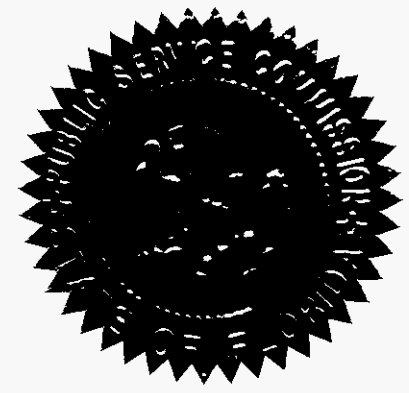


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 090079-EI

In the Matter of:

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



PROCEEDINGS: CLEARWATER SERVICE HEARING

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

DATE: Thursday, July 16, 2009

TIME: Commenced at 6:00 p.m.
Concluded at 9:58 p.m.

PLACE: Pinellas County Courthouse
Commissioners' Assembly Room
315 Court Street, 5th Floor
Clearwater, Florida 34616

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

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25 the Commission Staff.

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P R O C E E D I N G S

1
2 **COMMISSIONER EDGAR:** Okay. Good evening,
3 thank you everyone for being with us today. My name is
4 Lisa Edgar. I'm a Commissioner with the Florida Public
5 Service Commission. We will have a few preliminary
6 matters to go through, and then we will have some
7 introductions and some opening statements, and then we
8 will be coming to the customer testimony portion, which
9 is what we are all here for. So bear with us, if you
10 would, for just a moment. Let me start next by asking
11 our staff to read the notice, please.

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

19 **COMMISSIONER EDGAR:** Thank you. I'd like to
20 ask my colleagues to introduce themselves briefly. As I
21 said, my name is Lisa Edgar. I'm going to be kind of
22 helping us to move through what we need to today. Our
23 Chairman, Commission Matthew Carter, was not able to be
24 with us tonight, and he will be -- have the opportunity
25 to read the transcript and read the record, and sends

1 his regrets.

2 Commissioner McMurrian.

3 **COMMISSIONER McMURRIAN:** Hi. I'm Katrina
4 McMurrian, and I am happy to be here with you all this
5 evening in Clearwater, and we look forward to hearing
6 your comments, and thank you for taking the time to come
7 and talk to us tonight.

8 **COMMISSIONER EDGAR:** Thank you.

9 And I believe that another one of our
10 colleagues, Commissioner Argenziano, is joining us by
11 phone.

12 Commissioner Argenziano, are you with us?

13 **COMMISSIONER ARGENZIANO:** Yes, I am.

14 And good evening, and good evening to all.
15 First, let me apologize for not being there in person.
16 I live in Dunnellon which is not too far away, but I
17 have broken a leg and can't get up and around on that
18 leg. But I am really please that staff and everybody
19 involved was able to get me there by phone, and we will
20 be here until the last person speaks.

21 And just to reiterate, I'm very happy to hear
22 that people are here to speak to us tonight. This is
23 your Public Service Commission, and we are here to hear
24 from you. And I just appreciate the fact that you are
25 here tonight, and we will be taking notes.

1 Thank you very much.

2 **COMMISSIONER EDGAR:** Thank you.

3 Commissioner Skop.

4 **COMMISSIONER SKOP:** Thank you.

5 Good evening. I'm Commissioner Nathan Skop,
6 and happy to be in Clearwater this evening to hear from
7 each and every one of you. I look forward to hearing
8 your comments, and I appreciate you taking your time to
9 come out this evening.

10 **COMMISSIONER EDGAR:** Thank you.

11 Let's go ahead and take appearances by the
12 attorneys representing parties in the case.

13 **MR. GLENN:** Commissioner Edgar, Alex --

14 **COMMISSIONER EDGAR:** If you would come -- come
15 to the mike, please, that will help us. Thank you.

16 **MR. GLENN:** Alex Glenn. I'm Progress Energy
17 Florida's General Counsel, and I will be speaking on
18 behalf of the company tonight.

19 **MR. KELLY:** J. R. Kelly. I'm with the Office
20 of Public Counsel.

21 **MR. WRIGHT:** Thank you, Madam Chair.

22 Good evening. My name is Schef Wright. I
23 represent the Florida Retail Federation in this case.

24 **MR. MCWHIRTER:** My name is John McWhirter.
25 I'm from Tampa, and I represent the Florida Industrial

1 Power Users Consumer Group.

2 **MS. BRADLEY:** I'm Cecilia Bradley, and I work
3 for Attorney General McCullom, and together with Public
4 Counsel we represent all of you in these proceedings, so
5 we thank you for coming out tonight.

6 **COMMISSIONER EDGAR:** And staff.

7 **MS. FLEMING:** Katherine Fleming on behalf of
8 the Commission.

9 **COMMISSIONER EDGAR:** Thank you.

10 I'd also like to recognize Mr. Jack Shreve,
11 who is with us today, who is with the Office of the
12 Governor, representing Governor Charlie Crist.

13 Thank you, Jack for being with us today.

14 I'd also like represent -- or recognize,
15 excuse me, Senator Fasano, who is with us here today.
16 Senator thank you for joining us again. The Senator has
17 been to a number of the customer hearings that we have
18 had across the state on the issue.

19 And I believe that also Representative Nehr is
20 with us. Thank you, Representative, for joining us
21 today.

22 I would like to also then recognize Chairman
23 Calvin Harris with the Pinellas County Commission.
24 Chairman Harris, if you can give us a few more minutes,
25 then I would like to ask you to come forward and make

1 some comments. If you could give us just a few more
2 minutes.

3 Just a couple of other preliminary items. We
4 have staff also with us here to my left, at the table
5 here in front, who are available to assist us and help
6 if there are questions that arise. We also have staff
7 that are, I believe, outside at the doorway and perhaps
8 even downstairs. I hope you saw when you came in, there
9 is a sign-up sheet out there. When we get to that
10 portion here shortly, Mr. Kelly, our Public Counsel,
11 will be calling names in the order that they -- that you
12 all have signed up, and that's the way we will move
13 through when we get to that portion.

14 Also, as you can see, we have a court reporter
15 with us who is on staff with the Commission. She will
16 be transcribing everything that is said here today.
17 This will be a part of the legal record of the
18 proceeding and entered as part of the docket of the
19 hearing record for this case. Because of that, those
20 who will be presenting testimony, we will be swearing
21 you in as a group here shortly.

22 I'd also like to -- and I don't have one.
23 Katrina, can I ask you to hold up the green sheet up. I
24 see one right there. Thank you. I hope everyone saw,
25 also, at the sign-up table out at the entry way there

1 are some green sheets that look like this. Please take
2 one or more. There is a little bit of general
3 information about the Commission, who we are, what we
4 do. Also, some more specific information about the
5 particular docket that we are here, the issues that are
6 before us, in this matter. And there is also on the
7 very last sheet -- thank you -- which is already
8 preaddressed, there is a place where, if you for some
9 reason have some comments that you would like to share
10 with us in writing today, rather than by speaking, you
11 can fill that out, hand it to our staff, that will be
12 entered in the record. Or if you have friends or family
13 or neighbors, co-workers that could not be here today,
14 please take a stack with you. Share that; they can fill
15 that out, go ahead, it's self-addressed as I said, and
16 send that into us, and that will also become a part of
17 the record. It's also available on our website and easy
18 to find there. So that would be another option.

19 Also, I would like to recognize Representative
20 Hooper who is here with us today. Representative
21 Hooper, thank you so much for joining us.

22 As I mentioned, this is part of the legal
23 proceeding, so I'm going to go ahead now and ask
24 everyone that would like to speak tonight as part of our
25 proceeding, to stand with me here in just a moment.

1 **MR. KELLY:** Madam Chair, I have got one
2 request.

3 **COMMISSIONER EDGAR:** Yes, sir.

4 **MR. KELLY:** I've got a stack of the cards. I
5 understand -- I don't know what order these are in, so I
6 don't know if the people are here in the room. They
7 could be in the overflow room.

8 **COMMISSIONER EDGAR:** Okay.

9 **MR. KELLY:** So I was asked to read three or
10 four names at a time, instead of the normal two, so that
11 if I call the speaker that's, say, third in line or next
12 in line, and they're downstairs, they have the
13 opportunity to make their way up here.

14 **COMMISSIONER EDGAR:** Okay. I'm glad that we
15 have so many people that we need no use an overflow
16 room, but, of course, I'm sorry that we can't put
17 everybody here right in front of us, but we will
18 certainly do everything we can to work with the
19 accommodations that we have, and try to make sure that
20 everybody has the opportunity.

21 Thank you, Mr. Kelly.

22 So for all of those who would like to speak or
23 planning to speak this evening, if you would stand with
24 me, and I will swear you in as a group. If you would,
25 please, stand and raise your right hand and that

1 includes those in the overflow room as well.

2 (Witnesses sworn.)

3 **COMMISSIONER EDGAR:** Thank you.

4 Chairman Harris. Chairman Harris, would you
5 like to come forward and make a few comments? And thank
6 you for your hospitality.

7 **CHAIRMAN HARRIS:** Thank you and good
8 afternoon. I'm Calvin Harris and on behalf of the Board
9 of County Commissioners of Pinellas County, I want to
10 welcome you here.

11 As you can see, there are a lot our
12 constituents here. And a part of the reasoning is, you
13 know, people want to be closer to government. They want
14 to have it demystified, and your being here is a part of
15 that process. You know, whatever we can do to make this
16 successful, we will. We have staff here available, and
17 if there's something that you need or if something is
18 not going right, if you will just simply say Tim, Tim
19 Closterman will be here --

20 **COMMISSIONER EDGAR:** I met him earlier, and he
21 was very helpful.

22 **CHAIRMAN HARRIS:** Tim will be here, and he
23 will work it out. But the citizens of Pinellas County,
24 and I know you were in St. Petersburg yesterday, and,
25 you know, we are not unlike other citizens all over this

1 state, you know, who just want to have their voices
2 heard. There is that loud attack of the people who just
3 want to be heard. And your being here is a part of that
4 soothing process. So I do thank you for choosing our
5 site to come to today, and we invite you back any time
6 you feel that you would like to have a place more
7 pleasant than Tallahassee too --

8 **COMMISSIONER SKOP:** We'll take you up on that.

9 (Laughter.)

10 **CHAIRMAN HARRIS:** We are here to help you with
11 anything we can. So I do thank you for coming to
12 Pinellas County, and I wish you a very successful
13 hearing this evening. Thank you. (Applause.)

14 **COMMISSIONER EDGAR:** Thank you.

15 Senator Fasano, did you want to say a few
16 words?

17 **REPRESENTATIVE FASANO:** Madam Chair, I spoke
18 to you this morning. Representative Nehr will speak on
19 our behalf.

20 **COMMISSIONER EDGAR:** Thank you. Thank you.

21 Representative Nehr.

22 **REPRESENTATIVE NEHR:** Thank you,
23 Commissioners. I appreciate your traveling all the way
24 here. I know you guys live in various different parts
25 of the state, and it's nice for you guys to come all the

1 way here.

2 **UNIDENTIFIED SPEAKER:** We can't hear you.

3 **COMMISSIONER EDGAR:** Could you put the mike
4 maybe a little --

5 **REPRESENTATIVE NEHR:** Is that any better?

6 **COMMISSIONER EDGAR:** That is better. Thank
7 you.

8 **REPRESENTATIVE NEHR:** This hearing will give
9 Progress Energy customers in Pinellas County the
10 opportunity to voice their concerns regarding the
11 extraordinary high rates increases requested by the
12 utility.

13 You know, first, as a Progress Energy customer
14 myself, I personally want it on the record that I oppose
15 these rate increase requests.

16 Second, as a state legislator who represents
17 consumers from Pinellas and Pasco Counties in my
18 district, I'm also speaking on behalf of the many
19 constituents who have called and e-mailed my legislative
20 office expressing their opposition to the increase
21 proposal. I would also like to join my friend and
22 fellow legislator, State Senator Mike Fasano, when he
23 says that if these rates increases are granted, those on
24 fixed incomes, the unemployed, and families already
25 trying to make ends meet in these tough economic times

1 are going to be hurt the most.

2 You know this rate increase coupled with the
3 proposed nuclear advanced recovery rate increase
4 translates into a base rate increase of over \$26 per
5 month, and that's over \$300 a year of an increase. To
6 many of Progress Energy's customer, this \$300 will
7 represent money that could have been spent on food, and
8 possibly even needed critical medicine for their
9 families. Many of my constituents who will be forced to
10 pay these rates will not have any way to come up with
11 the additional monies other than to cut their already
12 stressed budgets even further.

13 You know, Progress Energy enjoys the status of
14 being a monopoly. They are the only game in town. And
15 because their customers have nowhere else to go to
16 purchase their electricity, the company has a captive
17 audience. While the customers will have to scrimp and
18 save to pay for these increased rates, if you approve
19 them, Progress Energy will be enjoying a greater
20 guaranteed rate of return. You know, the proposed rate
21 increase will also increase Progress Energy's profit
22 level to 12.54 percent, and it is my understanding in
23 dollars that this translates into \$100 million of the
24 \$500 million base rate increase that Progress Energy is
25 requesting.

1 In addition, the consumers in my area, my
2 constituents, have another problem that they wanted me
3 to address to the Commission. Progress Energy in
4 addition to the base request for rates is also requested
5 a \$466 million increase for the advanced recovery cost
6 to build nuclear plants in Levy County. And if granted,
7 this rate increase will go into effect on the same day
8 that the base rate increases are going into effect.

9 It has already been reported that the nuclear
10 plant construction in Levy County has already been
11 delayed by over 22 months. And, in addition, the
12 Nuclear Regulatory Commission has recently ruled that
13 Progress Energy's federal permit will now be allowed to
14 be challenged on environmental issues. Past experience
15 has shown us all that this will add additional years of
16 delay before the nuclear plants can be built and put on
17 line. Yet Progress Energy still wants to collect their
18 money up front without any guarantee that these plants
19 will ever be built.

20 Ladies and gentlemen, with the uncertainty
21 surrounding the Federal Nuclear Regulatory Commission,
22 the decision to put a hold on this project, why should
23 Progress Energy be granted a rate increase on a project
24 that is being delayed for nearly two years and
25 potentially many more years after that.

1 Another item that my constituents wanted me to
2 discuss with you, because they couldn't all be here
3 personally, is why the consumers have to take the risk
4 of the construction of the nuclear plants? Normally,
5 when a company wants to build a large facility, it will
6 borrow the money from a bank or investors or issue
7 bonds. But it appears to many constituents in my area
8 that Progress Energy has figured out how to get a huge
9 loan without having to repay the loan or even pay
10 interest. It's borrowing the money from its customers.

11 It is my opinion -- (applause) -- it is my
12 opinion and one that is shared by many, by many in this
13 room, if the consumers have to bear the risk of paying
14 for the nuclear plants, they should also reap the
15 rewards of that investment in other -- in some other way
16 than just the nebulous what we call lower rates being
17 promised by Progress Energy. If Progress Energy
18 investors are going to be given the rewards of that
19 investment by possibly having a guaranteed rate of
20 return of over 12 percent, then the investors should be
21 expected to make the investment, not the consumers.

