank you, Ms. Bradley.
9 I appreciate your comments, and I appreciate all of our
10 presenters helping us watch our time.

11 We have concluded our opening kind of
12 procedural. I am going to ask Mr. Durbin, and,
13 Commissioner Skop, if you can jump in and help, as well,
14 help us move the podium. And while they are doing that,
15 we are at the stage of beginning to ask for customer
16 testimony.

17 As I mentioned to you when we first came in, I
18 will need to swear you in as a group, and we can go
19 ahead and do that while they are moving the podium. So
20 if everyone who would like to speak to us today, and we
21 hope that that's all of you, please stand with me, raise
22 your right hand with me.

23 (Witnesses sworn.)

24 **COMMISSIONER EDGAR:** Mr. Durbin, are we set?

25 **MR. DURBIN:** All set.

1 **COMMISSIONER EDGAR:** Okay. What I am going to
2 ask is that when your name is called and you come
3 forward, spell your name for us, if it's a little
4 difficult maybe for us to get it right, that will help
5 the court reporter.

6 And before we go into that, I would like to
7 welcome Representative Baxter Troutman. Thank you for
8 joining us. Representative, would you like to come
9 forward and speak with us?

10 Thank you for coming.

11 **REPRESENTATIVE TROUTMAN:** Can I take this
12 microphone off?

13 **COMMISSIONER EDGAR:** You certainly may.

14 **REPRESENTATIVE TROUTMAN:** Thank you for having
15 me here tonight. I am Baxter Troutman. I represent
16 District 66 in the Florida Legislature.

17 I know that this is a difficult subject here
18 tonight. Certainly, it's difficult for me when I think
19 about the rate increase that Progress is looking at
20 here. One of the first thoughts that I had was what
21 does that mean to the constituents? What does that mean
22 to the people that I represent in eastern Polk County?

23 I certainly don't want to pay more, but at the
24 same time I recognize that progress, and I don't mean
25 that as Progress Energy, but progress comes with a

1 price. Just in the last couple of weeks I had the
2 opportunity to tour the facility at Crystal River, the
3 Progress Energy facility, and they are under a --
4 currently under a \$2 billion, with a B, \$2 billion
5 federal mandate to upgrade their services there. That
6 is a real cost to that company, to this company. And I
7 don't know how that you provide the services of a
8 utility that are required without passing on some
9 certain level of burden to those individuals, to those
10 constituents, to those consumers who are consuming that
11 particular product.

12 Whether that price is a dime, or a quarter, or
13 a nickel, or a penny, or nothing, it is not my job or my
14 role to debate or to argue or to come to terms with.
15 But I do know that Progress Energy as a company as a
16 whole is a great community participant. They have
17 gotten involved in so many events and groups.

18 I see Stella Heathe (phonetic) here with the
19 Cross Creek Chamber of Commerce. I know that Progress
20 has been very helpful to the City of Cross Creek and the
21 events that we have there. And I'm sure that the City
22 of Lake Wales, and the City of Winter Haven, and the
23 balance of Polk County, and all the constituency of
24 Progress Energy, they have tried and endeavored to be a
25 strong corporate participant in our communities.

1 So, thank you for having me here tonight. I
2 look forward to hearing more of the deliberations of
3 this -- this somewhat of a debate tonight, and I
4 appreciate the opportunity to be here.

5 Thank you.

6 **COMMISSIONER EDGAR:** Thank you, Representative
7 Troutman.

8 And now I would like to welcome and ask Cindy
9 Alexander who is with the Lake Wales Art Council.

10 **MS. ALEXANDER:** Good evening, everyone. My
11 name is Cindy Alexander, and I am the Chair President of
12 the Lake Wales Arts Council.

13 And this is a little bit after the fact, but
14 thank you, Madam Chairman, Commissioners, for allowing
15 me to just welcome everyone to the beautiful Lake Wales
16 Art Center and for holding this public forum here in
17 Lake Wales. We really appreciate the opportunity.

18 I'm just going to take one second, this is a
19 moment of levity, to tell you about this building. The
20 Holy Spirit Catholic Church built this building in 1927,
21 and in 1989 their congregation outgrew this building and
22 moved to another place. The Lake Wales Art Council
23 decided that they would like to save it. And our
24 organization has been operating from this building for
25 many years, and, as a matter of fact, for over 35 years

1 in this community.

2 I would like to invite each of you back at
3 another time when you can enjoy the concerts that are
4 held here, the exhibitions that are held down in the
5 Michael Crews (phonetic) Gallery, or please come back in
6 April when we have our Lake Wales Art Show.

7 And, finally, I would like to say that this
8 building and many other organizations in Lake Wales
9 remain active because of public and private support.
10 And many of you have given individually to this art
11 center, and certainly Progress Energy has been a partner
12 with us throughout our walk. Progress Energy gave to
13 our first capital campaign. They continue to do that.
14 And just this past year they picked up where the schools
15 couldn't and provided funding for transportation to
16 3,500 school children in both the public school system
17 and the charter school system so that they could go to
18 an instrumental educational function, a grammy
19 award-winning group, The Might Wind (phonetic), and
20 Progress Energy helped provide transportation for that.
21 So thank you very much, Progress Energy.

22 Again, I invite you all to come back at
23 another time, and we look forward to opening the doors.
24 And, again, thank you, Madam Chair, for the time.

25 **COMMISSIONER EDGAR:** Thank you, Ms. Alexander,

1 and thank your organization for helping us to be here
2 this evening.

3 **MS. ALEXANDER:** You're welcome.

4 **COMMISSIONER EDGAR:** Ms. Kay Hutzelman, I'm
5 not sure that I have that right, the Mayor of
6 Frostproof.

7 **MAYOR HUTZELMAN:** You did that very well.

8 **COMMISSIONER EDGAR:** Thank you.

9 **MAYOR HUTZELMAN:** I would agree with Baxter
10 Troutman. This is a very difficult thing to say, you
11 know, if we approve of an increase. I don't think
12 anyone wants to say that, but I think we all need to be
13 aware of what a partner Progress Energy is to all of us,
14 whether it's an individual, or whether it is in the
15 public domain, or whether it is in the private community
16 they have been very responsive to our needs.

17 They were very quick to restore power when our
18 area was hit with three hurricanes. They were extremely
19 quick. And for people who have lived in the north, and
20 I am one of those, it is a real shock to find out what a
21 hurricane can do to you, and you suddenly find out what
22 it means not to have the normal power and water and
23 things of that nature. They were extremely responsible
24 to us and responsive to us, as well.

25 When I think about the fact that we are the

1 smallest, one of the smallest towns in all of Polk
2 County, and we are tucked down in the farthest corner,
3 too, which a lot of people tend to forget, we had power
4 in three days. That is just absolutely amazing to us,
5 and it just meant everything to a small community that
6 really has very few amenities. So we needed, we needed
7 to be able to have power, and we needed to be able to
8 have those things. And for that we are, you know,
9 eternally grateful.

10 They have also been -- as mayor, I wear many
11 hats, also. I am also in charge of the chamber of
12 commerce, and I am also in charge of the newly renovated
13 Raymond Theater (phonetic), and Progress Energy has been
14 extremely helpful in regard to things of that nature.
15 So those are important to a small town, because the
16 Raymond Theater is the beginning of our economic
17 development, and in a small town that really has nothing
18 else, we needed that and we needed their support and
19 their help.

20 They helped us with little things, like
21 getting lights on in our parks when they were destroyed.
22 You know, you might not think of those as being
23 important, but to us they are.

24 And then I guess one of the things I would say
25 is I would like to talk to you on a personal note. My

1 husband is on oxygen. He has to have a C-PAP machine,
2 and he is allergic to heat. So needless to say,
3 electricity is extremely important to my family. And so
4 when something happens and the electricity goes out and
5 they respond that quick, it is a life-saving event in my
6 family.

7 So on a personal note, I'm not sure that I
8 would like to see a huge increase, but I do know it is
9 important that we support these people and we support
10 what they are doing. And the City of Frostproof is
11 eternally grateful to them.

12 Thank you.

13 **COMMISSIONER EDGAR:** Thank you.

14 And next is Chevon Baccus.

15 **MS. BACCUS:** Thank you, Commissioners, and
16 thank you for coming here to Lakes Wales. I want to add
17 my welcome to Cindy's. I'm the past president of the
18 Lake Wales Chamber of Commerce, and we invite you to
19 come back any time and enjoy our wonderful city. We are
20 called the Crown Jewel of the Ridge, and we would love
21 for you all to come. And please don't judge the
22 acoustics of this building by these microphones, because
23 this building has fabulous acoustics for concerts, so
24 come on back.

25 I want to thank you all for taking the time to

1 come out on the road and to really hear from people.
2 And, you know, we, as a chamber of commerce, have not
3 taken an official position on the rate increase. You
4 all are the experts. You will be crunching the numbers
5 and really looking hard at what Progress Energy needs.

6 But we are here to support our community
7 partner, Progress Energy. None of us wants to pay more
8 money. We would all like to not have anything increase,
9 but as Kay said, my husband is on a C-PAP machine. When
10 we had hurricanes my mother was on oxygen. And I have
11 lived in four other communities in Florida, and in none
12 of those communities have I ever seen power restored as
13 quickly as Progress Energy restores power.

14 It goes out and you can count -- excuse me,
15 count on it being back on. And it's almost amazing,
16 because I have lived other places, and you would be
17 hours and hours and hours without power, and Progress
18 Energy restores it quickly.