22 I know there is a lot to know about nuclear
23 plants, and I will be the first to admit that I don't
24 know that how much about everything, but what I do know
25 is this: Florida is hurting. Individual Florida

1 consumers are hurting. Businesses are closing;
2 restaurants are shutting their doors; private schools
3 are going out of business. Real estate and construction
4 under the doldrums. And the question that I personally
5 would ask each of you to consider before allowing --
6 before voting to allow any rate increase for
7 construction of nuclear plants is this: Why should the
8 consumer be put on the hook for building new nuclear
9 plants that Progress Energy would never build if they
10 and their stockholders alone had to bear the risk? If
11 there is such a tremendous future demand for this power,
12 then Progress Energy should finance their own effort on
13 their own account and putting the shareholders on the
14 hook for the plants and not the taxpayers.

15 Commissioners, these rate increase requests
16 fly in the face of common decency, they fly in the face
17 of common sense; and in this time of economic decline,
18 Progress Energy will be guaranteed huge profits over
19 12 percent, while its customers will be digging deep in
20 their pockets to pay for their monthly power bill.

21 In conclusion, I would ask this Commission to
22 think long and hard before approving Progress Energy's
23 application of \$499 million for a base rate and
24 446 million for nuclear advanced cost-recovery.
25 Twenty-six dollars a month may not seem like much to a

1 company the size of Progress Energy, but it is enormous
2 to the individual or the families struggling to get
3 through each and every day. I strongly encourage you to
4 listen to the citizens tonight and deny these
5 applications for the rate increases requested.

6 I thank you for your time and your courtesy.
7 I appreciate it. (Applause.)

8 **COMMISSIONER EDGAR:** Representative Hooper,
9 did you want to come forward and say a few words?

10 **REPRESENTATIVE HOOPER:** Thank you, Madam
11 Chairman. I would echo some of the comments. I just
12 encourage you to the listen to the citizens. That's why
13 we're here. (Applause.)

14 **COMMISSIONER EDGAR:** Thank you. Thank you.

15 Okay. We are at that portion in our
16 proceeding where I'm going to ask the individual parties
17 to the case to make some brief opening statements. I
18 hope that everyone will find this useful. I think we
19 all think it's educational and it is helpful to us, and
20 we hope it is helpful for you to hear directly from the
21 parties as to their perspective on some of the issues.
22 And I'm going to ask for everybody's cooperation so that
23 then we can move through to hear directly from the
24 customers.

25 And so, Mr. Glenn, you are first up.

1 **MR. GLENN:** Thank you, I think. Thank you. I
2 have a feeling when I sit down I'm going to be calling
3 for Tim. (Laughter.)

4 Just before I give my opening remarks, I
5 wanted to let everybody know in the room that we have a
6 number of customer service representatives here tonight.
7 They are on the fourth floor. If you have got a
8 question about your bill, I know some of you may have
9 brought bills with you, a concern about it, a question
10 about it or about your service, we have got real time
11 access to your customer accounts. And any issue,
12 hopefully we can address tonight, and if not, we will
13 get back to you promptly on that.

14 But, I believe Ken Talbott, a gentleman in the
15 back of the room right there, if you see him and you
16 have a question, he can direct you to the right person.

17 So, Commissioner Edgar, Commissioners, thank
18 you very much for letting me have the opportunity to
19 speak to our customers tonight. But more importantly to
20 listen. We value what you have to say, even if it's
21 something that we may not agree with, whether it's a
22 concern, a question, or a compliment. And thank you for
23 taking the opportunity to come out tonight. You didn't
24 have to do it, and we appreciate it.

25 We know that there is never a good time to ask

1 for an increase in base rates. No one wants to pay more
2 for electricity or anything, for that matter, especially
3 during challenging economic times. But we also know
4 that everybody needs, expects and demands reliable
5 electric service, and just recall -- I mean it is vital
6 to our livelihood, it is vital to our quality of life
7 our state and our economy. If you just recall the
8 hurricanes of 2004, and 2005, and the importance of
9 quick and safe power restoration that occurred, it is
10 critical. It is also critical, though, that you have
11 your electric utility that's financially strong enough
12 to provide that level of service. But that level of
13 service comes at a cost. And that's why we are here
14 tonight with our base rates.

15 Our request covers base rates, and that is the
16 cost of producing and delivering electricity to your
17 homes and businesses. Now think about it, over the last
18 25 years Progress Energy Florida has invested four and a
19 half billion dollars in power plants, poles, wires,
20 substations, bucket trucks, advanced meters and other
21 capital improvements. We have been able to maintain our
22 rate increases during that time on our base rates by
23 about 1 percent. Now, think about it, over the last 25
24 years, over that same period of time, the cost of
25 housing has increased 113 percent. Food has increased

1 115 percent. Medical care has increased 253 percent.
2 Now, we have done this all the while maintaining top
3 quartile reliability in the industry, safety and power
4 plant operations. Now, continuing to provide that level
5 of service is no longer possible if -- without a base
6 rate increase.

7 Now, let me just give you a couple of examples
8 of what we're talking about that make up part of our
9 request. This year, we are spending hard dollars. We
10 are spending \$300 million to replace steam generators at
11 our Crystal River 3 nuclear power plant in Citrus
12 County. These are mammoth 500-ton pieces of equipment,
13 and they are critical to the continued operation of that
14 power plant, which is the lowest cost fuel source on our
15 system. Carbon free megawatts from one of the safest
16 and best performing power plants in the country.

17 We have also just invested, which went into
18 service in June of this year, a billion dollars in our
19 Bartow power plant. That is a 1950s oil-fired power
20 plant that we have repowered with state of the art
21 natural gas-fired technology. We have cut emissions by
22 about 90 percent in that plant now, and we have
23 increased its capacity by two-fold. These are
24 significant expenditures. We have also got to maintain
25 the backbone of our system, our poles, wires,

1 substations that I talked about and this all cost money.

2 Now, we can no longer, as I said, continue to
3 absorb these types of increases without some relief and
4 plan for the future of Florida as well, to meet
5 Florida's aggressive energy policy. Do you see what
6 Governor Crist and the Legislature has put forward?
7 They want a cleaner more diverse energy portfolio. We
8 support that through renewable energy, energy efficiency
9 and state of the art low carbon or carbon-free power
10 plants, but, again, this all does come at a cost. What
11 it also comes with is a critical need to have a
12 financially healthy utility.

13 A fair rate of return and a reasonable
14 opportunity to achieve that return is critical for us to
15 attract investors. We compete for investors. We
16 compete for capital in the market. We compete against
17 other electric utilities for money. We compete against
18 other businesses in other industries for money. It is
19 crucial to attracting investors. Many of whom, I hazard
20 a guess, are sitting in this room tonight. If you have
21 a mutual fund, or you have a pension, chances are that
22 mutual fund or pension owns Progress Energy stock.
23 Attracting those investors, you, is critically important
24 to making those capital investment in Bartow and
25 Pinellas County, and in Citrus County and Crystal River

1 and providing the level of service that you expect and
2 demand in keeping the lights on.

3 We understand that you expect electric service
4 to be reliable and affordable and produced in an
5 environmentally sound manner, and we are committed to
6 meeting those expectations. So on behalf of all the
7 Progress Energy employees, especially the 1,186 who live
8 in Pinellas County and surrounding communities, and who
9 work hard every single day to serve you, I thank you. I
10 thank you for listening and I thank you for coming out
11 tonight and I look forward to hearing what you have to
12 say. (Applause.)

13 **COMMISSIONER EDGAR:** Mr. Kelly.

14 **MR. KELLY:** Good evening. Can you hear me
15 okay? My name is J.R. Kelly. I have the honor and
16 privilege of representing you, the ratepayers, in this
17 rate proceeding. My office is separate from the Public
18 Service Commission. It was created years ago by the
19 Legislature in order to represent the ratepayers,
20 individuals, businesses, whomever that are customers of
21 Progress Energy.

22 Now, why are we here tonight? We are here
23 because Progress Energy has asked for an increase in
24 what are called base rates. You heard Mr. Glenn talk
25 about them, base rates. I want to put it in perspective

1 so you understand what base rates are. Think of a test
2 tube. Okay. You fill up the test tube with all kind of
3 elements. When you get to the top, that's how much you
4 pay, the rate, the total rate you pay based upon your
5 consumption of electricity each and every month. Now,
6 some of those elements that go into getting to the top
7 of that test tube are base rates, and the other parts
8 are what are called cost recovery or pass-through
9 charges.

10 Now, it is exactly what it sounds like,
11 pass-through charges. Those are things like fuel,
12 environmental, conservation, nuclear. What do I mean by
13 pass-through? If Progress Energy spends a dime or a
14 dollar on fuel, it is passed straight through to you,
15 and you pay that dime or that dollar. If fuel goes up.
16 You are going to pay more. Fuel goes down you'll pay
17 less. Okay. But you pay those pass-through charges
18 straight. Whatever they spend, you pay for. Very
19 little risk in that.

20 What we are here tonight to talk about are
21 base rates. That is the bottom portion, about
22 34 percent of the total test tube that you pay every
23 month based upon your consumption. Okay. And in a
24 nutshell there is a lot of sophisticated accounting and
25 all of this stuff that goes into base rates, but

1 generally speaking it's two things. One, what the
2 company needs to operate day in and day out. Okay.
3 Their operating expenses, salaries, depreciation, I'm
4 going to talk about that in a minute, buying their
5 assets, the normal expenses of operating. In addition,
6 the second component is they are allowed and they should
7 be by Florida Statute to earn a fair and reasonable rate
8 of return on their investment. What they put into their
9 assets, what they invest. A fair and reasonable rate of
10 return.

11 Now, in this particular case Progress Energy
12 is asking to increase that 44 percent, the base rates --
13 excuse me, I'm sorry -- that 44 percent by \$500 million.
14 That amounts to a 31.46, just under 31 and a half
15 increase in base rates. Now, Florida Power and Light,
16 excuse me, Progress Energy -- I'm sorry, we've had so
17 many hearings lately -- Progress Energy, I will be the
18 first one to tell you and say it tonight, is a good
19 company. They are well-run company. They have good men
20 and women, many of whom are your neighbors, your
21 friends, maybe your relatives that work there. They are
22 a good corporate citizen, a good community partner. We
23 don't dispute any of that. But what we do dispute, and
24 we're are going to be fighting on your behalf, is the
25 fact that we do not feel that \$500 million increase is

1 fair and reasonable, especially, especially in today's
2 bleak economic times. (Applause.)

3 Now, real quickly, I want to tell you some of
4 the areas that we are going to be contesting on your
5 behalf. One, rate of return, return on equity. In this
6 particular case, Progress Energy is asking for
7 12.54 percent rate of return. Okay. Quickly -- I ask
8 this every meeting -- how many of you are getting
9 12 percent return on your stocks, bonds, CDs, whatever
10 you are investing in? If you are, please see me after
11 the meeting so I can invest with you. Okay. No one is
12 getting that today. We know that. The bottom line is
13 we do not feel that is fair and reasonable and equitable
14 in today's economic times.

15 The national average right now of authorized
16 rate of returns is 10.29 percent. The difference in
17 just the average and what Progress Energy is asking for
18 amounts to about 110, \$120 million a year out of your
19 pocket. Okay. We're going to be arguing in this case
20 most likely, and I don't know the exact figure, our
21 expert is still looking at it now, probably 9 and a half
22 percent, somewhere give or take a little bit, is a
23 reasonable rate of return based upon this utility, its
24 size and everything else considered. Okay. That's
25 three percent lower than what they are asking for, that

1 is \$150 million a year out of your pocket.

2 Another issue is going to be hotly contested
3 this year is depreciation. Depreciation for those of
4 you that may not understand it is pretty simple. When
5 you buy something. Let's say a car. You buy a car, you
6 expect it to last, say, ten years. You spend a thousand
7 dollars on it. Each year you use the car its value
8 decreases. Why? Because you use it. You're consuming
9 it. So in my example, ten-year car, paid a thousand
10 dollars for, every year it will lose about one hundred
11 dollars in value. Right? Progress Energy is no
12 different, they have millions of assets that they buy
13 and invest in. Those assets have all kinds of useful
14 lives. Some may be good for five years, some 25 years.
15 It is all over the ballpark. It's a very sophisticated
16 formula of -- sophisticated formula of calculating
17 depreciation, but here it is in a nutshell. They take
18 all of their assets, add them up. They take all of the
19 useful lives, and a specialized formula figures out
20 depreciation expense that they get to take every year.

21 Folks, you pay depreciation expense as part of
22 your rates. So that is something they get from you.
23 That is an operating expense. Over the pass few years,
24 Progress Energy has overcollected or collected too
25 quickly from you over \$700 million. Now, what they

1 would prefer to do is lower the depreciation into the
2 future over the next 10 or 20 or 30 years and you pay a
3 little less into the future. We don't believe that's
4 the right way to handle it today. Maybe in different
5 economic times, but today we feel that money should be
6 going back into your pocket amortized over the next
7 three or four years and reduce this amount of this rate
8 increase that they are going to be asking for.

9 There are going to be several accounting
10 issues, and I'm not prepared today to tell you the
11 details, because our accountant is still looking at
12 them. There are going to be several more accounting
13 issues that we are going to look at to further reduce
14 the amount of the \$500 million they are asking for.

15 Now, a couple of things I wanted to set the
16 record straight on real quickly here as I finish up.
17 Remember this. Progress Energy is a monopoly. There is
18 no other game in town. You can't go across the street
19 and say, I don't want their electricity, I'm going to
20 get from Kelly Electric Company, although I wish you
21 could. Okay. You can't do that.

22 Now, in return, they get a set rate of return,
23 and they get a range established by the folks behind me,
24 and they get guaranteed money coming in, okay, from you.
25 But when they go out and seek investors and so forth, it

1 is not the same as a McDonald's or an IBM or Microsoft
2 or somebody else looking to borrow money. Why? Because
3 they have a monopoly. They have no competition in their
4 area. Okay. That means their risk, their risk is
5 severely reduced. And as a matter of that risk
6 reduction their return on equity should be much, much
7 lower than what they're asking for.

8 Now, you heard Mr. Glenn mention they have not
9 received a base rate in some 20 years or 25 years.
10 Technically that's true. But remember my test tube I
11 told you about. Years ago the base rates used to make
12 up the entire test tube, 100 percent. Over the years,
13 the Florida Legislature and the Public Service
14 Commission have carved out these pass-through or
15 cost-recovery clauses. Okay. And as a result,
16 everything that used to be in base rates is no longer
17 there. There's still a good portion, 44 percent, but
18 some expenses have been pulled out of base rates and put
19 into this clause, such as maybe nuclear, pulled out of
20 here and maybe put in environmental.

21 The first one that was created and was taken
22 out and was put into fuel. Remember those clauses,
23 folks, dollar in, dollar out is what you pay, very
24 little risk. The risk is in the base rates, okay. And
25 their risk is severely reduced. Well, a lot of those

1 expenses now -- I shouldn't say a lot -- many of the
2 expenses that used to be in base rates are now in the
3 pass-through clauses. So base rates have maybe stayed
4 the same, but the expenses you are paying somewhere
5 else.