19 It's easy to say \$500 million rate increase,
20 big bad power company, but these are our friends, these
21 are our neighbors. These are the people who helped chop
22 down trees and pull things out of the road and restored
23 our power quickly, took care of people, delivered water,
24 and did things in this community. They are the people
25 who volunteer in our schools, who volunteer in our

1 community, and who give back. And you can say you don't
2 want them to cut people, you just want them to cut
3 profits, but people have been cut, people have lost jobs
4 because of this economy. And we don't want people to
5 have to pay a lot more money, but we -- but we also want
6 to count on good reliable energy. And all of these
7 people in the community, you know, I look at it, and
8 the -- you know, for \$3 more a week or whatever it is
9 going to amount to in my house, if I can rely on having
10 power, and I know it's going to be there, you know, it
11 may be worth it to me personally.

12 I live a couple of blocks from here, and, you
13 know, we were ground zero for three of the four
14 hurricanes, and Progress Energy people worked
15 side-by-side with us tirelessly, and then went and
16 volunteered other places, and you all know that. But I
17 want you to know that this power company isn't a big bad
18 power company. It's our friends, our neighbors, and the
19 people who we care about this in community and people
20 who care about us.

21 The Chamber in 2007 gave Progress Energy our
22 excellence in business award. They are a huge
23 contributor to our tax base, to our overall economic
24 well-being. Their outstanding corporate presence
25 supports this art center, our Chamber, Ridge Audubon

1 Society, schools, Circle of Friends, care center,
2 different groups in this community. They support
3 diversity. They support improving our environment. It
4 is kind of an amazing company, and I have been around
5 other companies.

6 And I just want to stand here and say that you
7 all are going to take a good hard look at crunching the
8 numbers, but please don't see this company as the power
9 company. These are people who we rely on in this
10 community for our safety, for our power, and for our
11 reliability.

12 Thank you.

13 **COMMISSIONER EDGAR:** Thank you. Thank you,
14 Ms. Baccus.

15 Mr. Kelly, can you help us move on down the
16 list, please?

17 **MR. KELLY:** The first speaker is Mr. James
18 Strange.

19 **COMMISSIONER ARGENZIANO:** Hello. (Inaudible.)

20 **COMMISSIONER SKOP:** Okay. We're trying to
21 hear you. Try again.

22 **COMMISSIONER EDGAR:** Commissioner Argenziano,
23 if you could repeat it one more time.

24 **COMMISSIONER ARGENZIANO:** Yes. I'm sorry.
25 It's a little difficult (inaudible). I'm trying to ask

1 the lady that just spoke (inaudible). I do want to ask
2 her -- I don't think she said she was there representing
3 the chamber, is that correct?

4 **COMMISSIONER EDGAR:** Mr. Baccus, Commissioner
5 Argenziano, as she said, she was not able to join us in
6 person today because of a recent injury, and I think she
7 had a question for you.

8 Commissioner Argenziano, if you could repeat
9 it one more time.

10 **COMMISSIONER ARGENZIANO:** Yes, I'm sorry. It
11 is really difficult to hear, and I apologize and
12 (inaudible). I'm trying to ask the lady who just spoke,
13 and if she didn't hear me (inaudible). I think she was
14 speaking right into the microphone, Madam Chairman, and
15 it really helped. I need to ask her did she say she was
16 there representing the Chamber, and the second question
17 is have you heard from any of your other members? I
18 realize Progress is probably one of your largest members
19 to the chamber. Have you heard from other members if
20 you are there speaking for the Chamber in regards to how
21 they feel about the rate increase? And, you know, we
22 know Progress has done a lot in the community, but
23 speaking to the rate increase (inaudible).

24 **MS. BACCUS:** Commissioner, I am sorry, but the
25 Chamber did not have an opportunity to poll our members.

1 We would like to have done that, but our executive
2 director has been on vacation, and we had some other
3 issues we were dealing with. We know that there will be
4 very mixed feelings. There is no doubt that some of our
5 members will not want any increase. They would like a
6 reduction. Yes, that's natural.

7 We are here to speak to you all being fair to
8 Progress Energy as you, the experts, assess what they
9 need. And we want them to have adequate resources to
10 continue providing support in our community and to
11 continue providing the quality and level of service. We
12 count on you all as our Public Service Commissioners to
13 make sure that these power companies that are monopolies
14 have adequate resources so when we need the power to be
15 on, it's on.

16 I used to own my own small business. I would
17 hate for the rates to go up, but if the electricity is
18 off, my business is closed. And I think a lot of
19 businesses recognize that.

20 **COMMISSIONER ARGENZIANO:** You obviously
21 believe that if we don't give them the increase that
22 they will not provide the quality of service -- and just
23 let me say that the Public Service Commission is
24 committed to making sure that our utilities
25 (inaudible) -- and they have been great utilities as far

1 as the economy. That is their job. That is what they
2 are supposed to do, and that is why they get, you know,
3 what they do get from the Commission. But are you under
4 the belief that if they don't get this increase that
5 they will not be able to provide -- forget the
6 contributions, because that is (inaudible). I guess
7 what I'm trying to get at, are you fearful that if they
8 don't get the increase that they will not be able to do
9 those things (inaudible) that they normally would have
10 to do anyway? I'm trying to figure out what you are
11 really saying. Bear with me because I only want to get
12 to the heart of the issue.

13 **MS. BACCUS:** Okay. I really bow to your
14 expertise, and the expertise of the Public Service
15 Commissioners, and the staff, and the people who are
16 evaluating this request. We can all paint it as too
17 much money. We can all just say that. I don't know
18 what the right amount of money is. I don't know whether
19 \$500 million is too much. I don't know, you know, what
20 would be adequate.

21 I do know that we are counting on you to make
22 sure that Progress Energy has adequate resources to
23 continue the level of service they have provided us. I
24 have confidence that they will do their best to provide
25 the level of services, but they have had to lay off

1 people, too. They have had to make cuts. They have had
2 to do things. And I am not here because Progress Energy
3 contributes money to the Chamber. I am here because
4 Progress Energy contributes to our community and keeps
5 our businesses open.

6 **COMMISSIONER ARGENZIANO:** (Inaudible.)

7 **COMMISSIONER EDGAR:** Thank you, Commissioner.

8 Thank you, Ms. Baccus, for coming back to the
9 podium to respond to the questions.

10 **MS. BACCUS:** Thank you. And, I'm sorry, we
11 have a very important city commission meeting tonight I
12 have to run to.

13 **COMMISSIONER EDGAR:** Thank you for your
14 comments. Thank you.

15 Mr. Kelly, if you would.

16 **COMMISSIONER SKOP:** Commissioner Argenziano,
17 also, too, when you are speaking sometimes we can hear
18 you and sometimes you fade out. There are times,
19 though, when you are speaking into your phone that it is
20 crystal clear, so perhaps we can find an angle and it
21 will work better.

22 **COMMISSIONER ARGENZIANO:** All I can say is I
23 am kind of embarrassed (inaudible). I don't think it
24 has anything to do with the people who are here tonight.
25 I hope that at the next meeting that we have a better

1 hookup so that I can hear you and you can hear me, also.

2 **MR. KELLY:** Thank you.

3 **COMMISSIONER EDGAR:** Mr. Kelly.

4 **MR. KELLY:** Mr. James Strange.

5 **COMMISSIONER EDGAR:** Mr. Strange, come on up.

6 Thank you for your patience.

7 JAMES STRANGE

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

10 DIRECT STATEMENT

11 **MR. STRANGE:** That's all right. I respect you
12 all very, very much, and that is the reason I came out
13 here. I have watched you on television quite a lot, and
14 I do get updated on current things that are going on,
15 and we respect what you all are doing very much.

16 I had a whole file folder of things that I
17 wanted to bring up to you, and, you know, they are
18 really unnecessary. I just want to ask out of all
19 honesty and decency that you all think about the elderly
20 people when you go to make the rate adjustment or
21 non-rate adjustment, and that you think about us because
22 we are having a little bit different than what is
23 supported by all the media and all.

24 When you go to make that decision, if you will
25 just think about us, that will make us feel real good.

1 Your decision will be right for us, and we thank you
2 very much.

3 And by the way, The Chamber of Commerce of
4 Lake Wales does not always represent the working class
5 of people in Lake Wales.

6 Thank you very much.

7 **COMMISSIONER EDGAR:** Thank you.

8 Mr. Kelly.

9 **MR. KELLY:** Kathy Manry.

10 **COMMISSIONER EDGAR:** Good evening.

11 KATHY MANRY

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

14 DIRECT STATEMENT

15 **MS. MANRY:** Good evening. My name is Kathy
16 Manry, and I am the former Mayor of Lake Wales, so in
17 that capacity I guess I did represent the City of Lake
18 Wales, but I am here in that capacity as the former
19 mayor to tell you what -- what I feel strongly about,
20 which is that Progress Energy -- the key word in
21 Progress Energy is progress. And Progress Energy, I
22 believe, has been on the planning stages of all of the
23 good things that have happened in this community and
24 around this community. We have gotten so much in the
25 way of funding, but even more so in the way of

1 participation from Progress Energy.

2 Yes, I believe that it's going to be very
3 difficult for us to incur any additional cost. I am
4 very aware of how difficult things are right now. Our
5 unemployment is unbelievable. It is totally off the
6 charts and we have a lot of fearful times ahead of us.
7 So I am very sympathetic and empathetic, and in the same
8 boat with everyone who is going through that.

9 But Progress Energy has been a wonderful
10 partner to this community. As Chevron said, we were the
11 eye of the storm for 2004. And one of the things that I
12 found to be so amazing about Progress Energy was that it
13 didn't matter the price of the house you were in how
14 fast the power was returned. There were
15 neighborhoods -- it was done so fairly and the power was
16 returned so quickly. The attitude of the employees has
17 been such a wonderful attitude in our community and
18 involved in all of our community activities.

19 Also, as a long-time resident of Lake Wales, I
20 grew up here, and Florida Power was the name of our
21 partner in Progress. And when they became Progress
22 Energy, I was just captivated by the idea that they
23 became Progress for Central Florida. So I am here just
24 to say that I trust Progress Energy to make good
25 decisions. I trust you to make good decisions as far as

1 how much you feel is fair and equitable, but I trust
2 Progress Energy as far as their feelings and their
3 attitude towards our community. They are there for us
4 every step of the way.

5 I appreciate your time. I, as everybody,
6 welcome you to come back. Our city commission tonight
7 is having an extremely controversial meeting, so if it
8 had not been for that, you would be inundated with
9 people from Lake Wales here to speak to you. I
10 apologize for that, and thank you, again, for coming.

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

12 **MR. KELLY:** Terry Koopman.

13 TERRI KOOPMAN

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

16 DIRECT STATEMENT

17 **MS. KOOPMAN:** Good evening. My name is Terri
18 Koopman, K-O-O-P-M-A-N, because everybody spells it with
19 a C. I wasn't born with it; I married it, so there you
20 go. And I have been carrying it for a really long time.

21 I live in Lake Placid. I don't live in Polk
22 County, I live in Highlands County, about 55 miles south
23 of here in a little tiny county in a little tiny city.
24 And I opened up the paper on Sunday, and it says
25 bankruptcies have increased 40 percent in Highlands

1 County this year. I'm sorry, folks, these people have
2 no money, and 30 percent more is just unreasonable. It
3 is absolutely unreasonable. I cannot look Robert and
4 Victoria in the face Sunday morning at church and tell
5 them, well, you know what, guys, you've got three little
6 kids, and you didn't get a raise this year, and it's
7 only a gallon of milk a week. Surely your kids can get
8 by with one less gallon of milk a week. And that's what
9 it is. I can't look them in the eye and say that.

10 And I would hope that you would take those
11 families, people who have lost their jobs, people who
12 are barely keeping their heads above water. I have a
13 family in my neighborhood that is foreclosed this week.
14 It's not good. And a 9 percent rate of return is better
15 than most people are getting. Thirty percent is just
16 way too much. Thank you so much.

17 **COMMISSIONER EDGAR:** Thank you.

18 Mr. Kelly.

19 **MR. KELLY:** William Gates, Sr.

20 WILLIAM GATES, SR.

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

23 DIRECT STATEMENT

24 **MR. GATES:** Good evening. I'm William Gates,
25 Sr., known as Bill. I live in Highlands County, as

1 well, and I'm on a fixed income. Fortunately, I'm not
2 at the bottom of the barrel, but I know people that are.
3 And a 31-1/2 percent increase is absolutely ludicrous in
4 today's environment, economic environment. We're
5 looking at people that are giving up incomes, not
6 gaining.

7 And I was looking at this printout, their fuel
8 charge -- the fuel charge today at the pump is basically
9 about 60 percent what it was a year ago and their fuel
10 charges have gone up. Now, you add this to the 31-1/2
11 percent that we are looking at, as I say, you know, the
12 word is ludicrous. It really is. So if -- and a
13 9.1 percent return on their investment. You take \$500
14 and go to a bank and try and get 2 percent. You're not
15 going to get it today. And we are not that naive to
16 believe that they need 31-1/2 percent. Maybe 3-1/2,
17 5-1/2, even 10 percent, but 31? No.

18 Thank you for your time.

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

20 **MR. KELLY:** Sharon Garrett.

21 SHARON GARRETT

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

24 DIRECT STATEMENT

25 **MS. GARRETT:** Hi. My name is Sharon Garrett,

1 last name spelled G-A-R-R-E-T-T.

2 And I've listened to quite a few of these
3 remarks, and it sounds like, you know, a cheerleading
4 class for Florida Power. I cannot say that my
5 experiences with Florida Power have been so happy. In
6 fact, sometimes I went through seven years -- seven to
7 nine years of hell. And part of it started out when we
8 had brownouts -- well, not brownouts, but low voltage.
9 And it burned out my air conditioner. It took me awhile
10 to figure out how to get something accomplished, because
11 when you call in on the little system, you get some
12 ding-a-ling on there that doesn't know north from south,
13 or east from west, or whatever. You try to describe
14 where you live, and they can't get this across to who
15 has to come out to your house.

16 Because a few years back in the cost-cutting
17 era, they eliminated the local people offices, like in
18 Haines City and the little towns and they knew everybody
19 and they knew how to get there. So when I finally
20 figured out I had to talk to Benny Crews (phonetic) down
21 there, we would call up and say, okay, we have still got
22 a problem. And he would go run the various lines and
23 check where the limbs were touching. And part of it was
24 sort of like cost/benefit analysis. I forgot to say I
25 have a Master's in business, and I studied accounting

1 and economics and return on investment. If you are out
2 in a rural area, they don't really want to hustle for
3 you. I haven't ever said that I have had my -- I can't
4 say that I have had my power returned in a very short
5 period of time. It's usually hours. And I think
6 sometimes they postpone a certain amount of maintenance
7 because they don't have enough people squawking. If you
8 have a city that has a congregated population, they're
9 going to hustle to take care of those people.

10 And all of this business about I donated for
11 this and I donated for this, you know, people give a
12 certain amount of money to reduce their taxes, and what
13 is also then reduced is their rate of return, and it
14 makes them look real good to a lot of people. But when
15 I had a really bad problem that they did, they did not
16 offer to donate a lot of money to me.

17 And what they did to me was in 1999 I happened
18 to live next to, unfortunately, Polk County's largest
19 indoor marijuana growing operation, which could not be
20 seen from 5050 Baker, because it was down in the creek
21 valley. And I go home to my house down Carl Boozer
22 Road, but my power comes in 5050 Baker and across the
23 way because a long time ago that was the shortest
24 distance to run the line and the less number of poles.
25 And back when my parents first moved out there after

1 World War II on Carl Boozer Road, and it wasn't called
2 Carl Boozer Road -- by the way that is B-O-O-Z-E-R, just
3 like a Saturday night boozier. And my dad and my Uncle
4 Delbert (phonetic) had to pay to have the poles run out
5 there so we could have power, because when I was a kid,
6 we had a generator we turned on at night to have water
7 to take a bath by.

8 **COMMISSIONER EDGAR:** Are there service
9 problems that you have had you in the last few years?

10 **MS. GARRETT:** Yes. Okay. So going back to
11 the drug dealer, they pulled my service because when
12 they went to the gate, the gate was chained and it had a
13 forfeiture piece of paper on there saying it belonged to
14 the sheriff's department and please call this number.
15 And the guy didn't want to go in and pull the can, which
16 is what he is supposed to do, which is your little glass
17 thingy. They pulled the switch back on 5050.

18 I happened to be down at the Miami Orchid
19 Show, and I have two commercial greenhouses full of
20 orchids, and when they pulled the can -- I mean, when
21 they pulled the switch at 9:45, that meant my automatic
22 curtains didn't open, and for two days my plants cooked,
23 and it killed most everything, which I have pictures.

24 And this is what I grew at that time. And it
25 took me a long time to get back to where I was.

1 **COMMISSIONER EDGAR:** When was that?

2 **MS. GARRETT:** That was 1999. And one of the
3 areas you need to revisit is on their tariff which
4 covers their rates. And in there it says they are not
5 responsible for anything but ordinary negligence. You
6 have to prove gross negligence, which is really
7 difficult to prove, believe me.

8 So, what was told to me by the Public Service
9 Commission was this was a clause that was put back into
10 the contracts for the various power companies, because
11 power was a new technology in 1899. And so, therefore,
12 we couldn't have everybody suing every time the lights
13 blinked out. He said it should have been changed going
14 forward, that it is an exculpatory clause on liability
15 which protects them, and they can come up and give you a
16 hard time, like the adjustor. He said, well, we have
17 five attorneys on duty -- I don't remember the exact
18 number -- and they get paid whether they are in the
19 handball court or in court.

20 **COMMISSIONER EDGAR:** Ms. Garrett, at the time
21 that you had the power outage and lost some of your
22 property, you said it was 1999, did you file a complaint
23 with the Public Service Commission?

24 **MS. GARRETT:** I called them and talked to
25 somebody with the Public Service Commission, and the

1 person said it was perfectly reasonable to expect that
2 they shouldn't have to be liable for it. So I figured
3 that your guys were not going to do anything for me.
4 And that was a telephone person. That has been quite
5 awhile back. I have got some notes somewhere. So I
6 went and saw an attorney and all of that.

7 **COMMISSIONER EDGAR:** We have a lot of people
8 who want to speak today --

9 **MS. GARRETT:** What I think is --

10 **COMMISSIONER EDGAR:** -- can you tell us about
11 the service now?

12 **MS. GARRETT:** What I think you need to do is
13 revisit that area on the liability. They need to be
14 liable just like I am if I have something somebody trips
15 over. That's not totally fair, because they have huge
16 resources to fight people, and you are just a little
17 bitty -- you are just a little bitty person, and you
18 can't do a whole lot.