6 Let me wrap up real quick. Why are we here?
7 Folks, this is your hearing. I urge you, I beg you, I
8 implore you, please take this opportunity tonight, come
9 up here and speak. You do not have to be eloquent. You
10 don't have to be some preacher. Just come up here and
11 speak passionately and from the heart. Tell these folks
12 behind me how you feel about the base rate increase.
13 Most importantly, how it will affect you in your life.
14 That is what is most important today. And we thank you
15 so much for being here and please come up here and
16 speak. (Applause.)

17 **COMMISSIONER EDGAR:** Mr. Wright, if you would,
18 and then just for planning purposes, Mr. McWhirter and,
19 Ms. Bradley, I'll ask you to bat clean-up. Thank you.

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

22 Good evening. My name is Schef Wright, and I
23 have the privilege of representing the Florida Retail
24 Federation in this proceeding. Welcome, thank you for
25 coming.

1 As the other folks have said. This is your
2 hearing. This is your Public Service Commission. They
3 have the legal authority to say what your electric rates
4 are going to be, and you need to tell them how you feel
5 about the rate proposal in this case.

6 The Florida Retail Federation is a statewide
7 organization of more than nine thousand members from the
8 smallest mom and pop stores to the largest commercial
9 chains of grocery, electronics, department stores,
10 pharmacies, and so on. The Florida Retail Federation
11 and several of our principal members, Publix, Wal-Mart,
12 Target, Best Buy and Macy's, oppose this rate increase.
13 We are fighting along side your Public Counsel, and we
14 are fighting along side your Attorney General,
15 Mr. McCullom and with Mr. McWhirter and the Industrial
16 Power Users and the AARP and others who oppose this rate
17 increase. We are consumers, too. We are all in this
18 together.

19 We do agree that Progress needs sufficient
20 funds to provide safe, adequate, reliable service. You
21 know, we don't want an unhealthy utility company. We
22 don't want a utility company whose poles and wires are
23 falling down. But the question in this case is does
24 Progress Energy Florida need a half a billion dollars a
25 year more of your money and our members' money in order

1 to provide the safe, adequate, reliable service that
2 they are required by law to provide. We don't believe
3 so. I'm going to hit three things really quick. I'm
4 going to talk about a few other things and wrap up for
5 you because this is your hearing and you all need to
6 talk.

7 Why not? We think the request for the rate of
8 return on equity, which in all practical, meaningful
9 terms is profit in this case it's the return to their
10 shareholders' equity investment is excessive. Taking
11 that down to a reasonable level like 9 and a half or 10
12 percent would cut something like 120 to \$150 million out
13 of the increase.

14 Mr. Kelly talked about the accumulated
15 depreciation surplus, but he didn't put a number on it.
16 I'm going to put a number on it for you. They have got
17 a surplus of \$700 million that you all paid in, we paid
18 in, and created. We think that ought to be flowed back
19 over something like four years. Doing that will knock
20 another \$120 million a year out of the requested
21 increase. We believe they have probably overstated
22 depreciation expense and other items altogether that
23 will take out another probably 200 million-plus per
24 year.

25 So we think -- we are not convinced they need

1 any rate increase at all to continue to provide safe,
2 adequate, reliable service. (Applause.) If any, if
3 any, it is small. And if they need it, you know, we are
4 not going to fight it. In the Tampa Electric case, all
5 the folks on the consumer side we differed a little bit,
6 but we didn't say zero. We said -- they asked for
7 228 million, we said 35 looks about right to us, fair,
8 just, and reasonable. The Commission saw it
9 differently, they gave them a bigger number, way less
10 than 228. But we are not -- you know, we are not just
11 blind no, no, no. We want a healthy utility, but we
12 don't think they need anything like a half a billion
13 dollars a year of our money.

14 Now, we talked about how long it has been
15 since the company had rate increases and what their
16 rates are, and all of that stuff. I want to give you
17 some practical information here. Progress had a base
18 rate increase or a base rate increase as of about
19 \$130 million in the early 1990s. In 2002 they agreed
20 and stipulated in a proceeding initiated by the
21 Commission to reduce their rates -- fought very well by
22 Mr. Shreve, Public Counsel, at the time -- by
23 \$125 million a year. And, in addition, in 2002, 2003,
24 and 2004, they had to give back money because they were
25 making a bunch of money. During this 25 years when they

1 only had really one base rate, set of base rate
2 increases in the early '90s, they were a highly
3 profitable company. In 1996 Progress' revenues were
4 \$2.4 billion. In 1999 they were \$2.6 billion. In 2009
5 their projected total revenues for the year are
6 projected at \$5.7 billion. They haven't had a base rate
7 increase because they haven't needed one. And while I
8 am on the subject, their rates today for a thousand
9 kilowatt hours of residential service are \$122.79. In
10 1996 they were \$82.76.

11 Now, I talked about what we think ought to be
12 knocked out of their rate increase. I want to tell you
13 some things we don't think ought to be taken out of
14 their increase or their request for revenues. We are
15 not talking about cutting jobs of the people who work in
16 the power plants, people who work on the lines and keep
17 your lights on. We are not talking about cutting their
18 wages. We are going to take a look at executive
19 compensation. (Applause.) We are not talking about
20 them not spending money on power plants, transmission
21 lines, distribution lines, meters and everything else
22 they need to provide the safe, adequate, reliable
23 service. We are talking about a more reasonable rate of
24 profit on that investment.

25 So, one more time, the issue in this case is

1 does Progress Energy Florida need another half a billion
2 dollars of year of ya'll's money and our members' money
3 to provide adequate, safe, reliable service? Our answer
4 is unequivocally no. We are not sure what the bottom
5 line number is; we're sure it's a lot less than half a
6 billion dollars a year.

7 The Public Service Commission is going to hold
8 two weeks of evidentiary hearings on this in September,
9 and they will make their decision based on the evidence.
10 The important thing tonight, folks, is for ya'll to tell
11 them what you believe about this requested increase.

12 Thank you again for coming. (Applause.)

13 **COMMISSIONER EDGAR:** Mr. McWhirter.

14 **MR. MCWHIRTER:** This is exciting stuff. I
15 came to the hearing this morning, and I didn't speak, I
16 just listened to what these people had to say, and it
17 was inspirational. And I went home and looked up some
18 numbers and came back tonight, and I thought I would do
19 like your friend Paul Harvey used to do, and tell the
20 rest of the story for you. And I do this not to
21 persuade you to do anything except understand what the
22 facts are, and then when you make your presentation to
23 this Commission, have a little bit of a knowledge.

24 What has happened over the years in electric
25 rate cases, people feel overwhelmed. They don't know

1 where to go, and they don't know what the facts are that
2 they can talk about. And you have been told some of the
3 essential facts that are issues in this case today, and
4 I think that's very helpful.

5 Now, I'm going to tell you the rest of the
6 story. The first part of the story is you are sitting
7 in an historic place, very historic, because until the
8 end of World War II, 1949, there was no rate regulation
9 in Florida for electric companies. The Public Service
10 Commission dealt with railroads and trucking companies
11 and other things like that.

12 But at the end of World War II, the Pinellas
13 County Commission determined that the rates for a little
14 company known as Florida Power Corporation were out of
15 order, and they passed -- got a special act passed
16 through the Legislature to enable them to set rates for
17 the citizens of Pinellas County. And this little
18 Florida Power Corporation went to court in this building
19 and Judge Victor Waylee said, he's one of your old
20 circuit judges, said that the Pinellas County can
21 regulate your rates. The Florida Power Corporation and
22 the other utilities went to the state Legislature, and
23 they said, we operate in a lot of counties, and it makes
24 a lot better sense to put this under your regulation.

25 So your rates are set not by the Public

1 Service Commission so much as by the Florida
2 legislators. They are people that you can talk to. But
3 because the legislative session is so condensed and
4 there is so much going on, and there are so many facts
5 in a rate case -- Mr. Wright told you there will be two
6 weeks of hearings on top of eight months of discovery in
7 September. So it takes so much time that they assigned
8 the task to these people, the Public Service Commission,
9 to ferret out the facts, and to establish rates that
10 will emulate competition, according to -- because it is
11 a monopoly. They want to emulate what would happen if
12 there were a competitive enterprise.

13 I have been -- I'm in my last year, and I have
14 been around a long time. I went to work for the Public
15 Service Commission in 1963, and that was kind of a
16 banter year as well. It was the first time -- they had
17 been regulating rates for 12 years. It was the first
18 time that they decided to set rates for electric
19 utilities. And they studied it for four years and came
20 back and gave a rate reduction. And it was that way
21 and, as you were told, base rates were the only rates
22 that they had.

23 And these base rates, the utility assumed all
24 the risk, and that was a good thing. But when the OPEC
25 oil crisis came in in 1972, they said we can't accept

1 that risk any more. And so the pass-throughs began.
2 And now as Mr. Kelly has told you of Kelly Electric,
3 that since then, these automatic costs pass-throughs
4 have grown bigger and bigger and bigger, and now they
5 represent 60 percent of your total recoveries. This
6 fine gentleman that is suffering the cudgel today, Mr.
7 Alex --

8 **MR. GLENN:** We're in 1961 right now.

9 **MR. MCWHIRTER:** Moving on up. No, I'm in '72.

10 (Laughter.)

11 **MR. GLENN:** All right.

12 **MR. MCWHIRTER:** But what Mr. Alex told you was
13 for the last 25 years -- it was 25 years they spent four
14 and a half billion dollars on improving the system.
15 Well, guess what, from residential customers alone,
16 they've collected \$50 billion in the last 25 years. So
17 that is the rest of the story with respect to the amount
18 of money that has been plowed back.

19 Cost-recovery clause. He told you that base
20 rates haven't gone up. And I went back and I got all
21 the rate cases that had ever been filed. The biggest
22 rate case that -- the biggest increase that was ever
23 granted was in 1983. We are already up to 1983 --
24 (Laughter.) -- they got \$111 million, \$111 million.
25 Four years later the Commission reconsidered that and

1 knocked their base rates down to 125 million because
2 they were collecting too much.

3 Now, it went on and there have been little
4 bits of rate increases and little bits of rate
5 reductions over the years, as was explained to you. And
6 the rate increase of base rates that's sought in this
7 case is about five times bigger than the biggest rate
8 increase they have of had, five times bigger. But that
9 is just peanuts compared to the cost-recovery clauses.

10 The Legislature -- and, Representative Nehr,
11 you should be aware of this -- the Legislature directed
12 the Public Service Commission to allow the nuclear pass
13 through, and the Legislature didn't have time to study
14 it. And the very first year that it came up, Florida
15 Progress came in and asked for \$400 million for their
16 preconstruction costs on the nuclear plant. They have
17 since delayed that, but just the nuclear cost-recovery
18 has amounted to four times bigger than the largest rate
19 increase, and that's only a part of what's going on with
20 your rates.

21 The rest of the story is that in the last ten
22 years, fuel costs have gone up 314 percent, the
23 conservation charge went up 130 percent just last year,
24 and, of course, we have the environmental clause, which
25 has gone up, I think, 211 percent because they're going

1 to have to comply with cap and trade. They are
2 suffering big expenses, and big expenses are being
3 imposed on them for many things. But as we say, let's
4 be fair and reasonable in the requests that are sought.

5 **COMMISSIONER EDGAR:** And, Mr. McWhirter, we
6 want you to come to a closing.

7 **MR. MCWHIRTER:** I'll wind it up right now.

8 **COMMISSIONER EDGAR:** Thank you.

9 **MR. MCWHIRTER:** I do a study every now and
10 then about how electric rates to residential customers,
11 because I think you are the most important to compare
12 from -- in Florida to the rest of the country. And I
13 studied the hundred largest utilities. And for the
14 typical residential consumer, the rates in 2006, the
15 last time I did this study from information by the
16 Department of Energy, the rates of Florida Progress,
17 there were only nine utilities that charged more than
18 the rates at that time. And the rates at that time for
19 the average customer were \$137.

20 Now, there's one other little element of
21 ratemaking that is most interesting. Mr. Wright alluded
22 to it this morning, but it has to do with income taxes.
23 And Mr. Kelly spoke to it, would you like a
24 12.34 percent, and you said that would be something that
25 you would like. But what we find is they are really

1 only asking for \$300 million. They're asking for
2 another \$194 million just to pay state and federal
3 income taxes that they may or may not have to pay,
4 because this is a subsidiary of an unregulated parent
5 corporation. The tax markup on the utility rate
6 increase sought is \$193 million, but that's not the only
7 taxes that come into play. When you get your bill at
8 home, when you see this green sheet this tells you what
9 the prices are that the Public Service Commission is
10 setting, but those taxes, those are subject to the
11 utility tax. They are subject to the franchise fee, and
12 other taxes that aren't mentioned and those taxes mark
13 up your bill another 14 percent.

14 **COMMISSIONER EDGAR:** Mr. McWhirter.

15 **MR. MCWHIRTER:** I'm winding up. I have
16 another very important thing, but I'm not going to tell
17 it to you.

18 Ms. Bradley is going to tell you, she's our wind
19 up -- wind-up person, and she is going to tell you that
20 this is your hearing. We have given you the information
21 that we have, and we have gathered for you. The Florida
22 Statutes, Section 366.06 says that when it considers
23 whether the rates are fair and reasonable it must -- the
24 Public Service Commission, the Legislature directed them
25 to do this, must consider if they are acceptable to you.

1 And so when you come up you tell these Commissioners
2 whether you think these rates are acceptable to you.

3 Thank you very much. (Applause.)

4 **COMMISSIONER EDGAR:** Ms. Bradley for our last
5 opening.

6 **MS. BRADLEY:** Thank you. As she said, the
7 good news is I'm the last of the parties to speak.
8 Mr. McWhirter is a hard act to follow.

9 We appreciate you coming and testifying
10 tonight. We know there are things that you could have
11 done that would have been a lot more fun than coming
12 here and sitting for a period of time and talking to us.
13 But it's important.

14 As I said, I'm Cecilia Bradley, and I work for
15 the Attorney General, and together with Mr. Kelly's
16 office, we represent you. So what you have to say is
17 very important to us, because we want to know how this
18 affects you. And for those that are kind of borderline
19 about testifying tonight, please do. Everybody has
20 something special and different to say.

21 We had a lady from St. Petersburg that drove
22 all the way to New Port Richey to testify at a hearing
23 there last week. She had to be out of town, and she
24 said, it was too important to me. She said she
25 represents and helps find jobs for people that are

1 unemployed in St. Petersburg. She told us about an
2 84-year-old client who came in to help her -- to ask her
3 to help him find a second job. You know, people that
4 are retired, who have worked hard all of their lives to
5 earn a living shouldn't be having to come out of
6 retirement to take a second job so they can pay their
7 bills.

8 Unfortunately, we have had a lot of stories
9 about people who are struggling to pay their bills. And
10 there was a comment that was made tonight about, you
11 know, you may be a stockholder. Well, we don't want to
12 deprive anybody of any money that they can make, but,
13 unfortunately, we are at a time where people can't pay
14 any more. And those are the people that we are very
15 concerned about right now. We have heard from people
16 that have said they are turning off their air
17 conditioners. It has been way to hot here in Florida,
18 you know, we love our state, but the last few days have
19 been too hot to be having to turn off your air
20 conditioners. And we don't want to see any more of
21 that.