19 Now, as to the return on investment, when I
20 was in college return on investment was after all your
21 expenses, which is paying for equipment, paying for
22 employees, and so forth and so on. Their return on
23 investment of 10 -- what is it, 12 percent, I guess it
24 is, seems extremely high for a government regulated
25 monopoly. Because the way I understood it, with a

1 government regulated monopoly they were supposed to
2 receive a lower rate of return because they were
3 protected by the government from competition. And so,
4 therefore, their return should be lower because they
5 don't have to compete.

6 You don't have this -- this electric company
7 coming in here and that one there offering a cheaper
8 price. So they wanting to have an increase of
9 30 percent seems a little high, and the rate of return
10 to me seems extremely high. It has always been high. I
11 have never earned 12 percent on my money. Right now
12 when you can go to the bank and get 1.2 or 1 percent and
13 Treasury -- Treasury notes don't pay that much.

14 As for depreciation, depreciation is supposed
15 to be, basically, a thing in taxes that allow people to
16 recapture the wearing away of equipment. So this
17 depreciation is money that they are not taxed on. Let's
18 say you have \$1,000 of depreciation, and then you have
19 \$10,000 worth of income. You only have to report \$9,000
20 of income, which a lot of people don't understand
21 depreciation. And, therefore, that \$1,000 of
22 depreciation is supposed to go forward to replacing
23 those blades like they are talking about. So saying you
24 need a base rate when you have got depreciation -- you
25 need a base rate increase and you have already got

1 depreciation, that seems a little bit misleading to the
2 public for me.

3 **COMMISSIONER EDGAR:** Ms. Garrett, do you have
4 any closing comments for us?

5 **MS. GARRETT:** I think it is excessive. I
6 think you need to revisit liability, and that doesn't
7 mean just liability for Florida -- I mean, for Progress
8 Energy. It was Florida Power when I had my incident
9 happen. It should be for all of them, okay, because it
10 is an archaic outmoded thing that was started back in
11 the 1800s.

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

13 Mr. Kelly.

14 **MR. KELLY:** Laura Hunt.

15 LAURA HUNT

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

18 DIRECT STATEMENT

19 **MS. HUNT:** Hi. My name is Laura Hunt,
20 H-U-N-T. Is that better?

21 **COMMISSIONER EDGAR:** Yes.

22 **MS. HUNT:** I am here as a representative of
23 Lake Wales Care Center. Care Center is a faith-based
24 community service organization here in Lake Wales. I
25 have served on their board for 18 of their 25 years, but

1 I am here as a representative. We, too, did not have a
2 chance to poll our entire board. I am here also to
3 speak to the positive impact that Progress Energy has on
4 our community.

5 Now, Lake Wales Care Center was founded in
6 1985, and from the very beginning has been blessed with
7 a great relationship with Progress Energy. We have
8 grown from a very small organization into one that
9 houses nine different facilities. Four of those
10 facilities right now house our Transitional Housing
11 Program, which houses homeless families. We have 15
12 families right now in our Transitional Housing Program.
13 And I say all of that because I want you to know that
14 whenever we call upon Progress Energy, they are prompt
15 and professional in responding to our facility needs.

16 Progress Energy is also very supportive of our
17 local needs. In the past two months, Care Center has
18 been able to help 33 different families with their power
19 bill. One of the resources used by our case workers to
20 pay those power bills is the Progress Energy Good
21 Neighbor Energy Fund.

22 On a more personal level, the employees of
23 Progress Energy have a payroll deduction plan that gives
24 them the option of making regular financial gifts to
25 Care Center.

1 (Phone ringing.)

2 **COMMISSIONER EDGAR:** Just a moment.

3 **MS. HUNT:** That's quite all right.

4 **COMMISSIONER EDGAR:** Okay. Go right ahead.

5 Sorry about that.

6 **MS. HUNT:** Thank you. It happens all the
7 time.

8 There are probably no adequate words to
9 describe how much those gifts are appreciated, given the
10 current economic environment. Another way Progress
11 Energy gets involved in our community and with Care
12 Center is through their Day of Caring. What a wonderful
13 gift of service to their neighbors in need. This coming
14 July, the Progress Energy folks will be out painting and
15 roofing homes as they complete work projects begun for
16 disadvantaged homeowners during Care Center's
17 stay-at-home work camp.

18 Finally, I want to say that Progress Energy is
19 a leader in community involvement and a good friend to
20 many other agencies besides Care Center. At every level
21 they provide us the resources and the manpower to reach
22 out to neighbors in need in our community. They are
23 consistently listed in our annual report as being major
24 corporate donors.

25 On behalf of Care Center, I want you thank you

1 for this opportunity and say that we do trust you to
2 weigh all and make the best decision for Progress Energy
3 and for our community.

4 Thank you.

5 **COMMISSIONER EDGAR:** Thank you.

6 Before you go, I think -- Commissioner
7 Argenziano?

8 **COMMISSIONER ARGENZIANO:** Yes.

9 **COMMISSIONER EDGAR:** Again, we are having a
10 little difficulty hearing you, but did you have a
11 question for our latest speaker, Ms. Hunt?

12 **COMMISSIONER ARGENZIANO:** Yes, I do, and I'm
13 sorry we are having problems. I really hope that we can
14 resolve (inaudible). I understand that the companies do
15 a lot for the community (inaudible). I understand that
16 (inaudible) does not want to lose contributions, but you
17 must understand how dangerous it is to ask that we maybe
18 take that into consideration in a rate increase for all
19 people. For apparent reasons we wouldn't want to do
20 that, and if she has a position on the rate increase.

21 **COMMISSIONER EDGAR:** Commissioner Argenziano,
22 you are kind of in and out. I think I got it, but I'm
23 not sure Ms. Hunt got all of it. So if you could just
24 pose the question part again, please.

25 **COMMISSIONER ARGENZIANO:** I will try. Can you

1 hear me now?

2 **COMMISSIONER EDGAR:** Yes.

3 **COMMISSIONER ARGENZIANO:** Okay. What I need
4 to ask her is, again, I understand she's speaking to the
5 contributions that the company gives, and it's from the
6 shareholders who give those contributions, that is a
7 very nice thing, but very separate from the rate
8 increase.

9 Now, I understand that a facility that takes
10 these contributions may not want to see those disappear,
11 and I'm not sure that they would disappear if we do not
12 give a rate increase. But since this meeting is about a
13 rate increase involving service, I would like to know
14 her position on the rate increase, if she has one.

15 **COMMISSIONER EDGAR:** Ms. Hunt, if you can, I
16 think, if I may paraphrase, Commissioner Argenziano is
17 asking if you can respond if you have a position on the
18 rate increase more specifically. If you can answer that
19 in a response, fine, and if you can't, just whatever
20 your words are.

21 **MS. HUNT:** I'm not sure that I feel qualified
22 to speak to that as a representative of Care Center. I
23 really wanted to just mainly speak to the community
24 support that they give, and I know that the burden is on
25 you all to make that best decision.

1 **COMMISSIONER EDGAR:** Thank you.

2 Mr. Kelly.

3 **MR. KELLY:** Jane Patton.

4 JANE PATTON

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

7 DIRECT STATEMENT

8 **MS. PATTON:** Hello, and thank you for the
9 opportunity to speak. I'm Jane Patton. I am the
10 President of the Haines City Northeast Polk County
11 Regional Chamber, and I live in Haines City. And like
12 most everyone here, experienced the hurricanes and the
13 resulting power outages that have resulted in rebuilding
14 of most of the infrastructure that provides us power.
15 And since then we have had really good service, really
16 good power, and experiences because of the investment
17 that they had to make. We are now experiencing much
18 better power on a day-to-day basis than we -- than we
19 used to. So I appreciate the investment that they made
20 in correcting the problems, not just putting patches on
21 things, because they could have done that.

22 **COMMISSIONER ARGENZIANO:** Madam Chair.

23 **COMMISSIONER EDGAR:** Thank you, Ms. Patton.

24 If you will yield for a question from Commissioner
25 Argenziano.

1 **COMMISSIONER ARGENZIANO:** Yes, I really hope
2 you can hear me. It really is a shame that we can't
3 communicate, but the question, again, is the person who
4 just addressed us speaking on behalf of the chamber and
5 all of its members?

6 **COMMISSIONER EDGAR:** Ms. Patton, I think her
7 question, if I may paraphrase just for ease, are you
8 speaking for yourself as an individual or on behalf of
9 the Chamber and the organization?

10 **MS. PATTON:** I wanted to speak on both
11 behalves, share my personal experience and, also,
12 because of the short notice, I was not able to poll my
13 members, so I do not know how they all feel. But I know
14 from a business community perspective that Progress
15 Energy is there for us as a partner. When I have a new
16 business come to town, they meet with them, they learn
17 their needs, they try to do their best to provide the
18 type of service and the level of service that the
19 business needs.

20 And Ms. Manry talked about trust, and we all
21 feel that you will do the best you can to allow Progress
22 Energy to still deliver that level of service and
23 provide them a return on their investment just like any
24 other business needs.

25 **COMMISSIONER ARGENZIANO:** Madam Chair.

1 **COMMISSIONER EDGAR:** Commissioner Argenziano.

2 **COMMISSIONER ARGENZIANO:** So you are not
3 speaking on behalf of the Chamber, and in regards to
4 what you said on the short notice, who gave you the
5 notice to speak, please? (Inaudible) I'm getting
6 confused and concerned about what I'm hearing coming
7 from (inaudible) probably can poll your other members
8 and see how they feel, because I think it is kind of
9 unfair. But I would like to know how you got the short
10 notice and where it came from, please.

11 **MS. PATTON:** I'm sorry. I heard about a month
12 ago from Progress Energy representatives that the
13 Commission was going to be out allowing us to address
14 them, and --

15 **COMMISSIONER ARGENZIANO:** Okay. All right.
16 That's all I need. Thank you.

17 **MS. PATTON:** Yes. Okay.

18 **COMMISSIONER EDGAR:** Ms. Patton, do you have
19 a further comment?

20 **MS. PATTON:** I just wanted to say that we
21 appreciate you being here and allowing us to speak, and
22 we know you have a tough job, so thank you very much.

23 **COMMISSIONER EDGAR:** Thank you.

24 Mr. Kelly.

25 **MR. KELLY:** Mark McDuff.

1 MARK MCDUFF

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

4 DIRECT STATEMENT

5 **MR. MCDUFF:** Good evening, Commissioners. My
6 name is Mark McDuff, and I am with the Central Florida
7 Development Council, and we are the economic development
8 agency for Polk county. And we are here tonight not to
9 take a position on the rate increase, but we are here to
10 express our -- the great pleasure it has been for our
11 organization to have worked with Progress Energy for
12 more than 20 years. They have truly been a great
13 community partner, as they have supported not only
14 business growth, but also growth in our communities and
15 supported important community programs as we have heard
16 from others here tonight.

17 Not only do they live here and are part of our
18 communities, but they have contributed to our
19 communities in many meaningful ways, including providing
20 funding and resources for important community programs.
21 And, in fact, an experience that I had one time here
22 working with the City of Lake Wales, where Progress
23 Energy donated significant funding to develop a lakes
24 management plan that was put in place to help manage an
25 important environmental resource.

1 They have also been instrumental in supporting
2 various community projects, as you have heard from
3 others here in this meeting tonight. And, also, their
4 support and participation during hurricane and disaster
5 relief has been very significant to the county. So we
6 look upon them not only as power providers, but also as
7 friends and family and really appreciate their support.

8 Their support has made possible significant
9 economic development projects. As you have also heard,
10 those projects have been responsible for creating jobs
11 and bringing capital investment into our communities,
12 from the small communities as mentioned down in
13 Frostproof all the way to the upper end of the ridge in
14 our county. So we are very appreciative of those
15 efforts.

16 And, finally, I just want to say that because
17 of their support for our communities and the work that
18 they have done, they have been recognized as a recipient
19 for significant awards in our community, among those the
20 Dick Pope Award, which is a very prestigious award that
21 was provided to them for their work and their efforts in
22 community service in our county.

23 So, in closing, I just would say that we,
24 again, are not taking a position on the rate increase,
25 but we do recognize the value that they bring to our

1 communities and to our county.

2 **COMMISSIONER EDGAR:** Thank you.

3 **MR. KELLY:** Landis Horton.

4 LANDIS HORTON

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

7 DIRECT STATEMENT

8 **MR. HORTON:** Good evening, Commissioners. We
9 have heard many things here tonight, but part of the
10 problem for me is that Progress Energy, as far as I am
11 concerned, are not based on reality. It seems to be
12 based, in many cases, on fairy stories.

13 You know, there was a time that we had many
14 trees in our backyard that used to grow money, but
15 Hurricane Charley came along and blew them all away.
16 Since that -- since that reality has hit now, we
17 basically (inaudible) many people are struggling to pay
18 our bills.

19 Now, you have heard the person tonight from
20 the Care Center about how, you know, what I consider to
21 be, basically, propaganda for Progress Energy. For
22 three years I volunteered for the Care Center, and I
23 worked in the food room, and I saw -- I spoke with many
24 people. These people were constantly struggling. They
25 couldn't afford to buy food. They couldn't afford their

1 electricity bills. And the reality was that they were
2 spending their time in the mall or walking around
3 Wal-Mart all afternoon, you know. And they would come
4 home in the evening time and put the air conditioner on,
5 especially if they had children, because that was the
6 only time they could afford it.

7 If you allow this rise to happen, you are
8 going to see more hardship and more suffering. You are
9 going to see more people being cut off because they
10 can't afford the electricity bill. You know, you can
11 take your pick on this, but that for me, you know,
12 Progress Energy is the reality. People just can't
13 afford to pay their bills anymore.

14 A prime example is why are we getting two fuel
15 charges? We have done everything we can to keep our
16 electricity bills at bay. Yet here we are, we have been
17 away for two weeks, come home, get our bill. The actual
18 energy charge on the bill is only \$53, but by the time
19 everything had been added on, including the fuel
20 charges, it came to \$261.

21 Now, I find that remarkable. My friend who
22 lives next door, who works 12-hour shifts, came home to
23 a \$113 bill, yet he is virtually never there. He uses
24 the washing machine once a week.

25 There is simply the fact that we are going to

1 see more people going without electricity, more people
2 in the dark, more people, basically, lighting candles.
3 You know, you have to understand that. You know, enjoy
4 what you have here right now. It is nice and cool.
5 Well, what I saw through the Care Center was people
6 living in 90-plus degree heat, which in many cases in
7 the home the temperature would average around
8 103 degrees. But they are too stubborn and too proud to
9 accept any help.

10 So, you know, I find this an incredible lack
11 of timeliness at this time Progress Energy would be
12 asking for such a large increase. You know, you have to
13 understand that, you know, out there people are -- I'll
14 say it one more time, people are hurting and we need to
15 do something about it. And it's all full of how
16 wonderful Progress Energy are contributing to the
17 community, and doing this and doing that, but that is
18 not the issue. The only issue is this base rate rise.

19 Thank you.

20 **COMMISSIONER EDGAR:** Thank you, Mr. Horton.

21 **MR. KELLY:** Susan Copeland.

22 SUSAN COPELAND

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

25 DIRECT STATEMENT

1 **MS. COPELAND:** Good evening. I'm Susan
2 Copeland. I'm the Executive Director of the Polk
3 Education Foundation, and my office is not in Progress
4 Energy's service area, nor is my home, so I can't attest
5 to the rate increases being discussed.

6 But what I can attest to is the community
7 service that is provided by Progress Energy. And I have
8 been listening to all the comments and, of course, I'm
9 sitting in the audience, and I can hear those comments,
10 too. And that doesn't seem to impress some, but I just
11 would like to remind everyone that eventually one day
12 any one of us could be benefitting from one of those
13 services that Progress Energy so generously supports and
14 funds. So it is a truly important part of what they do.

15 There are about three dozen schools in the
16 Progress Energy service area representing thousands of
17 families, but I think you would be hard-pressed to find
18 at one of those schools there is not one of them that
19 has not benefitted from Progress Energy, either in
20 donations of time, talent, resources, or funding. And I
21 can say that with great assurance because we help them
22 administer many of the programs and services that they
23 do provide in the school district.

24 One of those is a grant program that helped
25 teachers buy supplemental classroom materials for math

1 and science initiatives so students could have better
2 achievement scores. One was to help get more teachers
3 in the Progress Energy service area, so providing jobs
4 through a tuition reimbursement program, and one was a
5 program that helped provide technology initiatives to
6 schools so they could, again, enhance lessons so
7 students had greater achievement. And if there is
8 greater achievement with students, graduation rates go
9 up, we have a more prepared workforce. So a lot of
10 benefits with those programs that sometimes people don't
11 look at the end result or the result that comes many
12 years on down the road.

13 So, please remember a good service provider
14 not only provides service well, but is truly one that
15 cares about their community, just like Progress Energy
16 does. And rate of return was mentioned earlier, and I
17 think that we could all agree that investing in your
18 community does give you a good rate of return. So no
19 matter how any of us may feel about the rate increase,
20 and I don't have a stake in that, but I do know that
21 with business there are costs associated. And even
22 myself as a nonprofit, I'm having to deal with others
23 who are increasing rates, and we have to accommodate
24 those and go on and do the best we can because we
25 ultimately want to provide the best service. And I know

1 that's what Progress Energy does want to try to do and
2 does.

3 So I wanted to make sure just tonight that we
4 remember Progress Energy provides a vital service to
5 their community, employs hundreds of employees, and
6 works hard to be a good citizen.

7 **COMMISSIONER EDGAR:** Thank you, Ms. Copeland.

8 **COMMISSIONER ARGENZIANO:** Madam Chair. Excuse
9 me, Madam Chair.

10 **COMMISSIONER EDGAR:** Commissioner.

11 **COMMISSIONER ARGENZIANO:** Yes. I hope I'm not
12 yelling, but I want to make sure you can hear me.

13 **COMMISSIONER EDGAR:** Go right ahead.

14 **COMMISSIONER ARGENZIANO:** I just want to make
15 sure --

16 **COMMISSIONER EDGAR:** Now we can't hear you, or
17 at least I couldn't a moment ago. If you'll give us a
18 second, I am having one of our wonderful staff push
19 those magic buttons.

20 **COMMISSIONER ARGENZIANO:** Okay.

21 **MS. DUBIN:** Okay. Go ahead.

22 **COMMISSIONER ARGENZIANO:** Can you hear me?

23 **COMMISSIONER EDGAR:** We can right now.

24 **COMMISSIONER ARGENZIANO:** Okay. The question
25 I have for the last speaker was that I think we all

1 understand the wonderful contributions that the company
2 makes. I have heard it time and time again. And, you
3 know, in my community the same thing, Progress does a
4 great job. But I want to understand from the people who
5 are coming to speak on the contributions, do they think
6 somehow that the quality of service is tied into the
7 contributions that the company gives? Because the state
8 requires our utilities which are monopolies to provide
9 quality of service, and it's not tied to the
10 contributions, and I am just trying to figure out if
11 they think that quality of service is tied into the
12 contributions that the company gives to the community?