22 We have had a lot of horror stories like that,
23 and people say, well, you know, \$13.83 really isn't all
24 of that much. One lady came in and said, well, that's
25 my co-payment for my doctor co-payment. That's

1 co-payment for my prescriptions. A lovely lady came in
2 that's unemployed right now and trying to find a job and
3 has two small little boys. And she said, that is their
4 breakfast for a week, or their lunch for a week. So
5 \$13.83 is important. And that concerns us.

6 There has been lot of talk about the
7 12.54 percent and competing for investors. Well, it's
8 not a apples-to-apples comparison there. Because I
9 think as somebody else mentioned, Progress is a
10 monopoly. And monopolies and utilities that are in this
11 condition, the stockholders look at that as a good deal
12 if they are making far less than that. The banks are
13 going to lend people that are with a guaranteed income,
14 you know, money a lot cheaper than they would somebody
15 else.

16 The gas stations and the burger joints that
17 have to compete for your services -- I mean, compete for
18 your business -- it has been a long day, I'm sorry --
19 but the people that have to compete, they don't have a
20 guaranteed income. And, unfortunately, a lot of small
21 businesses, as Mr. Wright can tell you, are going out of
22 business. So they have to have a higher return on
23 equity if they are going to get a loan, but the
24 utilities are in better shape because they do have a
25 guaranteed rate.

1 Now, there has been lot of talk about energy
2 efficiency and people doing more to keep from having to
3 use electricity. Well, somebody explained it this
4 morning and said, those who need it most can least
5 afford it. You know, people have talked about the
6 things they are doing. One lady this morning said, I
7 feel like I live in a cave. You know, I shut my storm
8 shutters every morning. I have to turn off my
9 electricity. People are sacrificing a lot, and we are
10 concerned about that, and we don't want rate increases
11 that are going to make things worse. If people are
12 already in trouble, are already losing their homes, we
13 don't want to make things worse with an expensive rate
14 increase.

15 Now, some of the utilities have been coming in
16 it seems like all of them this year want more money and
17 want a higher return on equity. And they say they need
18 it because it will actually allow them to provide
19 benefits to you. And in one of the other hearings they
20 did an analysis of that, and it would, in fact, if they
21 got a higher return on equity that they are asking for,
22 provide about \$5 million worth of benefit to the
23 consumers. But then they took it to the next step, and
24 it was going to cost those same consumers about
25 \$30 million.

1 Well, I don't deal with millions of dollars
2 every day at all. So I put it in terms I can
3 understand. If somebody came up to you, and they said,
4 here, here is five dollars. You would say, thank you,
5 that's very nice of you. But then if they turned to you
6 and said, but you have to pay me \$30 first. No, thank
7 you. I can do without that. So we are looking at the
8 cost of the benefits they say they are going to provide
9 you. And as I mentioned before, if people can't pay for
10 any more, they can't afford that benefit.

11 I also wanted to quickly mention the fact that
12 we are concerned about the trickle down effect this is
13 going to have on all of you. Not only will your rates
14 go up, but the rates of your schools, the small
15 businesses, your groceries, your pharmacies, your
16 doctors, everyone else's rates are going up, too. And
17 at some point those people that are competing for your
18 business, they are going to have to raise their rates,
19 which means that not only are you going to have to pay
20 higher utilities, your are going to have to pay higher
21 grocery costs, higher pharmacy costs, a lot of these
22 things. Everybody that comes up -- we had a guy that
23 came up this morning, and he works with an airport
24 authority. And I hadn't thought about it, but he says,
25 we are required by law to keep our lights on. If our

1 electrical rates go up, then we are going to have to
2 charge customers more to take a flight to go visit their
3 family. So that's another thing we are concerned about.

4 But please testify. It's very important that
5 we hear from each of you. Everybody has special
6 circumstances. You may think that you have to say is
7 pretty much like what somebody else has said, but I can
8 guarantee you we want to hear from each one you, because
9 it is very important and it helps us to represent you.

10 So thank you again for coming. We appreciate
11 it. (Applause.)

12 **COMMISSIONER EDGAR:** Okay. That is our last
13 opening presentation. I always find them interesting
14 and educational, and they seem to get longer as we do
15 these hearings back to back to back. So I'll just note
16 for the Chairman tomorrow.

17 I would like to also recognize Representative
18 Janet Long who has joined us. Thank you. Thank you for
19 being here, Representative.

20 And we are ready to move to the customer
21 portion. Mr. Kelly, I know we had talked about calling
22 a couple of names at the time. However you think that
23 will work best, go right ahead.

24 **MR. KELLY:** The first three speakers are:
25 Margaret Hyde, Elaine Granata, Judy Roche.

1 **COMMISSIONER EDGAR:** And I think, ma'am, as I
2 said, every place we go we have a little different sound
3 system, and we have to kind of learn as we go. So I'm
4 not sure where that paper is. Maybe you can grab it,
5 and we can try to get it to the right person. I'm told
6 if you stand in the middle and face us that the two-mike
7 system will work best that way, and we'll just see how
8 it goes.

9 **MARGARET HYDE**

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

12 **DIRECT STATEMENT**

13 **MS. HYDE:** Well, I will feel more comfortable
14 facing you.

15 **COMMISSIONER EDGAR:** If you would, speak to
16 us.

17 **MS. HYDE:** Yes. I learned something new
18 tonight. I came prepared to question the Public Service
19 Commission, because the words public service, I thought,
20 gee, they're on our side. I found out tonight you're
21 not. You are to represent both sides and balance both
22 sides of the argument. You were created to be a
23 non-political group. You're appointed by the Governor.
24 You are to represent us in negotiations with the
25 utilities. A few years ago, someone missed something,

1 and we really lost out a lot in our negotiations with
2 the telephone company. I don't know if you were on the
3 Commission when that happened.

4 Now, Progress Energy comes to you and wants to
5 raise our rates, wants to charge 1.6 million retail
6 customers to build a plant somewhere out there some day.
7 We don't know where, we don't know when, but they want
8 to charge us to build this plant. Now, meanwhile, they
9 will accumulate this money and sit on it and save it.
10 And for every one percent increase they ask us for, it
11 raises \$51 million for them, for every one percent. And
12 they want 12.54 percent increase.

13 I agree that people that invest in Progress
14 Energy, the stockholders, shareholders, or whatever are
15 entitled to a certain percentage of interest for
16 investing in them. But while they are paying their
17 investors 12 percent for investing, they're not paying
18 us anything, they're taking our money, and they're not
19 giving anything back to us. And they say that an
20 average increase in our bills will go from \$122.79 to
21 \$135.79. Doesn't sound much. That's only for the first
22 one thousand kilowatts. I don't know how many of you
23 look at your bills, and see how many of your bills come
24 in under a thousand kilowatts, mine never does.

25 And my question before I came tonight was to

1 ask at what point in time did the Public Service
2 Commission no longer act on behalf of the citizens, but
3 chose to act on behalf of the utilities. I hope that
4 after these discussions you will come back and act on
5 our behalf.

6 **COMMISSIONER EDGAR:** Thank you.

7 **MR. KELLY:** Elaine Granata will be followed by
8 Judy Roche, who will be followed by Ronald Schramm.

9 **COMMISSIONER EDGAR:** Ms. Granata.

10 ELAINE GRANATA

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

13 DIRECT STATEMENT

14 **MS. GRANATA:** Well, Thank you for the
15 opportunity to speak this evening. And I'll be short.
16 Okay.

17 I was shocked that my electric bill was twice
18 what it was the previous month. I turned off my hot
19 water heater at the fuse box, and unplug everything I'm
20 not using. In addition, this month I'm turning off
21 washer and dryer area and stove at the fuse box. So the
22 only thing running will be the AC at 78 degrees and the
23 refrigerator. My bill went from \$80 to \$164. I am one
24 person, and I live in an 800 square foot place. Okay.
25 I also have a large comforter that I put over one of my

1 set of windows to keep the heat out and keep the cool
2 air in. It's like living in a cave, literally. Okay.
3 I have all the windows covered. All right. So there
4 goes the heat exchange.

5 I would like to implore the PSC to reconsider
6 the 30 percent hike PE is requesting, so that PE can
7 give its stockholders a 12.54 percent return on their
8 investments. A 12.54 return on investment to
9 stockholders is a Bernie Madoff type of return, which is
10 unrealistic and not a good business practice, and is at
11 best questionable. With the economy in the deplorable
12 state it is in and with unemployment expected to reach
13 the double digits in Florida and the rest of the
14 country, it is absolutely unconscionable.

15 The CEO of PE, Jeff Lyash, I think that's how
16 you say it, in 2006 made a salary of over \$300,000, in
17 2007 or \$370,000, and in 2008 over \$425,000, and that
18 was not including the stock awards, which this year
19 alone amounted to over \$900,000. In 2007, it was
20 \$1.5 million. Now, that sounds like a pretty healthy
21 company to me. I don't know about anybody else, but if
22 a company can give someone \$900,000 in stock options,
23 and if I'm wrong on this, please correct me.

24 But I understand -- and I went to the
25 Securities and Exchange Commission website. I had to

1 call them to find out where these salaries were located,
2 because they were absolutely buried. And from what I
3 understand, that my figures here are actually lower than
4 what his real salary is. That's just one person. Okay.

5 Now, I don't know about you, but who got a
6 hundred thousand dollars raise in the last year or two?
7 I know I didn't. Okay. So that was one salary out of
8 many that exceed \$200 million and more. If this company
9 is serious about staying solvent and staying in shape,
10 they need to be able to pay their people less and put
11 the money back into their company instead of in their
12 pockets. (Applause.)

13 A rate hike of 3.688 percent just started
14 in -- on January 1st, and that includes a rate
15 adjustment -- I called today to find out what it
16 included -- it includes a rate adjustment and a gross
17 receipts tax which added up to \$9.73 on my most recent
18 bill, and I have it here. So they did get a rate hike.
19 It was in January -- it was in July, July 1st.

20 In addition to the most recent rate hike, they
21 are wanting a \$500 million rate hike they are asking for
22 right now. Now, PE is asking for an additional rate
23 increase of \$400 million. So if PR gets its way, we
24 will be paying \$900 million more come January 2010.
25 When a company has been given the privilege of being the

1 only company providing energy to consumers, they have a
2 moral, ethical, and spirituel obligation to the people
3 that they have been awarded to serve.

4 When unemployment is expected to reach the
5 double digits in Florida and around the country, this is
6 at unrealistic and unethical request. People are having
7 a difficult time paying their bills. I know it is a
8 difficult thing to comprehend when one is making a good
9 salary and not experiencing any trouble paying their
10 bills, but many, many folks are pushed to the wall right
11 now and very unhappy.

12 We have not learned anything from AIG -- or
13 have we not learned anything from AIG, Golden Sachs,
14 Bank of America or Bernie Madoff? Greed is not good.
15 And that is exactly what this is, greed. Unregulated or
16 improperly regulated utilities will require a government
17 intervention or perhaps reinstituting a rural electric
18 authority or a co-op, where every person who had
19 electric was a stockholder and have voting privileges.
20 We used to have this. Maybe we should go back to that.

21 If I am going -- (Applause) -- if I am going
22 to be billed for the startup of the nuclear power plant
23 in Levy County, I want my bill every month to reflect
24 the fact that I am an owner in that plant. If I am
25 paying for it, I want to a part owner of it, along with

1 all the other customers of Progress Energy. We are the
2 United States of America. We can come up with better
3 ways to meet our energy needs. If Europe -- if
4 countries in Europe can do it, we can do it better.

5 I'd like to thank you for your time. I
6 implore the Public Service Commission to do their job,
7 to do the right thing and not allow this rate hike,
8 which is totally unacceptable, to please reconsider this
9 rate hike.

10 Thank you for your time.

11 **MR. KELLY:** Judy Roche, followed by Ronald
12 Schramm, followed by Mark Klutho.

13 **UNIDENTIFIED SPEAKER:** Madam Chairman, may I
14 have your attention for just one second, please? I have
15 come to meetings here before. We have been here over an
16 hour before we started hearing anybody. If we allow
17 everybody to speak five or fix minutes like the last
18 lady did, we will never get through all of these people.

19 The Chairman usually gives three minutes to a
20 speaker, and we would like you to start to maybe enforce
21 some sort of time limit for us. You can do it on your
22 Ipod.

23 **COMMISSIONER EDGAR:** I don't have an Ipod, but
24 thank you for that suggestion. Generally, I don't take
25 comments from the audience that don't come from the

1 microphone when they are called, but I do understand
2 your frustration, and I would also share that I have
3 some of it as well.

4 I have asked repeatedly at our opening
5 presentations for our parties to keep them short so that
6 we can hear from the customers, and you see how much
7 people feel passionately about these issues. I will do
8 the best I can to manage this, but I will also tell you
9 that the way your city or county Commission handles
10 their commission meetings, I'm sure is appropriate for
11 the matters that they are hearing, but after I have
12 heard -- sat here and had each of you sit here for an
13 hour before we can call you, I'm not comfortable cutting
14 everybody off. So I appreciate -- (Applause.) -- your
15 frustration, and we will work through it together,
16 hopefully.

17 Mr. Kelly.

18 **MR. KELLY:** Judy Roche, followed by Ronald
19 Schramm.

20 **UNIDENTIFIED SPEAKER:** She's in the other
21 room.

22 **COMMISSIONER EDGAR:** They may be.

23 **MR. KELLY:** I'll put them to the side.

24 **COMMISSIONER EDGAR:** Absolutely, sir.

25 **MR. SCHRAMM:** I'm here. I'm Ronald Schramm.

1 **MR. KELLY:** Oh, you are Mr. Schramm?

2 **COMMISSIONER EDGAR:** Please come forward.

3 (Simultaneous conversation.)

4 **MR. SCHRAMM:** You are making me nuts.

5 **COMMISSIONER EDGAR:** Don't go nuts, okay.

6 RONALD SCHRAMM

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

9 DIRECT STATEMENT

10 **MR. SCHRAMM:** My name is Ronald Schramm. I am
11 retired --

12 **UNIDENTIFIED SPEAKER:** Speak in the
13 microphone, please.

14 **MR. SCHRAMM:** I am a retired Chief Financial
15 Officer and was enjoying retirement. I thought I would
16 never look at numbers until this whole issue struck me.

17 There is a major fallacy in PGE's argument.
18 The fallacy is they are looking for a rate increase. In
19 business you develop a profit plan. They developed a
20 profit plan. That profit plan calls for 12.5 percent.
21 Then to get that 12.5 percent they back in the numbers.
22 What are they going to charge customers, whether it be
23 electric, whether you selling dresses, whether you are
24 selling cars, this is what we got to do to hit those
25 numbers. So automatically if you reduce the return on

1 investment, the rates that they're requesting
2 automatically drops. So I want to call to everyone's
3 attention the rate increase is a fallacy, because
4 12.5 percent is unheard of for a monopoly in this
5 context. I can't get 8 percent. If I can get 8
6 percent, it's junk bonds, high risk. So it's an issue.
7 Even a U.S. T-Bill is 4 and a half percent today,
8 30 years. And I'm not sure if there is not a lot of
9 risk with a 30-year T-Bill the way the government is
10 spending money today. But, in any case, I just wanted
11 to call your attention to the return on equity is a
12 fallacy.