13 **COMMISSIONER EDGAR:** Ms. Copeland, I know that
14 was a little difficult to hear. It was for me. Thank
15 you for working with us. If you could hear some, can
16 you reply or try to?

17 **MS. COPELAND:** I think the question was if I'm
18 ultimately concerned that our donations would be
19 hampered in any way, or if those donations being tied
20 with the quality of service. Is that how you --

21 **COMMISSIONER ARGENZIANO:** That's pretty much
22 it. (Inaudible.) Thank you.

23 **COMMISSIONER EDGAR:** Thank you, Commissioner.
24 And if you could maybe respond to that.

25 **MS. COPELAND:** Sure. As I said earlier, we

1 are dealing with that as a nonprofit. You know, we
2 are -- we are seeing people who can't give as much,
3 can't give at all, those who are still giving. And as I
4 understood it, this was a community forum to talk about
5 any issues, even though rate increases are first and
6 foremost, I think, on most everyone's mind here. But
7 rate increases alone can't be considered on one respect
8 because I think it's important, and I don't know if
9 everyone who lives in Progress Energy's service area
10 realizes what they do give. And if they realize the
11 philanthropic nature in giving of an organization, then
12 maybe sometimes -- I'm not going to say it eases the
13 pain of a rate increase, but people may oftentimes see
14 there are things that offset each other.

15 And as we heard earlier, there are huge costs
16 associated with the power industry and things that are
17 mandated costs. And it's just to be expected. The cost
18 of living goes up, costs go up, things increase. But,
19 you know, giving doesn't always change with some
20 companies, and I can say that it has not changed with
21 Progress Energy. And, you know, I hope that it doesn't,
22 but if it does, I would certainly understand that
23 because they are running a business just like I, as a
24 nonprofit, you know, run ours. So I hope that addressed
25 your question.

1 **COMMISSIONER EDGAR:** Thank you.

2 **COMMISSIONER ARGENZIANO:** Madam Chair, can you
3 hear me?

4 **COMMISSIONER EDGAR:** Yes.

5 **COMMISSIONER ARGENZIANO:** I think it addressed
6 my question very well. I think that a lot of people are
7 not understanding that a rate case has nothing, nothing
8 to do with the contributions of the company. It has to
9 do with quality of service, of course. We do look at
10 the quality of service, and I think I now got from this
11 woman -- from the lady who gave the presentation that --
12 I'm not sure if she answered that she thought the
13 contributions were tied into the level of service.

14 And may I just say to the people of the
15 audience that quality of service is something that is
16 required by the state of Florida without regard to
17 contributions, and I just want people to be aware of
18 that. And I thank the lady for coming up and giving her
19 presentation.

20 **COMMISSIONER EDGAR:** Thank you.

21 Thank you for your comments.

22 Ms. Bradley.

23 **MS. BRADLEY:** Gail Quam.

24 GAIL QUAM

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

1 testified as follows:

2 DIRECT STATEMENT

3 **MS. QUAM:** Good evening. And that's Q-U-A-M.
4 It's a little difficult to spell. I am here this
5 evening to talk about exactly what we were talking about
6 just a moment ago with the benefits to our schools from
7 Progress Energy. Not just their contributions, but the
8 point that what they do for our schools does improve the
9 curriculum. They have given our teachers curriculum and
10 training that then does, in turn, help our students.

11 They have done this in so many ways with
12 providing solar panels to our school, which has caused
13 our students to care more about the national resources
14 that they have, and caused our school as a whole to go
15 about conserving our natural resources that we have.
16 And that has impacted lifestyles of change for our
17 students, not just in the monetary amount, but the way
18 they will go about living their lives and using our
19 natural resources and conserving those.

20 Also, as the principal of an elementary school
21 to speak about their rates, we do have tight budgets, as
22 everyone knows. So are we excited about paying more
23 dollars? No. Do we see the benefits of the education
24 for our children in ways about natural resources and the
25 way that Progress Energy in making progress in energy

1 conservation and use benefits our students? Yes, we do.
2 Our school also is a very high free and reduced lunch
3 school, which means that our parents also have issues
4 with rates.

5 I have not polled anyone, but I would feel
6 sure that they would want you to make the judgment that
7 you feel most fair for our students, but also in light
8 of the fact that their children are receiving such
9 amazing education outside of just the academic area, but
10 in ways to become better citizens of our world.

11 And I appreciate the fact that you all are the
12 experts with the rates. And I am not charged with that;
13 I'm charged with running a school. And I will do that
14 to the best of my ability, and I trust you to make the
15 rate adjustments to your best your ability.

16 Thank you.

17 **MS. BRADLEY:** Edward Spenik.

18 EDWARD SPENIK

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

21 DIRECT STATEMENT

22 **MR. SPENIK:** My name is Edward Spenik. I live
23 in Lake Henry Estates, which is in Haines City. It's a
24 55 and older community. The community consists of about
25 18 to 20 percent vacant homes currently. It's very

1 high. We have never experienced this before like this.
2 Whether it has anything to with the economics and the
3 cost of living there, I don't know, but I'm sure
4 (inaudible) into some calculation for the people that
5 have abandoned their houses or left their houses.

6 We have a lot of widows. We do a lot of
7 personal things for people that don't have knowledge
8 about finance and so forth. So we get to see that a lot
9 of them are working on such a fixed income that they are
10 worried to death whether they have to go live with a
11 relative. And we say a relative not here in Florida,
12 but usually from where they came and it is another
13 state. And so we are going to lose those productive
14 people.

15 We have a direct result of a rate increase,
16 because we have our own sewer system, we have our own
17 water system, our own street lights, and that doesn't go
18 for an annual rate and wait to see if we have any
19 reserves, because we don't carry any. It's a direct
20 thing. So as soon as the power rate goes up, we catch
21 it and pass it on. And so it's like a double whammy,
22 real quick. People were affected.

23 The rate they are asking is really excessive
24 in these times when you have CDs offering 1 to
25 3 percent, you have annuities -- talk to someone, a

1 financial advisor about buying an annuity or in that
2 area, and they are talking maximum locking in at 4 and 5
3 percent.

4 And the other part of that is that every one
5 of us that has mutual funds, we have a pension program,
6 most of the people that I know are down 35 to 40 percent
7 on what we had at one time when all of this financial
8 burden came down upon us. For anyone to look at a rate
9 increase in double digits right now, I don't care who
10 you are -- and just to make a little pun, it is apparent
11 that Lake Wales is going to be the next Progress Energy
12 headquarters, because everybody here loves Progress
13 Energy, and it shouldn't be. You should be looking at
14 this basic rate because it has such an affect upon
15 everybody.

16 And I'm kind of disappointed with my other
17 fellow Polk Countians who gave accolades rather than
18 stay to the germane and to the point of addressing a
19 rate increase. Progress Energy is great. They got into
20 the business to be into this business. They should stay
21 there. They are great. But at this time come back at
22 another time.

23 I think it should be in that 3 percent range
24 and no more, because the constituents out there, that is
25 they can afford. They are living day-to-day, and

1 Progress Energy has got to tighten the belt in the
2 day-to-day with us.

3 Thank you for coming. Bye.

4 **COMMISSIONER EDGAR:** Thank you. Thank you,
5 Mr. Spenik.

6 **MR. KELLY:** Steve Davis.

7 STEVE DAVIS

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

10 DIRECT STATEMENT

11 **MR. DAVIS:** Hi. I'm Steve Davis. I'm the
12 Energy Manager for Mosaic Fertilizer. I'm not here to
13 talk about civic organizational activities. I'm here to
14 talk about quality of service issues and cost.

15 Maybe to first sort of set up the table about
16 who Mosaic is. We own and operate five phosphate mining
17 facilities in Central Florida and four concentrated
18 fertilizer manufacturing facilities. We employ 3,300
19 employees in Central Florida, and our products are
20 basically fertilizer, which is used to increase crop
21 yields and reduce the amount of land required for
22 farming.

23 One of the things about fertilizer
24 manufacturing in particular in Florida is that it is a
25 very energy intensive enterprise. In fact, electricity

1 is our single largest cost element for our mining
2 operations. I say that despite the fact that Mosaic
3 already currently self-generates about 150 megawatts of
4 electricity right now from waste heat that we recover
5 from our fertilizer manufacturing operation. And we use
6 most of that power internally, but, however -- but
7 despite that we still have to purchase an additional
8 170 megawatts of electricity on average from both
9 Progress Energy, Tampa Electric, and Florida Power and
10 Light.

11 Our annual cost of electricity purchases is
12 over \$100 million a year in Florida. And so, obviously,
13 electricity is an incredibly important element to the
14 sustainability and the long-term employment for all of
15 our employees here in Florida.

16 Speaking to the quality of service issue with
17 Progress Energy, to summarize quickly, the word I would
18 say for their quality of service is outstanding. We
19 probably have about 20 accounts that are serviced from
20 Progress Energy. They have a history of designing and
21 constructing facilities that are basically installed for
22 long-term service operation with minimal maintenance
23 activities. And we all know that at some point in time
24 when you have a major operation these outages may occur.
25 Well, when those do occur, from an emergency standpoint,

1 they have been very prompt at restoring the service to
2 our facilities. And not only that, do they restore the
3 service, they also are proactive about going out and
4 finding what was the root cause of the outage and taking
5 action to correct it, whether it is a redesign or a
6 modification of the equipment.