13 And then I said, let me look and see in this
14 world we're living, high compensation. So I went to the
15 company's proxy report of this year to get the salaries
16 of the executives. And the six senior most executives,
17 I'm talking to the corporate now, I'm not going drilling
18 to the subsidiaries, are 1.8 million to 6.4 million with
19 deferred common stock options. I'm not even going to
20 question whether it's too high or too low. What I
21 wanted to call to your attention, counsel, on Page 16 --
22 let me make sure that's correct -- Page 16 of PG's proxy
23 statement, they talk about the way compensation is set
24 up. They have a compensation committee. That's fine.
25 That's what large companies do. I have no problem with

1 that. But here again is the fallacy, the compensation
2 committee said, we set rates based upon what is fair
3 compensation to our shareholders. Again, profitability
4 starts. Then within that return on equity, we reduce
5 down to what compensation should be in that group, then
6 the best executives, the least. The compensation
7 committee states that a fair return is 7 to 10 percent.
8 So I take exception, counsel, when you say 9 or 10
9 percent. Seven to ten is eight and a half percent. I
10 can accept that.

11 And, again, another thing, if you give them
12 the 12.5 percent that means the executives can get even
13 more money than the amounts that they are getting now.
14 As far as where I am quoting, the salaries of 1.8 to 6.4
15 in the proxy statement, this year's proxy statement,
16 Page 40, this is an SEC report. I'm going to cut it
17 short. Florida is in a state of migration, people
18 leaving, people out of jobs. It has become a
19 high-cost-of-living state. There's no jobs on the
20 horizon. If you pass this rate increase, the migration
21 is going to be even faster, and I'll consider getting
22 out of here. (Applause.)

23 And last, but not least, I just want to
24 address the technical issue that the counsel has raised.
25 The \$700 million excess depreciation, I'm going to put

1 it in the most basic terms. That is a credit sitting on
2 their balance sheet --

3 **COMMISSIONER EDGAR:** Mr. Schramm.

4 **MR. SCHRAMM:** -- and they don't know what to
5 do with it.

6 **COMMISSIONER EDGAR:** Mr. Schramm, I need you
7 to speak to us.

8 **MR. SCHRAMM:** That's a 700 -- I'm sorry. I
9 like to speak to the group.

10 **COMMISSIONER EDGAR:** Everybody does.

11 **MR. SCHRAMM:** It's, basically, a \$700 million
12 credit on their balance sheet that they don't know what
13 to do with. You can you even suggest amortizing it. I
14 say -- I say no. If there's a million people in
15 Pinellas County, that's \$700 to a person, or if it is a
16 family of four, that's \$2800. Refund our money.

17 Thank you for hearing me. (Applause.)

18 **COMMISSIONER EDGAR:** Thank you.

19 **MR. KELLY:** I will call her one more time.
20 Judy Roche, did she come back? Okay.

21 Mark Klutho, followed by Lorraine Winn.

22 **COMMISSIONER EDGAR:** And, Mr. Klutho, as you
23 have heard, people are tired. And I will say, this is
24 for everybody, and we are glad to be here, as I said
25 early, and as all of my colleagues said, but this is --

1 I can't even remember, I think this is the 12th that we
2 have done. And every time we try do it in the fairest
3 way that we possible can to hear from everybody.

4 Mr. Klutho, as you know, we've heard from you
5 in New Port Richey, and we have heard from you this
6 morning, and as I told you, I sincerely am glad for your
7 interest in these issues, but because you have talked to
8 us on the record on this I know two times before, I'm
9 going to give you the option of three minutes now or
10 waiting until the end of the hearing, if you need time
11 more than three minutes.

12 MARK KLUTHO

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

15 DIRECT STATEMENT

16 **MR. KLUTHO:** Mark Klutho, Largo. Here is a
17 brochure, Utility Ratemaking in Florida. And you have
18 an incandescent bulb on there, and then you have the
19 conservation house. Florida Public Service Commission,
20 and you show the solar collectors up there, and you're
21 saying to wrap your water heater. Well, before you do
22 the voltaics, you do the thermal for hot water, which is
23 more cost-effective. Now, my point being that you
24 people have a completely clouded judgment here to be
25 producing this kind of literature, and then you're going

1 to determine this rate increase? It doesn't work. And
2 here we have this article from the paper, and I had a
3 chance to talk today with the new head of the utility.
4 And in the article here he talks about prudent, like the
5 Commissioner that's not here today, Ms. Prudence,
6 Arganziano (sic) she loves that word.

7 And he is talking about in deciding the extent
8 of the rate increases, Dolan said, the company is
9 walking a fine line between the effect on customers and
10 being financially prudent. Well, as I stated this
11 morning, a megawatt, on average, according to Avery
12 Lovens, costs you eight times less than producing a watt
13 of electricity. And he says he puts the onus on
14 customers to offset higher rates by cutting their energy
15 usage, and participating in cost-saving programs offered
16 by his company.

17 Well, they don't do the efficient things
18 themselves, and they aren't operating a company that is
19 being run correctly. And, like I say, when you produce
20 this kind of literature, you people are not living in a
21 real world. You can't be making rational decisions like
22 you did about the nuclear power. This is completely
23 absurd. We don't have an incandescent bulb in our
24 house. There is something drastically wrong here.
25 Sixty-four watts of lighting over the urinal in the

1 bathroom. And I tell the Commission every time I come
2 and testify here, and they say we need nuclear power. I
3 don't think so. (Applause.)

4 **COMMISSIONER EDGAR:** Thank you.

5 **MR. KELLY:** Larraine Winn, followed by William
6 Smith.

7 **MR. KLUTHO:** I support nuclear power
8 93 million miles away.

9 **COMMISSIONER EDGAR:** If you would, tell us
10 your name.

11 LARRAINE WINN

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

14 DIRECT STATEMENT

15 **MS. WINN:** Okay. I'm sorry. My name is
16 Larraine Winn. And, unfortunately, I just moved to
17 Pinellas. And my light bill this month is \$150 more
18 than last month. Yes, and I'm a real unhappy camper. I
19 lived in Homestead, and Homestead owns its own power
20 company. And we voted to keep Florida Power and
21 Light -- we have a fancy name for FPL there -- out of
22 our city. When Wilma hit us, I had my power back in
23 four days. FP&L customers took ten. So I don't want to
24 hear how efficient and everything Progress is. I can't
25 change my mobile home. I can't afford to buy solar

1 power or I would. You know, the whole issue here is
2 just absurd.

3 And this is the Sunshine State, and we're
4 building a nuclear power plant? I don't understand
5 this. I really don't. We have a nuclear power plant at
6 Turkey Point in Homestead, you know, and there's always
7 a problem with it. It just doesn't make -- it doesn't
8 compute. So I don't know about the CEO of Progress, but
9 I will lay you odds he doesn't pay a power bill in his
10 big mansion, either. And I'm paying 454 a month this
11 year, and I live on Social Security this month, you
12 know. So this, whole issue is just fraught with
13 problems.

14 And it would be bad enough if were me, but you
15 have a whole city here with the same problem. I'm not
16 alone. And my next door neighbor had to turn off -- had
17 to turn off her electricity because she couldn't pay --
18 her air conditioning. Two weeks ago I had to take her
19 to the emergency room at Mease because she thought she
20 was having a heart attack because of the heat in her
21 mobile home. And that's going to increase. Who's going
22 pay for that? It isn't going to be Progress.

23 So thank you very much. (Applause.)

24 **MR. KELLY:** Williams Smith, followed by, if I
25 get this right, Lyra Karsa, Lyra Karsa.

1 **MS. KARSA:** Yes.

2 WILLIAM SMITH

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

5 DIRECT STATEMENT

6 **MR. SMITH:** Good evening. Thank you for the
7 opportunity of addressing the Commission. As I
8 indicated, my name is William Smith, I'm president of
9 the Board of Directors of Doral Village Mobile Home
10 Park. We are in northern Pinellas County here. It is a
11 community of over 500 homes, almost 900 residents. And
12 almost all of us, of course, are on a fixed income. As
13 a matter of fact, some are on less. Because of the
14 investment situation with retirement, they are getting
15 less money than they were, which is a real problem. As
16 you know, Social Security is probably not going to be
17 increased this year, so that creates another problem.

18 So I'm approaching this from the angle of the
19 user. We have constantly our members, our residents
20 coming in asking how they can save a few dollars each
21 month. And we try to work with them on that basis to
22 try to help them. We provide information about
23 community organizations and so forth. And we have a lot
24 of people that have had to turn off their air
25 conditioning from time to time. So that certainly is a

1 very big problem.

2 This type of increase and the potential
3 increase in the power bills presents a real hardship to
4 these people, all of us. People in our park pay
5 anywhere from sixty to several hundred dollars a month
6 in power bills, based on the kind of home they have and
7 insulation and so forth. And people really need a lot
8 of help.

9 Now, as I indicated, it is even a struggle for
10 people to pay increasing or increased in the dues that
11 we have to charge because of water, water increases in
12 water and so forth. So, again, in our budgeting, and so
13 forth, we are trying constantly to work to lower or to
14 keep the increase as much as we can. And then when you
15 have something like this come across that we don't have
16 any control over, it's a real problem.

17 So I'm really asking on behalf of our people
18 who really wanted me to come here and address this body,
19 to either keep the increase to a very bear minimum, or,
20 preferably, delay it for -- this is a tough economic
21 time for all of us, and it's a serious and significant
22 problem to all of our residents, the 900 residents, all
23 of whom are 55 and older. And, of course, the vast
24 majority are retired, and they certainly deserve your
25 attention on this. So thank you for listening to me,

1 and we rely on your judgment and, hopefully, that you
2 can be fair with us.

3 Thank you.

4 **COMMISSIONER EDGAR:** Thank you.

5 **MR. KELLY:** Lyra Karsa, followed by Julie
6 Latimer.

7 LYRA KARSA

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

10 DIRECT STATEMENT

11 **MS. KARSA:** Hi. I just want to give you an
12 accounting of one person's income, okay. I,
13 unfortunately, physically had to -- became disabled ten
14 years before I planned on it. So my Social Security is
15 not what I was hoping it would be when I eventually
16 decided to retire. So -- and I'm willing to embarrass
17 myself with the amount of it, because I think it's
18 important, and there are many people like me out there.

19 I get \$1,117 a month to live on. Now, my
20 maintenance, I own my own small mobile home in a retired
21 community, most of us there that live there year-round
22 are all on Social Security. Most of them are older than
23 I am, this is true. But they are all on fixed incomes
24 and lost whatever they had in their pockets for savings
25 with everybody else a couple of years ago -- in these

1 last miserable times.

2 Now, out of that \$1117, comes \$469 as a
3 monthly maintenance, which goes up every year \$18,
4 because that's what our place charges us, and we have a
5 lovely mobile home community. Then there is -- well,
6 \$36 for the phone and my computer, which is on the
7 slowest rate, and on the minimal thing, and it doesn't
8 go very fast anyplace. And I have a state Lifeline
9 phone, which only allows me one hour of long distance
10 phone calls, and I pay \$9 for that. We are as minimum
11 as we could be.

12 My television is with Bright House, and that
13 comes to 41.41 a month, and that is just regular old
14 everyday channels. Nothing fancy. No HBOs; no anybody
15 past the guide. Then comes my pain management doctor
16 and my medications for that every month. I have a
17 severe back problem. If you want, I can show you
18 20 inches of stitches all the way out of my back from
19 the last operation. But that's about \$60 a month. And
20 then comes, of course, the \$469 of maintenance for my
21 place. That leaves me with a grand total of \$159.98 a
22 month when you take away this month's Progress Energy
23 bill of \$350.61.

24 I don't have lights on in the other rooms, I
25 don't even have little, you know, ones you plug into the

1 wall, night lights. All of my lights in the house are
2 the energy saving kind. I don't have an ambiance light
3 in my bedroom when I'm -- in the living room or a light
4 on in the kitchen when I am there. When I go in, I turn
5 the light on. Okay.

6 A lot of the times when I use the bathroom and
7 the TV is on and stuff like that, I don't even turn the
8 light on. I know where everything is. So, basically,
9 there's no extravagance. There's nothing that's -- I
10 mean, I used to put things -- I have lovely stain glass
11 lamps which I used to enjoy having on. No, only one
12 light now. So I end up with -- this month with \$159.98
13 which pays my cat -- food for my cat, who's 14 years
14 old, food for my Chihuahua, who is five years old, and I
15 have two turtles. Now, with all of them fed, that
16 allows me, basically, Ramen noodles and corn.

17 So with the \$350.61 Progress Energy bill, if
18 it gets any higher, the only people that will be eating
19 in my house are the animals. And eventually the turtles
20 are going to have to go out to the pond.

21 **COMMISSIONER EDGAR:** Ms. Karsa, I think we
22 have a question for you.

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

24 Ms. Karsa, just real quick. With respect to
25 your current bill you mentioned it was 350 --

1 **MS. KARSA:** Dollars and 61 cents.

2 **COMMISSIONER SKOP:** Yes, ma'am. What was
3 prior month bill, if you don't mind my asking?

4 **MS. KARSA:** The what?

5 **COMMISSIONER SKOP:** Your prior month bill, and
6 what is your --

7 **MS. KARSA:** The prior was \$354.

8 **COMMISSIONER SKOP:** So it averages?

9 **MS. KARSA:** It averages about that. Now, my
10 bills before the increase were literally \$150 cheaper.
11 My bill and my neighbor's bill both went up at the same
12 time.

13 **COMMISSIONER SKOP:** And the reason I was
14 asking is I was wondering whether perhaps your meter may
15 have been misread.

16 **MS. KARSA:** No, no, all the little bars are
17 the same.

18 **COMMISSIONER SKOP:** I was wondering with
19 respect that you might be able to talk to one of the
20 customer service representatives to see whether perhaps
21 your meter might have been misread.

22 **MS. KARSA:** Oh, I have had them come out. I
23 have had them do all of that stuff. Oh, yes, I got the
24 billing plans I got everything, I do all of that, trust
25 me.

1 **COMMISSIONER EDGAR:** Thank you, Commissioner.
2 Thank you, Ms. Karsa.

3 **MS. KARSA:** So that's -- that's a general life
4 of just an everyday person that you guys are serving.

5 **COMMISSIONER EDGAR:** Thank you.

6 **MR. KELLY:** Julie Latimer, followed by
7 Francine Rowley.

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

11 DIRECT STATEMENT

12 **MS. LATIMER:** I'm Julie Latimer from
13 St. Petersburg, and I hope I don't sound flip after
14 hearing this story. I'm healthy. I'm well employed. I
15 used to think I was middle class until I saw what that
16 meant in Florida, and I'm actually poor. But, anyway, I
17 do okay. I'm thrifty. I pinch every penny. But I know
18 Florida Power -- or, I'm sorry, Progress Energy now, is
19 a good corporate citizen, because I see their logo at
20 the symphony, at the Rays game, and those are two things
21 that I enjoy very much in my life.

22 And I've heard the amount of 13.87 thrown out
23 tonight a couple of times. I guess that's what my bill
24 is going to be going up a month, if they get that they
25 want. Well, what 13.87 will mean to me is when I go to

1 a Rays game, instead of sitting at the nice first base
2 line box seats for \$60, I will be up in the TBT section
3 with the drunks.