7 You know, obviously, one of the things that we
8 are here to talk about, though, is the cost. There is a
9 concern, as I mentioned, for cost. And Mosaic is a
10 member of FIPUG, as you guys may know, and you will
11 probably hear a lot of testimonies from FIPUG during
12 this case. So, I won't really try to delve into that,
13 but I do want to leave you with two thoughts about the
14 cost. Whenever you're making your decision based upon
15 the testimony that you will hear from Public Counsel,
16 and from Progress Energy, and from FIPUG, and the Retail
17 Federation, and others, is that I do believe there is a
18 real value for an interruptible customer for what they
19 can bring to the table as far as eliminating a need to
20 build some additional generation capacity that would
21 otherwise be required here in Florida. That eliminates
22 the emissions that are associated with it, and we are a
23 big believer in that. Like I mentioned, the
24 150 megawatts that we generate, that has zero emissions,
25 zero water consumption, zero open land disturbances. So

1 we are, try to be, friendly towards the environment.

2 And the other element that -- cost element
3 that I would like for you to think about is that we have
4 a very attractive load profile, which actually has
5 larger consumption during off-peak periods than it has
6 during on-peak periods, which can match up very well
7 with typical residential and commercial load profiles.
8 And I think that does bring some value to the system,
9 because it keeps some of your base load facilities
10 actively engaged in producing power. And some of that
11 power, like the nuclear facilities, can be some of the
12 most economical and most environmentally friendly
13 generation that there is. That's what I wanted to say.

14 Thank you.

15 **COMMISSIONER EDGAR:** Thank you, Mr. Davis.

16 **MR. KELLY:** Terri Turnbull.

17 **COMMISSIONER EDGAR:** Excuse me. Mr. Davis, if
18 would you come back for a moment, if you would.

19 Commissioner Argenziano, did you have a
20 question for Mr. Davis?

21 **COMMISSIONER ARGENZIANO:** Thank you very much
22 for speaking to the point of why we are here. I
23 appreciate that extremely. I would like to ask you,
24 because I did not hear you -- I heard you say be careful
25 on certain things and certain (inaudible) very important

1 to me and I'm glad that quality of service has been
2 (inaudible). That's what we require, and I am glad that
3 Progress has lived up to that.

4 But, are you -- can you give me (inaudible).
5 Are you concerned with a rate increase? (Inaudible.) I
6 heard you say you are with FIPUG, but I just don't know
7 (inaudible).

8 **MR. DAVIS:** Okay. Well, obviously, we are
9 concerned about the proposed rate increase. Do I think
10 that a rate increase is coming? Yes, I think it's
11 coming. So I guess the point that I was trying to make
12 was in your deliberations and making your decision about
13 how large the overall increase is going to be, and how
14 that increase is going to be allocated to the customer
15 classes, we would like for those two points that I
16 mentioned to be something that you kept in mind.

17 **COMMISSIONER ARGENZIANO:** And in regards to
18 how it affects your company and your employees and so
19 on, I'm very much appreciative, because I think that is
20 part of the reason we are here today (inaudible) other
21 business as well as individuals, and I really do
22 appreciate you coming out and speaking to the point.

23 **MR. DAVIS:** Yes, ma'am. Well, it is very
24 important to us, because we are in a highly competitive
25 industry, not just with other fertilizer manufacturers

1 in Florida, but also fertilizer manufacturing throughout
2 the world.

3 Thank you.

4 **COMMISSIONER EDGAR:** Thank you, Commissioner.

5 Mr. Kelly.

6 **MR. KELLY:** Terri Turnbull. Terri Turnbull.

7 Bill Mattison.

8 **COMMISSIONER EDGAR:** Good evening.

9 BILL MATTISON

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

12 DIRECT STATEMENT

13 **MR. MATTISON:** My name is Bill Mattison, and
14 I'm from Sebring, Florida, and I'm here to speak against
15 the rate increase. And I want to tell you why, okay?

16 I think highly of Progress Energy. I had a
17 gentleman come out to do an energy audit of my house,
18 because I wanted to save on my energy, if possible. I
19 have a new air conditioner, air handler, and I have a
20 service called load management. I'm not in favor of
21 that very much right now, because my house got to be
22 85 degrees in my house. After two phones calls, and I
23 had the owner of the air conditioning company in my
24 house at the time, and we were trying to track the
25 problem. And we found the problem to be the load

1 management.

2 So, the one thing I want to get to is this. I
3 have been retired for 14 years now, and I hear about the
4 chamber of commerce people; I was in the chamber of
5 commerce, and I was instructed by my company what to do,
6 okay. So I won't have anything to say against the
7 Chamber of Commerce, but the Chamber of Commerce is for
8 business. I'm up here speaking as an individual.

9 I started tracking my bill in August of last
10 year, and I have got a thing here. There was an
11 8 percent increase in August of last year. In January
12 of 2009, there was a 25 percent increase. In April of
13 2009, there was an 11 percent increase. And -- hold on
14 just a minute. In July of 2009, there was a 4 to
15 10 percent, sort of take your pick. And then in this
16 recommendation here is 30 percent. You take an average
17 bill, and I'm saying the average bill and I'm using
18 mine, of \$250-month and you take 8 percent, 25 percent,
19 11 percent, 4 or 10 percent, and 30 percent. Over that
20 period of time, that \$250, your payment will be \$520.
21 That's in 2010. That's more than double. And I tell
22 you what, that's getting mighty expensive for
23 electricity. That's all I got to say.

24 **MR. KELLY:** Bobbie Spitzner.

25 BOBBIE SPITZNER

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

3 DIRECT STATEMENT

4 **MS. SPITZNER:** I'm Bobbie Spitzner. I live in
5 Shady Cove, the cove by Lake Marion near Greenleaf, and
6 I am -- I will state right out in front, I am against
7 the increase, and I will tell you why. It's important
8 enough to me that I was asked to be part of Adam
9 Putman's town meeting tonight, and I gave that up to be
10 here.

11 We're going without air conditioning now until
12 it gets up to 87 in the house, and then we turn it to 82
13 and we try and keep it there. We're running fans and
14 doing that, and we found that by sleeping in separate
15 rooms the body heat doesn't give off as much. So that
16 saves, and we can keep it down a little that way. We
17 have closed off one room, trying to keep it down, and
18 we're still running at \$150 a month.

19 And we have lost half of our savings through
20 no fault of our own. We are in the same boat with
21 everybody else, but that doesn't mean we can just keep
22 on as we were. A big night out for us now is CC's,
23 where the seniors eat for four-forty -- two of us for
24 ten dollars. So we can't afford to have a rate
25 increase.

1 And our power, as far as their service goes, I
2 have called I can't remember how many times because our
3 power would flick and the lights will go out, and you go
4 around setting these clocks all over, these digital
5 things, and the computer flicks off. And all of these
6 things, and they said they fixed it. They look, they do
7 this, they do that. Well, we are at the end of the
8 road. So if a bird sits on the line down the way, we
9 are out of luck.

10 I'm in favor of nuclear, if that's what they
11 wish to do, but I believe the stockholders should bear
12 that cost as they will reap the gains in their increased
13 returns. I don't think that is up to customers. We are
14 using less than 1,000 kilowatts when we -- kilowatts
15 now. When people were moving in, they may have needed
16 it. Not now. Many houses are no longer on line as
17 brokers look for 10 percent. They think that's a great
18 investment. Is that what Progress Energy is making is
19 10 percent to their stockholders?

20 **COMMISSIONER EDGAR:** Mr. Willis.

21 **MR. WILLIS:** Commissioners, it's closer to 9
22 percent right now.

23 **MS. SPITZNER:** That's pretty good.

24 Crystal River, you mentioned that. I have
25 taken notes as you went along, so it's not in context.

1 Crystal River should have been maintained year to year
2 not out of my pocket as a lump sum. We already pay the
3 same for added fuel charges as what the kilowatts are.
4 When the fuel prices go down, there is no change on
5 their bills; they stay the same or go up. And I would
6 like to know why. It seems like when they were put on
7 it was a temporary thing, and it seems to have become
8 permanent. Everybody has gotten used to it. I'm not
9 used to it.

10 And can you think of a way, like with taxes,
11 that they defer like your taxes until the property is
12 sold when you die, something like that, because of the
13 elderly? I'm been sitting there thinking, you know,
14 that there has to be a way. And as a senior adjustment,
15 and you're asking, I think, for twice as much hoping you
16 will get half. It's just like a lot of things that way.

17 And as far as that one man said about the
18 heat, I worked at Western Michigan University. I was in
19 the geography department, and I was part of a study that
20 I helped two masters students do. And we collected data
21 from all the state health departments, and we found that
22 more people die from heat than they did cold. And I
23 think that people have to have their air conditioners.

24 And as far as altruistic things, our church
25 cares for students and adopted a school and raised its

1 grading. We do, my husband and I, Terrific Tuesdays and
2 tutor kids at risk. Nobody says, oh, boy, you are
3 wonderful for that. And Progress Energy should do it
4 just as, of course, that is the right thing to do. So
5 there I am.

6 **COMMISSIONER EDGAR:** Thank you.

7 **MS. SPITZNER:** Does that lady have questions?

8 **COMMISSIONER EDGAR:** I don't think so.

9 **MS. SPITZNER:** Good.

10 **MR. KELLY:** James Brown.

11 JAMES BROWN

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

14 DIRECT STATEMENT

15 **MR. BROWN:** Thank you for this opportunity.