4 And when I go to the symphonies, instead of
5 sitting in the lows with the nice acoustic washing over
6 me, I will be sitting up in the right side of the
7 balcony with the people that open the plastic candy
8 right in the middle of Beethoven's 7th Symphony. You
9 know, I'm just like, oh. So that's what it means to me.
10 You wanted to hear everyone's story. That's what it
11 means to me. (Applause.)

12 **COMMISSIONER EDGAR:** Thank you.

13 **MR. KELLY:** Francine Rowley, followed by
14 Martha Cronkhite.

15 FRANCINE ROWLEY

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

18 DIRECT STATEMENT

19 **MS. ROWLEY:** Good evening, everyone, and I
20 would like to thank you all for this opportunity to
21 present my case. This is a very important issue for me.
22 As you can see, I am physically disabled. I suffer with
23 chronic pain, so as I stand before right now I am
24 hurting. I did not ask to become disabled. I wasn't
25 born in a wheelchair, you know. This was a result of a

1 bad bus accident that turned my life upside down. And I
2 was doing very well. I ran a business before my
3 accident, and I didn't know anything about this side of
4 the world until that accident. I found out there is
5 another world out here, and it's awful.

6 Living in the poverty level -- I think that
7 the last time I checked the poverty level was, like,
8 about 18,000 for one person, and my income is
9 significantly less than that. I've living on less than
10 the lady that spoke before me as one individual, and I
11 take care of a little pug. I live in HUD subsidized
12 housing, and HUD contributes \$63 a month towards my
13 electric bill that goes to Progress Energy. Urban
14 League provides me with a grant of \$150 once a year,
15 which covers my electric bill for about two and a half
16 months. And when they give me that grant it seems to me
17 that my electric bill goes up for those two and a half
18 months. And it comes down when the grant is gone.

19 Okay. My apartment that I live in is run off
20 of electricity. There's nothing that operates without
21 it. My food bill is my largest bill that I have. And
22 with the escalating price of food, I'm now learning how
23 to enjoy wind pudding, air sauce and toothpicks for
24 desert. Five dollars at the end of the month is like
25 having a billion dollars to me. Five dollars at the end

1 of the month can make or break me.

2 I live in a complex that is about
3 100 apartments with senior citizens in it, and I feel
4 that this increase would hurt my neighbors. It would
5 hurt the unemployed. I used to run a small business
6 before I became disabled, and my electric bill was my
7 largest bill in my small business. If I had the
8 opportunity to run my business again, I would be crushed
9 by the electric bill.

10 I don't hear anyone talking about their plans
11 to look into the green energy and solar energy or the
12 wind power -- (Applause.) -- but I think if they were to
13 think about taking their profits and looking at creating
14 ways to eliminate our dependence on the electricity.
15 After all, we don't need to be dependent on something
16 that bleeds us like vampires, and that's what is
17 happening. That is what I feel is happening.

18 They may not care, but because I suffer with
19 pain, I'm depressed. I'm not happy. I don't have an
20 opportunity to make an income, and if I look around this
21 room, I don't see any of the powers that be that are in
22 my shoes and in an electric wheelchair that I have to
23 charge every night, incidentally. I can't turn off my
24 refrigerator, which I hear running all night long,
25 another vampire sucking up electricity. I'm like why

1 does that thing have to run up every night when I'm not
2 opening the door or closing the door, but it sucks up
3 electricity.

4 We need solar energy, and they need to be
5 looking at solar energy. They need to be looking at wind
6 power. That would be better for us. I heard that the
7 Y2K, the big -- the big fear of Y2K was about the
8 electrical grid that runs from state to state to state
9 was going to crash because it was so old. And that this
10 electric grid needed to be replaced, and it was such a
11 danger, and everybody was in a panic about Y2K. We're
12 in 2009, and we didn't see those blackouts happening.
13 It was a big hype. And I think that this increase is a
14 hype.

15 You know, it is very poor taste in a time of
16 recession and suffering. I just feel that it's not
17 right. And I think that you will end up paying for
18 their increase in your taxes that you pay. Because I
19 receive government assistance, you are going to be
20 paying for that yourselves out of your own pocket if you
21 grant them this increase. It will be coming back in
22 your taxes, and you will be taking care of me because
23 you gave them that increase. Okay. So you need to
24 think about that. (Applause.)

25 The last thing that I would like to say is

1 that at Christimastime, I notice every year everybody
2 wants to light up Christmas lights and say this is the
3 season for giving. So this year maybe you don't want to
4 light those lights, you want to get those little things
5 they sell in the Dollar Store that you break open and it
6 glows and put that around your house. And then maybe
7 when you fell like giving, maybe you want to make a
8 contribution to my light bill or my grocery bill. I
9 would appreciate that.

10 Last of all is a question. I was told that
11 Charlie Crist used to work for Progress Energy. I'd
12 like to know if that is true or not, if he actually did
13 work for Progress Energy. And the reason why I ask is
14 because his contact information is on this piece of
15 paper that I received. And if I had a complaint or
16 something, he was one of the people I would contact.
17 But if he worked for Progress Energy, isn't there a
18 little bias in there? You know, maybe he still has
19 friends that are employees at Progress Energy. So I
20 don't know if, you know, he would advocate for me or
21 not. You know, that makes me feel concerned.

22 So, I would appreciate it, you know, if you
23 could pass this information along to all those powers
24 that be, that in order for this country to have affluent
25 people, there has to be somebody that's not affluent

1 like me. Okay. And when you do things like this to
2 increase these profits, you know, like, I'm hearing
3 executives making one hundred million dollars, and so
4 forth. Why don't they trade shoes with me and walk in
5 my shoes and see what it feels like to not know where
6 your next five dollars is coming from and how you are
7 going to make it.

8 **COMMISSIONER EDGAR:** Thank you.

9 **MS. ROWLEY:** Thank you, very much.

10 **MR. KELLY:** Martha Cronkhite, followed by
11 Sherwin Wasserman.

12 **MARTHA CRONKHITE**

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

15 **DIRECT STATEMENT**

16 **MS. CRONKHITE:** Hello. Thank you all for
17 having us. And nothing personal, sir. I wanted to get
18 that out.

19 I feel like a shell game. We think PE is the
20 person that can do something for us, and they say no,
21 the Commissioners is someone that can do something, now
22 it's the legislator. No one wants to take
23 responsibility. I respectfully say you are here, but is
24 it water on a duck's back? The thing is I feel like my
25 intelligence was insulted, because you turn on the TV,

1 you look at a newspaper, PE, ball games, they are
2 advertising. They don't need to advertise. They need
3 new CO. I wish to goodness instead of where I invested
4 my money and had to go to Social Security, I had
5 invested it with them at 12 percent. I wouldn't be
6 here. I'd be on the Gravy Street. A luxury for me,
7 folks, would be to bake a meat loaf in my oven or a pie
8 or a cake. I live on Banquet TV dinners. And while
9 they -- don't feel sorry for me. I'm angry. While the
10 CEOs is making big money and looking down their nose,
11 insulting our intelligence by giving us a flute story,
12 any second grader can read through it. I really hope
13 you do something. Thank you.

14 **COMMISSIONER EDGAR:** Thank you.

15 **MR. KELLY:** Sherwin Wasserman, followed by
16 Christ Carlsen.

17 SHERWIN WASSERMAN

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

20 DIRECT STATEMENT

21 (Inaudible.)

22 **COMMISSIONER EDGAR:** Mr. Wasserman, I'm sorry.
23 It really works much better if you stand in the middle,
24 so that we can get you on tape, and we can understand
25 and everyone else can, too.

1 **MR. WASSERMAN:** To tell you the truth, it
2 doesn't sound like it out there, but I'm not going to
3 argue with you.

4 First thing I want to tell you is these rates
5 are wrong. Why are they wrong? Because there is an \$8
6 fee just for being a customer. So everything that we
7 see on this page is \$8 higher.

8 Secondly, to call it what it is, we seem to
9 have a feeding frenzy just like with sharks, only all of
10 these people and me, we are the food. (Laughter.
11 Applause.) We got a monopoly. Every time somebody
12 decides they want more money, where are we going get
13 from? Let's get it from the bottom. So we're the
14 bottom feeders, and they are the top feeders, and where
15 are they getting their money from? Us. I don't know if
16 I have much more to say.

17 Oh, the other thing is last week -- everything
18 is going up. When gas is 2.40, \$4, taxes go up, food is
19 going up because they decided corn liquor is better in
20 your gas tank. So all of these things are going up. So
21 what's the perfect thing to do? Get a 30-some-odd
22 percent raise on your electricity. Electricity is a
23 necessity. Do you know how comfortable it is in now. I
24 can't afford to do this in my home. (Laughter.) That's
25 it.

1 **MR. KELLY:** Chris Carlsen, followed by Karen
2 Rogg.

3 CHRIS CARLSEN

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

6 DIRECT STATEMENT

7 **MR. CARLSEN:** Good evening, Commissioners.

8 My name is Christ Carlsen. I just wanted to
9 say I'm against the 12.65. I'm for their fair raise to
10 a point. And listening to all the stories, I don't want
11 to regurgitate all of that stuff, because I'm kind of
12 hungry.

13 With that said, I just have one thought
14 crossing this mind listening to some of the sad stories
15 that -- and the gentleman before said it, electricity is
16 mandatory. You have to have it in your house. With
17 foreclosures going down and issues like that, if you
18 can't afford your -- say you pay your mortgage, but then
19 you can't afford your electric bill. After two or three
20 weeks code may come along and say, you're out, placard
21 your house.

22 So, again, that little bit of \$13, \$20, 40
23 bucks, whatever, might add up to one person of the
24 1.6 million that are customers of them, and I'm hoping
25 they can consider that they hopefully don't lose one

1 customer in that consideration. So I thank you very
2 much. Have a nice night. (Applause.)

3 **MR. KELLY:** Karen Rogg or Rogg.

4 **MS. ROGG:** It would be Rogg.

5 **MR. KELLY:** I'm sorry. Followed by Betty
6 Dobbins.

7 KAREN ROGG

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

10 DIRECT STATEMENT

11 **MS. ROGG:** Thank you for listening to me.

12 I am very sad for you.

13 I'm a mom. Married. I have a great job. My
14 husband has job. We have two kids in college, one on
15 the way. What does a few dollars mean to me. Room and
16 board for UF, the monthly upkeep, not the party money,
17 just the monthly upkeep. I am -- I will be supporting
18 three different households, and that's quite costly. I
19 work a lot. We are now looking for second jobs.

20 This is not the time for any family to do
21 that. These rate increases, the schools are now
22 affected. We have lost so many things in our schools
23 that our future citizens, three of which are right back
24 there, are going to be leaving our state without our
25 future, with the rising costs that are being presented

1 to us, all of these things are going to fall into a
2 domino effect. She spoke about we're going to be paying
3 for her living expenses. This is true. The heat stroke
4 victims. Where is that money coming from? It's coming
5 from all of us. We will continue to support our
6 neighbors.

7 We elected a new president. His model was we
8 are not in this alone. We are not here to make the rich
9 richer. We are here as the American people to support
10 each other. We are in this together. To go to a
11 monopoly -- I love electricity by the way, but I have
12 cut back. I have taken advantage of insulating my
13 attic, changing my windows, sealing things up, putting
14 reflective film on, solar power for my pool. I have
15 taken advantage of everything they have to offer.

16 Going up -- I don't get that 13-dollar thing,
17 because my bill is at the 250 mark. I'm looking at
18 paying room and board. I have three households that
19 that 250 is going to affect. Seven hundred and fifty
20 dollars a month, now I need a second job. Two people
21 need a second job. The third kid is now home alone in
22 the evening. Social events, done.

23 The impact of this is enormous. I don't know
24 if any of you have Progress Energy as your energy
25 company. If you do, I hope you take to heart every

1 other family that you are in a network with who is now
2 suffering. I don't know if any of you have foreclosures
3 in your neighborhood. I do. In order for me to
4 maintain, I'm taking care of another property. At my
5 expense. In order for us to make a difference, we have
6 to rely on you to feel what we are feeling.

7 If you do not feel this, if you are not in our
8 predicament right now, you have a different
9 understanding. I hope your energy company doesn't ever
10 get to this. I am disappointed. I am very disappointed
11 that this wasn't just shut down. I don't want a rate
12 increase. I don't want one percent, I don't want two
13 percent. I want zero percent. (Applause.)

14 I want my children to stay here. I moved
15 here. I support solar energy. Invest in that. That
16 was something they can look into. Make a company, make
17 the turbines, do anything it takes to return Florida to
18 what it was before, which is the citizens of this state
19 supporting the citizens of this state. I'm the middle.
20 They are the youngsters. I see my family, my parents in
21 this predicament. What are people like me do? Support
22 the elderly, support your kids. What about us? The
23 investments, my 401K, oh, that's kind of comical right
24 now.

25 So hear from me that there are a hundred

1 thousand other families standing right here next to me
2 saying you can't spread us any thinner. If you do, the
3 peanut butter and jelly sandwich is bread. There's not
4 enough to spread around. We are at our limit and we are
5 in this together. Right? (Applause.)

6 Thank you.

7 **MR. KELLY:** Betty Dobbins, followed by Roger
8 Gambert.

9 **COMMISSIONER EDGAR:** Ms. Dobbins.

10 BETTY DOBBINS

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

13 DIRECT STATEMENT

14 **MS. DOBBINS:** Hi. Betty Dobbins. I want to
15 speak for myself and some of my senior friends that were
16 unable to come. I live on a fixed income. I am 77
17 years old, and if I wanted to go find a job, nobody hire
18 me. I cannot see where raising the rates is going to
19 help anyone in my category. I have friends that have
20 had to turn their air condition off. They are having to
21 cut back on their medication and taking half of what
22 they are supposed to take, because their power bills,
23 like mine, has increased, doubled.

24 I have added nothing new. I live in a small
25 house. I have 16 oak trees that cover my house

1 completely, but my power bill has doubled this year.
2 Now, why, I don't know. I have added nothing whatsoever
3 to this, and I'm not at home as much because I'm active
4 in my church, and I'm away from home, and I turn my
5 power down, but my power bill has increased double. I
6 have been here since 1950, and I have friends that moved
7 when I did that are having to return north to live with
8 their children, because they can't live here any more.
9 And I pray that I'm not put in that position.

10 Thank you.

11 **COMMISSIONER EDGAR:** Thank you.

12 **MR. KELLY:** Roger Gambert, followed by Daniel
13 Morneau.

14 ROGER GAMBERT

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

17 DIRECT STATEMENT

18 **MR. GAMBERT:** My name is Roger Gambert. At
19 the beginning of this meeting, Mr. Anthony (sic), the
20 attorney for Progress Energy said that there is never a
21 good time to ask for a rate increase. I went back
22 through my last four years of bills, which I have here,
23 and I discovered that in 2007 there was no rate
24 increase. I paid the same rate from the beginning of
25 2007 to the end. In 2008 there were two rate increases,

1 although some went up, some went down. In 2009, there
2 has only been seven months, I have had three changes in
3 my bill already. And to the people who haven't gotten
4 their July bill yet, you will see there is a new thing
5 on there which is called rate increase. I called up, I
6 said, what is this? They said, well, this is a rate
7 increase that we told you about in some brochure we sent
8 you. I went through all my brochures, and I finally
9 found it in little biddy print, which I needed a
10 magnifying glass. So Mr. Anthony, the attorney, you
11 know, think about that.

12 Number two, I went through these bills, and I
13 looked back for many years, and I discovered that in
14 2000 -- 1994, 1994, July, I used 2300 kilowatts, and I
15 paid \$173. This July I used 2000 kilowatts, 300 less,
16 and I paid 272, a hundred dollars more for 300 less
17 kilowatts. That's crazy. I also looked at other years.
18 In '05, I used 2770 kilowatts. I paid 275. Here I used
19 2000 kilowatts, I paid 272. So in just a few years I
20 used 700 less kilowatts, and I am still paying \$270.

21 As far as their stock curve and their concern
22 about gross return on equity and everything, I looked up
23 the company, Florida Progress pays 6.6 percent dividend,
24 a 6.6 percent dividend. That means that every
25 shareholder, and I'm one of them, gets 6.6 percent on

1 his money, that's pretty good, considering on my CDs I'm
2 getting like 1 percent. They talk about needing more
3 money for return on equity to get people to buy the
4 stock, at 6.6 percent I should be buying more of the
5 stock myself. You know, I mean, that is unbelievable
6 amount. For example, Florida -- FPL, the company in
7 Miami, they only give a 3 percent dividend, 3.3 percent.
8 So if they gave the same sized dividend that Florida --
9 FPL gave, they would have a lot more cash on hand to do
10 whatever the hell they wanted. That is unbelievable.

11 Their share price, they talk about they need
12 it for the share price. I looked at the share price for
13 the last 52 weeks. The share price from the high in the
14 last 52 weeks is down 20 percent. The DOW is down
15 26 percent, even considering the last week it has gone
16 up so much. So they are doing better than the DOW, so I
17 don't know what their complaints are there.

18 Now, in other things, we all know from the
19 newspaper they charge less for power in North Carolina
20 than they do here. We have heard about the Florida
21 Power. I looked -- there is a newspaper thing here. I
22 love this thing. It says here, the article says,
23 Progress Energy brass sees compensation fall. Poor
24 Mr. Fahee (phonetic) lost \$500,000 this year. But at
25 the bottom it says, how much did he make? He made

1 \$2,027,000, with a \$500,000 loss. So the son of gun
2 is -- now, let's talk about him. (Laughter.) He's an
3 executive. He has been an executive there for less than
4 three years. He can't make a damn decision. He has
5 just been promoted, by the way. He couldn't make a damn
6 decision without calling North Carolina. We all know
7 subsidiaries don't make decisions. They guy he calls
8 makes over \$6 million a year. So what the hell are we
9 paying this guy two million for?

10 And they talk about it is a monopoly. There
11 is no competition, so he doesn't have to worry about
12 competition. They talk about risk. They said, well,
13 there is no risk in the fuel, but there is risk in the
14 nuclear thing. The damn thing might never be built.
15 (Applause.) As far as the nuclear plant goes, it
16 doesn't have a license yet, so it might never be built.
17 It may be built by 2020. By then, by the way, I'll be
18 dead. I'm 74, and I have a bad heart, and I get
19 excited, as you can see.

20 And other utilities all around the country,
21 and I have lived in the west and the north and the
22 south, they use bonds. What a great time to sell bonds
23 right now. The damn interest rates are so low, they
24 could be selling their bonds, and they could sell
25 30-year bonds and make all the money they wanted. But,

1 no, they got from our Legislature the permission to
2 charge us for the nuclear plant. And I heard our
3 congressman or our representative say, well, you know.
4 It's bad, that we shouldn't allow it. I know that Mr.
5 Fasano voted for that increase. And I don't know what
6 Mr. Nehr did, but he probably voted for, too. I mean,
7 why did these damn legislators, who are now against it,
8 vote to allow Florida Power to get that increase?

9 I also love this. Florida Power advertises
10 when they gave a cut. Progress Energy look to go down
11 10 percent. Progress Energy to lower bills, but, boy,
12 they slipped that increase this month through. I didn't
13 see any article about that, you know, except from the
14 little brochure. And then we've heard about solar
15 panels. I just got a new water heater, and by the way,
16 I got it from Florida Power. So I'm very happy. They
17 paid for my water heater. But I asked them about
18 getting solar panels with it. No concern. Why isn't
19 the power company saying to us, hey, we will give you --
20 we will give you the solar panels to do your water
21 heater, but you can pay for it over two years, we'll add
22 to your bill. They do it, they give the ability to fix
23 your wires. They do other things. Why don't they do
24 something like that, get us off this power thing of
25 electricity and get us into it. Everyone of us could

1 have water heaters that are heated by solar panels.

2 (Applause.)

3 Finally, and this is not going to help -- not
4 going to make a lot of people happy. Everybody keeps
5 telling us that, you know, when -- no tax increases. We
6 don't want tax increases, but we raised fees on our
7 parks; we have allowed insurance companies to raise
8 insurance, you know, my house went from 600 to 2200 in
9 the last s few years; we have allowed water regulators.
10 I don't know if you people control the water, but I'm
11 paying for reclaimed water every month. I don't use
12 reclaimed water, but I'm paying for it. We allowed the
13 utilities to raise their rates to charge us for a
14 nuclear plant. We allowed -- you know, I'm on a fixed
15 income, I have been on a fixed income for twenty years.
16 My income doesn't go up, but everything else has gone
17 up.

18 What is going on is good for the rich people,
19 because we are not raising taxes. But for the rest of
20 us, like me, I'm a poor Republican. We are not doing
21 well. And I've got to say something to the Republican
22 members of the house and everything, you are losing the
23 Spanish vote because of the way you are treating
24 Sotomayor, and you are losing our vote because of the
25 way you are treating us.

1 Thank you. (Applause.)

2 **COMMISSIONER EDGAR:** Mr. Kelly, it is about
3 that time where I think we are going need take a short
4 stretch. I would say let's go ahead, if it is all right
5 with you, let's call the next two names, and then after
6 the next two speakers in order, we will take a short
7 break, and we will come back right after that. We need
8 to give our court reporter a break, and those of us up
9 here at the front a short stretch, I think, and maybe
10 others as well.

11 So, Mr. Kelly, if you would, the next two
12 names, please.

13 **MR. KELLY:** Daniel Morneau and James Lewis.

14 JAMES MORNEAU

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

17 DIRECT STATEMENT

18 **MR. MORNEAU:** Hi.

19 **COMMISSIONER EDGAR:** Hi.

20 **MR. MORNEAU:** All I can say is that I don't
21 know how they could be asking for a rate increase when
22 I'm paying for everything that's being done to begin
23 with. If I'm paying for the fuel and I'm paying for
24 repairs, and I'm paying for everything on my bill, how
25 could they be asking for anything when I have already

1 paid for everything that they are doing. I mean, I'm
2 paying for everything, so there shouldn't be any
3 increase. There should be a decrease, really, because
4 I'm already paying for it all.

5 And, as far as solar, where it is? I mean,
6 this is Florida. Every house in this state should have
7 a solar panel on their roof. (Applause.) I mean, you
8 know, Florida Power should be putting a solar panel on
9 our roof and paying for it, and we should just -- it
10 should be, you know, their responsibility to maintain
11 it, and they can reap the money from it. I mean -- I
12 mean, they would have less expenses. They would have a
13 large corporation reaping money from it. I mean, you
14 know, California is building communities with solar
15 panels on their roofs, why can't we do it here?

16 I mean, I don't understand that. I mean, when
17 people are paying \$300 a month for their electric bill,
18 there's something totally wrong there. I mean, that is
19 ridiculous. I don't pay that, but I will tell you what,
20 that really blows me away when I see seniors -- I do
21 home health, and I see seniors all the time and they are
22 just like, they can't -- they can't handle it. And this
23 is Florida it's supposed to be a retirement state. I'm
24 sorry, but you are not treating your retirees like you
25 are supposed to be treating your retirees. (Applause.)

1 **COMMISSIONER EDGAR:** Thank you.

2 **MR. MORNEAU:** That it is for me.

3 **COMMISSIONER EDGAR:** Thank you.

4 **MR. KELLY:** James Lewis.

5 Allen White.

6 **COMMISSIONER EDGAR:** Mr. White, come forward.

7 ALLEN WHITE

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

10 DIRECT STATEMENT

11 **MR. WHITE:** I'm Allen White from Clearwater.

12 I don't represent anybody but myself. But I come to the
13 Commission to ask you to look into the fact that the
14 Progress Energy doesn't have any money, they have to ask
15 for an increase in rates, and you go every place and you
16 see advertisements where somebody has no competition. I
17 was a former businessman. I had to advertise. They
18 don't have to advertise. So why do we give them
19 permission to do that? I don't expect an answer from
20 you, but I've called and called and called for the last
21 five years, to ask why they have Tropicana Field --

22 **COMMISSIONER EDGAR:** And I apologize for
23 interrupting, I try very hard not to do that. But you
24 have posed a question on the advertising, and that is
25 something that comes up frequently, so I would like to

1 ask our staff very briefly to respond to that.

2 **MR. WHITE:** And I would like that answer, and
3 then I'll read.

4 **COMMISSIONER EDGAR:** I'm not asking you to
5 leave.

6 Mr. Willis, could you speak to Mr. White and
7 everyone else, of course, as to what the role of the
8 Commission is in advertising and source of those funds?

9 **MR. WILLIS:** Absolutely.

10 **COMMISSIONER EDGAR:** Thank you.

11 **MR. WILLIS:** What you are talking about is
12 what we call imaging enhancing advertising. And imaging
13 enhancing advertising is not something that the
14 Commission has ever allowed to be passed through to
15 ratepayers. It comes from the stockholders' pockets,
16 not from ratepayers.

17 **MS. WHITE:** Is that a fact. Why would they do
18 that with the money that they are supposed to be paying
19 back to the stockholders? They don't have to advertise.

20 **MR. WILLIS:** That's their choice, sir.

21 **MR. WHITE:** That's their choice. And who
22 gives them that choice?

23 **MR. WILLIS:** The stockholders.

24 **MR. WHITE:** The stockholders.

25 **MR. WILLIS:** Or the directors.

1 **MS. WHITE:** That's pretty sad. Thank you.

2 **COMMISSIONER EDGAR:** Thank you.

3 Thank you, Mr. Willis.

4 As I said, we are going to take a short break.

5 I have 8:09 on my clock. We will come back at close to
6 8:20 as we can get everybody gathered together. And so
7 we are on recess.

8 (Recess.)

9 **COMMISSIONER EDGAR:** We are back on the
10 record.

11 **MR. KELLY:** Jane Maxwell followed by Barbara
12 Hise.

13 JANE MAXWELL

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

16 DIRECT STATEMENT

17 **MS. MAXWELL:** Thank you for this opportunity,
18 I'm here representing a large business organization,
19 Florida Alliance for Renewable Energy. We have
20 thousands of supporters around the state, and we're
21 growing rapidly, and we are working for legislation for
22 a policy known as a feed-in tariff or renewable energy
23 dividend policy. If you were to enact this policy, it
24 would make solar energy not only affordable to hundreds
25 of thousands of homeowners and businesses, but would

1 make it profitable for homeowners and businesses. This
 2 is a policy that has been proven to work in many
 3 countries and now in Gainesville, Florida, where it has
 4 created millions of dollars -- tens of millions of
 5 dollars in investment and hundreds of jobs. And if this
 6 renewable energy or dividend policy or feed-in tariff,
 7 it's the same thing, were instigated, it would
 8 immediately create about 50,000 jobs in Florida and jump
 9 start the renewable energy industry and decrease the
 10 need for nuclear plants.

11 It would create an enormous market for solar
 12 panels, which would lower the cost, so that within ten
 13 years or less solar would be at grid parity, meaning no
 14 more expensive than natural gas and would help stabilize
 15 the cost of natural gas. We want you to know that
 16 rather than giving huge increased rates for nuclear, a
 17 mere one percent increase for renewable energy dividend
 18 or feed-in tariff policy would create large economic
 19 benefit for the state of Florida. We are simply saying
 20 that there is no reason to give Progress or any other
 21 investor-owned utility such a stupendous increase that
 22 will only benefit their investors when you could benefit
 23 all Floridians at so much less cost with the renewable
 24 energy dividend feed-in tariff policy.

25 Thank you.

1 **COMMISSIONER EDGAR:** Thank you.

2 **MR. KELLY:** Barbara Hise, followed by Lawrence
3 Floyd.

4 **COMMISSIONER EDGAR:** And, Mr. Kelly, before we
5 go on to the next, let me just ask the group -- I know
6 that we have had people who came in after we had started
7 and we had some people in the room downstairs. So let
8 me do this: If there are any of you who are intending
9 to speak to us tonight that were not sworn in when we
10 did that as a group, if you could let me know. Okay,
11 let's go ahead and we will do that again. And stand as
12 group with me, if you would, and raise your right hands.
13 And then I think we will be done with that for the
14 evening. Thank you.

15 (Witnesses sworn.)

16 **COMMISSIONER EDGAR:** Mr. Kelly.

17 **MR. KELLY:** Barbara Hise. Barbara Hise.

18 Lawrence Floyd. Mr. Floyd will be followed by
19 Kate Melges, Melges.

20 **COMMISSIONER EDGAR:** Mr. Floyd.

21 LAWRENCE D. FLOYD

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

24 DIRECT STATEMENT

25 **MR. FLOYD:** Commissioners, thank you very much

1 for this opportunity to speak to you tonight. I am a
2 retired executive, retired for 18 months. Fortunately,
3 I do not have the position financially that a lot of the
4 people up here do, but I speak on their behalf because
5 the message I bring would be great benefit to all of us
6 on electric use.

7 Primarily, I want to talk against, against the
8 use of nuclear energy. There are ten reasons that I
9 have why we should not use nuclear energy.

10 First off, it is very capital intensive and
11 the utility gets their money from us on the basis of
12 their investment. So a huge investment of a billion
13 dollars. In the future they will be coming back and
14 saying we need more money because of our investment. So
15 the cost has gone up 185 percent in the eight years
16 since 2000. It's projected to go up 50 to 100 percent
17 every two to three years. And the reason for this is
18 because the material, the key element for it is produced
19 by one company in Japan, and they only manufacture four
20 core products a year. And China and India are going
21 after these big time. Okay. So we are trying to not
22 import oil, but we are importing 92 percent of our
23 uranium which is another commodity that we have got to
24 compete with China and Japan.

25 What we have to do is to look at a resource

1 that is natural here, which is sunshine. It is
2 renewable. We have had it for centuries. It is cheap.
3 We don't have to import it, and we can put it on our
4 rooftops, but these companies are not talking about
5 doing that. They are talking about making major
6 investments that they will be coming back to us in
7 future years and saying, we need a higher return,
8 12 percent on our billion dollar investment, which is
9 crazy, when you could take that billion dollars, tax us,
10 even at a lesser amount and help support us putting
11 solar panels on our roofs.