16 My name is Jim Brown and I have been self-employed since
17 I was 21. My father is a retired educator, principal
18 from this area, as well.

19 First off, I would like to get on the donation
20 list so that I can come up and talk good about Progress
21 Energy. So if you would tell me how to get on that
22 list, I would like to get my name on that.

23 The first thing here, in order for businesses
24 to grow, general businesses, we have to make a profit
25 and we save our money and sometimes we have to go to the

1 bank and borrow it. We don't have the luxury of having
2 a monopoly and being able to charge a certain rate and
3 having, the people having to pay that rate. And, you
4 know, we don't have a situation where we put the
5 stockholders before the customers.

6 And I think that this needs to be looked at
7 because I have expanded over the last 31 years from one
8 location to four locations, and I have not done it by
9 raising my prices. I have done it by working hard and
10 giving a good service and giving a quality service. And
11 I am in the dry cleaning business, and that is what I
12 do. And they are in the electrical business, or
13 electricity business, and that is what you do. And we
14 expect you to do a good job of it.

15 And, you know, we don't have an option of
16 choosing Duke Power, or TECO, or somebody else, and I
17 think we ought to look at deregulating the power company
18 at this extent. Now, there are some people here that
19 will get mad at me that might know me and I know a lot
20 of people who have worked for Florida Power and Progress
21 Energy, and I know from past and present, and they are
22 good people, but they don't control the agenda at your
23 company.

24 My aunt used to own the Sunshine Bakery
25 Company. It was a Fortune 500 company. And she was

1 very wealthy. She probably could have bought out
2 Progress Energy. And, you know, you have got to
3 consider what's going on. In the last ten years I have
4 gone from 32 employees to 12 or 14, you know. And this
5 economic thing has been going down steadily the last
6 seven years, yet you don't see the cities, the counties,
7 the states, or the federal government cutting jobs.

8 And property taxes have continued to be high,
9 and we can't continue paying these kind of taxes. And
10 the biggest thing for my business is insurance and
11 utility costs and taxes. And while everything else is
12 going down, sales and everything, these items were going
13 up, and considerably.

14 And let's talk about the retired people. They
15 are getting, what, 2 or 3 percent on their savings.
16 These people are scared to death that they are going to
17 outlive their money, and this is a very big concern with
18 them. It's also a concern for those of us working that
19 we are not going to make enough money to pay our bills.

20 I have a B.S. in Marketing Management, and
21 Polk County is one of the lowest per capita income
22 counties in the state of Florida, yet -- and Lake Wales
23 is a beautiful place, but look at what we pay for water
24 and power here in Lakes Wales. With my four locations,
25 two are for TECO, two are for Progress Energy. My bill

1 is running over \$700 a month, and we are currently only
2 running the plant three days a week because the economy
3 is so bad.

4 You know, talking about donations, I mean, it
5 is all good and well to donate money to various
6 organizations, but if Progress Energy was charging what
7 they should be charging and not overcharging, then they
8 wouldn't have all this excess money to be donating to
9 all of these organizations. And the cost of power would
10 be less and the people might have more money to make
11 donations on their own.

12 Natural gas prices are at an all-time low, and
13 you all know this. And some of your generating stations
14 run on natural gas. I mean, it's at an historic low. I
15 know this, because I watch it. My boiler runs on
16 natural gas. And the price of petroleum has gone down.
17 It went down another dollar-something today. It's about
18 \$62. Since all of these other rate hikes, you people
19 are making a lot of money. You really are making a lot
20 of money as opposed to what fuel costs were before.

21 And all of these things need to be considered.
22 And it's time that the stockholders stop expecting so
23 much in a bad economy. And it's time that Progress
24 Energy starts looking at the clients and trying to help
25 all of us, and not just some of us, some groups that you

1 all decide to donate to. Why don't we look at trying to
2 help the entire community, because it is a tough, tough
3 time. That's pretty much all.

4 **COMMISSIONER EDGAR:** Thank you.

5 **MR. BROWN:** Thank you very much for your time.

6 **COMMISSIONER EDGAR:** Commissioner Argenziano.

7 **COMMISSIONER ARGENZIANO:** A question.

8 **COMMISSIONER EDGAR:** Yes, ma'am.

9 **COMMISSIONER ARGENZIANO:** Thank you. And I
10 could hear you so well. You must be speaking very
11 loudly and right into the microphone. Thank you.

12 Two questions, one is in the industry that you
13 are in, can you tell me, just out of curiosity, with the
14 current economic conditions, do you have an idea of the
15 current return on equity that your industry is
16 recovering now?

17 **MR. BROWN:** The return on -- what was it?

18 **COMMISSIONER ARGENZIANO:** (Inaudible)
19 12 percent, or 10 percent, or 8 percent, do you know?

20 **MR. BROWN:** I really don't know. I know our
21 sales are down about 60 percent. We normally operate on
22 a 12 to 15 percent profit margin.

23 **COMMISSIONER ARGENZIANO:** A 12 to 15 percent
24 profit margin?

25 **MR. BROWN:** Yes, ma'am.

1 **COMMISSIONER ARGENZIANO:** Let me ask you
2 another question. I think what I heard you say --

3 **MR. BROWN:** But I can tell you the last seven
4 years hasn't been that.

5 **COMMISSIONER ARGENZIANO:** The last several
6 years have not been that. Okay. Let me ask you another
7 question. I think what I heard you say, and I don't
8 want to put words in your mouth, because I want to hear
9 what you have to say and I want it coming from you. Did
10 you say to me, or to us, basically, that you thought the
11 contributions the company was making were indicative or
12 supportive of -- or I guess making a good enough profit
13 right now to enable them to make those contributions.
14 Is that what you said?

15 **MR. BROWN:** I'm saying if they were
16 charging -- charging the price that they should be
17 charging, they wouldn't have all of this extra money to
18 be making all of these donations. No different than the
19 federal government with all their -- all the money that
20 they throw around, too. Apparently they're taxing too
21 much, as well.

22 **COMMISSIONER ARGENZIANO:** Okay. Thank you
23 very much.

24 **MR. BROWN:** Thank you very much.

25 **COMMISSIONER EDGAR:** Thank you.

1 Mr. Kelly.

2 **MR. KELLY:** Stella Heath.

3 STELLA HEATH

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

6 DIRECT STATEMENT

7 **MS. HEATH:** Hi. I'm Stella Heath, and I am a
8 resident of Babson Park, a Progress Service area here.
9 And I am actually an economic development coordinator
10 for a railroad. And I'm here as an individual, not as
11 the railroad.

12 I have worked for the past ten years
13 hand-in-hand with Progress Energy through the
14 hurricanes, as many people here have mentioned, and have
15 been a great partner along with them in many endeavors.
16 Okay.

17 Personally, as I sit and listen to everyone, I
18 understand we are all in tough economic times. I really
19 applaud the opportunity to be here to actually give my
20 opinion, instead of receiving, like the credit card
21 companies in the mail, an undisclosed information about
22 a 28 percent increase. So I applaud the fact that we
23 have the opportunity as individual citizens to come here
24 and say what our exact opinion is. And then it is your
25 job, the hard job, to decide exactly what rate to take.

1 I actually work from Polk County, which is
2 where we are, from Frostproof, Florida, all the way up
3 to High Springs and Archer County, which Archer is
4 actually in Alachua County, excuse me, and work
5 hand-in-hand with Progress Energy and all of their
6 representatives.

7 I am very happy to say as an individual in the
8 industrial development business that we work on a
9 day-to-day basis on bringing industry into the state of
10 Florida to try to bring opportunities to the communities
11 in order to give the jobs so that people can pay their
12 bills, so that we can all look forward to one day a
13 20 or 30 percent increase on our IRAs or our 401-Ks.

14 I have had numerous opportunities to work with
15 people that have no opportunity to pay their bills,
16 worked hand-in-hand with the care centers, worked
17 hand-in-hand with the teams that were working during the
18 hurricanes here that hit us all. And I am only speaking
19 as an individual. I own several rental units. I'm sure
20 this is going to affect me individually with the rate
21 increase. However, we all have to do budgets.

22 We have to live within our means, and
23 sometimes living within your means you have to readjust.
24 Maybe you don't go out to eat, or maybe you don't buy
25 that new pair of shoes. And I have currently two

1 children in college, so it does affect all of us
2 individually. And I just hope that you, the Commission,
3 take good consideration of what type of partnering that
4 they have done throughout our community, and I encourage
5 anyone that is here to volunteer within their community
6 and give back, because those that give back will
7 receive.

8 Thank you very much.

9 **COMMISSIONER EDGAR:** Thank you.

10 Mr. Kelly tells me that that is the last name
11 that we have signed up. So I would like to say thank
12 you to our staff, to all the parties, and most
13 importantly thank you to everybody for participating.

14 Commissioner Argenziano, thank you for bearing
15 with us as we worked through the sound issues. I am
16 sorry you can't see it, but this is a beautiful,
17 beautiful building that we are in tonight.

18 Again, thank you to everyone for your
19 involvement and your participation, and we are
20 adjourned.

21 (Service hearing concluded at 8:15 p.m.)
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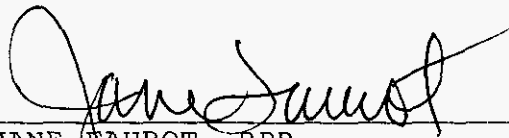
STATE OF FLORIDA)
 :
 : CERTIFICATE OF REPORTER
COUNTY OF LEON)

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 4th day of August, 2009.



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