12 You think of the millions of houses that are
13 in Florida, the shopping centers that are here that
14 could hold these panels. Then you -- what they want to
15 do is build a plant, then they have got to have high
16 tension power lines to move that electricity out, and 10
17 percent of that is lost. If I produce electricity for
18 my house, okay, I get no lost gain on it. It goes right
19 into my house. If I produce more than enough, then I
20 could feed it back into there to sell to my neighbor or
21 whoever. Okay. But they don't want to do that because
22 it shrinks their company. Okay. But we are going to go
23 through a revolution, just like we have over the years.

24 And I'm going to go back a little bit further
25 than the other elderly gentleman that was up here. He

1 went back to 1940. I'm going to go back to the 1800s.
2 In the 1800s railroads ruled this country, okay. And
3 they died, and we have been subsidizing them every
4 since, okay. Now, we have done the same thing with
5 automotive industry. And why? Because they don't look
6 at the future. And the American people will get even
7 somehow or another. And the automobile industry is
8 gone. It has gone to Japan.

9 And the next thing it's going to be will be
10 the utility, because they can't see the future is in
11 renewables, and it's on decentralize. It had makes
12 sense to put this stuff on our rooftops, rather than
13 building a huge power plant two hundred miles away, then
14 build the transmission lines where 10 percent of the
15 electricity is lost. When it can be put local house by
16 house by house.

17 There is a city in Florida, Gainesville.
18 Somebody alluded to it earlier. In March of this year
19 Gainesville, Florida became the first U.S. locality to
20 adopt a feed tariff targeted to add 4 megawatts of solar
21 power a year for the next ten years. The city reached
22 its 2009 goal in just three weeks. And the 2010 capped
23 within days after that. So we have got a city here
24 within Florida that is setting the pace. We can do this
25 statewide, okay.

1 Sue Butler of Cambridge, Massachusetts,
2 installed on her home a half kilowatt micro turbine,
3 wind turbine, and a 5.5 kilowatt solar panel. The
4 system was helped paid for by a grant from the
5 Massachusetts Technological Collaborative, which is a
6 state administered fund where there is a surcharge for
7 every power owner in the state. Just this solar
8 installation produces two to three times as much power
9 as Ms. Butler needs for her house, meaning that she runs
10 her meter backwards and sells the surplus back to the
11 grid, a procedure called net metering.

12 **COMMISSIONER EDGAR:** Mr. Floyd, do you have
13 additional comments on the proposed rate increase?

14 **MR. FLOYD:** Yeah. It should be -- it should
15 not be done, and they should rebate back what they have
16 already collected for the nuclear. They should give it
17 back. They're collecting -- they're collecting money
18 for something down the road that will probably never
19 happen. I have a quote. In August of 2007, the Tulsa
20 World Newspaper (phonetic) reported that American
21 Electric Power Company's CEO, Michael Morris, was not
22 planning to build any new nuclear plants and that is a
23 utility that's about the size of our power company. He
24 was also quoted as saying, I am -- quote, I'm not
25 convinced we will see a new nuclear station before

1 probably the 2020 time line, citing realistic costs of
2 about \$4,000 per kilowatt. Since then the prices
3 utilities are quoting for nuclear have soared 50 to
4 100 percent.

5 **COMMISSIONER EDGAR:** Thank you.

6 **MR. KELLY:** Kate Mel -- M-E-L-G-E-S.

7 I'm probably going to butcher this one, Matt
8 DeVlieger. I think it is D-E-V-L-I-E-G-E-R.

9 Rocco Capobianco.

10 Terri Hepburn. Ms. Hepburn will be followed
11 by Rik Grallinger.

12 **COMMISSIONER EDGAR:** Hello.

13 TERRI HEPBURN

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

16 DIRECT STATEMENT

17 **MS. HEPBURN:** Thanks for the opportunity, I
18 appreciate it. You all had asked earlier -- one of the
19 questions you all asked was for us to give you real
20 world what it means to me.

21 **COMMISSIONER EDGAR:** Yes. And give us your
22 name again.

23 **MS. HEPBURN:** I'm sorry. It's Terri Hepburn.

24 **COMMISSIONER EDGAR:** Thank you.

25 **MS. HEPBURN:** I am a resident of Dunedin, and

1 I also run a company, Bay Animal Hospital, in Largo. So
2 I would like to just give you a real quick synopsis of
3 what it means to me in both my little worlds.

4 Professionally, this year, compared to last
5 year, we are paying 4.9 percent more than we did this
6 same time period January to June for power in the
7 company. We are not really using any more power. We
8 have not added any new equipment, we have not added any
9 digital equipment. So I'm pretty sure we are on pretty
10 even plain on what we are looking at. When I budgeted
11 for 2009, I increased our power budget to \$3,000, made
12 cuts in other areas so that we could make that \$3,000
13 increase. That \$3,000 increase is going be met probably
14 in August or September, leaving me with a deficit of
15 trying to have to figure out how to come up with that.

16 The 12.5 percent increase, if that was to come
17 into my business, I would have to turn around and pass
18 that along to our customers as well. I can guarantee
19 you I do not have a monopoly. There is a veterinary
20 office in almost every corner, running around the
21 corner. If I were to increase our fees by
22 12.54 percent, everyone would just walk to the next
23 veterinary clinic across the street; thereby laying off
24 or losing -- 20 people would be off a job. If it does
25 come to that, I am at the point now where I would

1 definitely have to layoff at least one staff member in
2 order to pay Progress Energy. That's the real world.

3 Personally, I was thinking about it in the
4 terms of the costs and the \$13 that it might add to my
5 bill. Currently, my son's school lunch -- to get a hot
6 school lunch is \$15 per week. Just one thing to make
7 that up or try to make it up as a single parent trying
8 to make a living, he is now going to -- if that comes
9 through, would have to eat a peanut and jelly sandwich
10 or an air sandwich every other day as he goes to school
11 to make up that amount. I don't know what buzzword the
12 legalities are, whether we are opposed to it or we find
13 it unacceptable. I just please ask that you seriously
14 consider the real world and most of us that are living
15 in it that cannot afford to have an increase where we
16 have to come down and look seriously at the lives of
17 others and what we have to take away in order to keep
18 the power going.

19 Thank you.

20 **COMMISSIONER EDGAR:** Thank you.

21 **MR. KELLY:** Rik Grallinger, followed by Bill
22 Church.

23 RIK GRALLINGER

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

DIRECT STATEMENT

1
2 **MR. GRALLINGER:** Hello, folks. I thank you
3 for letting me come up here and talk to you. I have
4 never done this before, but I feel it's necessary. I'm
5 moved down to Florida, to Clearwater, about two and a
6 half years ago with my wife who is on disability, so we
7 would be closer to her mother who lives down here. We
8 moved from Chicago, and when I received our first
9 electric bill, this was in January, I was shocked.

10 I had sticker shock. Because in the small
11 two-bedroom duplex, I was paying \$50 more on electric
12 than I did in three -- three tri-level house up in
13 Chicago. You know, I was just amazed that I was going
14 to have to be paying 150 to \$200 a month just for
15 electricity. I was fortunate to find a job two and a
16 half years ago as teacher in a private school. But,
17 unfortunately, this school has now closed, so I am
18 unemployed. Any kind of extra money is going to hurt
19 me. And, of course, as everyone knows, in Florida and
20 Pinellas County, one out of ten of us are unemployed,
21 unfortunately.

22 Currently, the electric, the kilowatt rate
23 that Progress -- not Progress, but Florida's average
24 rate is the 14th highest in the country. And it's
25 20 percent higher than the national average. To me that

1 seems a little bit incongruous. It's not quite right.
2 And they are asking for this 12 percent increase, which
3 is well above any current inflation rate, so you can't
4 count that. I know they are looking for profit. We all
5 would like to get some profit. I'd like to make a
6 little extra profit. Unemployment doesn't really go too
7 far.

8 I have lived in Illinois, Oregon, Texas and
9 Florida, and I'm amazed down here. I have never
10 experienced so many power surges or brownouts, whatever
11 you want to call them, as you do in Florida. I heard
12 people say, well, it's because the electric storms.
13 Well, they happened even when there isn't -- isn't an
14 electric storm. The sun is shining, and all of sudden,
15 boom, your electricity goes out. Okay. So Progress
16 Energy needs to do some work on that, whoever is from
17 Progress.

18 Let me see. In these tough economic times all
19 of us need to tighten our belts. All right? I know I
20 have been tightening in, you know. And you rob from
21 Peter to pay Paul, you know. And that is maybe what
22 Progress Energy should start doing. Okay. Maybe their
23 upper management could reduce their six and seven-figure
24 incomes, eliminate all of these millions dollar bonuses.
25 You know, they could stop doing this PR advertising,

1 because they are a monopoly, you know. Okay. Hey, if
2 we like you or not, we are still going to have to get
3 electricity from you. It doesn't matter if you are
4 trying to make us like you. You know, that's millions,
5 and millions of dollars that you guys are spending, you
6 know, and we are the ones that are getting forced to pay
7 that bill.

8 You know, that \$700 million credit that I
9 heard about today, I am just amazed. I am just amazed,
10 and they should figure that that is their increase if
11 they want to keep it or else start giving it back, one
12 or the other, do something with it. And I really think
13 that the utilities are taking advantage of all of us,
14 because the majority of people in this area, definitely
15 in the country, are lucky if they can make \$35,000 a
16 year. All right. You hear about these people making
17 millions of dollars, what the heck, you know, what's
18 going on? Let's start spreading it around a little bit,
19 folks. Everybody else is hurting and we are hurting the
20 worse down here in Florida. (Applause.)

21 That's all I have to say. Thank you.

22 **COMMISSIONER EDGAR:** Thank you.

23 **MR. KELLY:** Bill Church. Bill Church.

24 Bonnie Belle Hughes.

25 BONNIE BELLE HUGHES

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

3 DIRECT STATEMENT

4 **MS. HUGHES:** Thank you. Again my name is
5 Bonnie Belle Hughes. This is my town. I was born here.
6 I am a fifth generation Floridian. I'm not a tourist,
7 so this is my place. I'm walking on the ground that my
8 mother owned. Some of this property the county
9 purchased from my parents.

10 I've seen great changes at this time. I'm
11 working right here in the county courthouse. I'm a
12 security guard. For 40 years I worked as a preschool
13 teacher in my home, taking care of small children. I'm
14 not doing that now because so many families are out of
15 work. I don't want to go after money they don't have.
16 And generally they are people staying at home, somebody
17 is at home taking care of the children, anyway, so a lot
18 of the caregivers are not making it. No one in the
19 general population seems to be doing that well,
20 including the county workers here that are losing their
21 jobs. It is very sad, and I feel a great deal of
22 compassion.

23 I am also aware of the county administration.
24 They have many buildings that they have to provide
25 electricity, and I walk through these buildings at

1 night. I walk all up and down these floors, and I --
2 the administrators try to think of ways to be
3 conservative, to turn off lights, to have them on
4 computers, when to turn them on, when to turn them off,
5 when the air should be on, when the air should be off.
6 It's a great consideration for everyone, including the
7 Commissioners here.

8 And I want to continue living here. This is
9 my town. I don't want to have to live and go back to
10 the mountains where my father's people are. I've got
11 land there, but I would really like to stay here,
12 though. I don't want to go back to Franklin, North
13 Carolina. I like Clearwater. And I would like people
14 to consider what most of us are looking at. Today I
15 canceled something I didn't feel I could afford to
16 continue, an insurance. And often I sit, and I think
17 about ways to be conservative. I'm living on rice and
18 beans; it a healthy diet, but I am eating it for
19 breakfast.

20 I'm 67 years old. And I thought I could be
21 retired at this time, but maybe I will be a healthier
22 person by being active, so I always try to look on the
23 positive side. Most of the people I'm around are
24 affected with this economy. And I see this. This used
25 to be a very prospering place, and it used to be a place

1 where a lot of tourists used to like to come, too. I
2 see a lot more street people now, and it's a different
3 kind of people out on the street now. And as I approach
4 them, I see that these were workers that had pride and
5 working and doing their jobs. And they feel very badly
6 that they can't work, that there is no work available.

7 This is a crunch. This is reality. And I
8 think, including the utility companies, are going to
9 have to consider the time and the people, the average
10 people that I see every day. And this is how I feel.
11 These are my feelings. Walking Lawton Chiles, the
12 United States Senator, was my cousin. I wish that man
13 was still alive today. He was a great problem solver.
14 I was asked at one time to be a Commissioner in Largo.
15 And I know the weight of the job. I chose not to take
16 the job, because it's not a popular position. You can't
17 please all the people all of the time. It's a tough
18 position to be in. And I chose not do it. I commend
19 you people for sitting here and doing the jobs that you
20 do. It's a serious job that you take, and I realize
21 that, too.

22 Thank you for listening.

23 **COMMISSIONER EDGAR:** Thank you.

24 **MR. KELLY:** Janet Shellenberger.

25 Frank Casserino, followed by Susan, I think

1 it's Endon-Fletcher.

2 **MS. CUDDON-FLETCHER:** It's Cuddon-Fletcher.

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

4 FRANK CASSERINO

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

7 DIRECT STATEMENT

8 **MR. CASSERINO:** Thanks for this opportunity,
9 panel.

10 One thing that troubles me with the management
11 of Progress Energy is what I read in the newspaper about
12 three years ago, and now has been gone unpublished.
13 They spent in excess of \$600,000 for lobbying. Why do
14 they need to lobby; they're a monopoly. That drives the
15 price of electricity up.

16 I would like to address the nuclear plant that
17 you are planning. This is a folly. What do you do with
18 the waste. What do you with the isotopes or the
19 uranium, to use the uranium which is still powerful?
20 Who's going to put it in their backyard?

21 And then I want to -- I do want to address
22 this minimum cost of the megawatt today, of the one
23 thousand watt base, base rate change. You know, you
24 minimize it to say that it's only -- what is it \$13 a
25 month on a one thousand kilowatt demand. But there are

1 very few households that can run on a thousand
2 kilowatts. They have got to have more. So you are not
3 talking about a \$13 increase. In reality, you are
4 talking almost double that. The demand is between 150,
5 and 200-kilowatt per month for a normal household, and
6 that is with the thermostat setting at 78 degrees as you
7 recommend, and that's where mine is, anyway.

8 But those are the things that I wish Progress
9 Energy would address when it comes time that they think
10 that they want more money to build their plants. So in
11 the past they have gained this money to build new
12 plants. So what they have done is naturally make their
13 operation more efficient in the manner in which they buy
14 these megawatt generators. So the trend has been to
15 order and build generators with higher and higher
16 megawatt capacity. Well, that brings the efficiency
17 curve up so high on those megawatts, on those megawatt
18 generators so that the price per kilowatt they generator
19 keeps driving downhill instead of uphill.

20 This is -- the story you are trying to make is
21 that the cost of generating the electric power is going
22 up. It's not. It's going down. We're still paying for
23 the transmission lines through the municipality taxes
24 and all that stuff. So, you know, those pass-throughs
25 are going right through. So you really are a very

1 prosperous company, and, you know, it follows. Because
2 if your -- if your officials on the board of directors
3 are doing between a million or \$6 million a year, that's
4 an awful lot of money. And I don't know if anybody is
5 worth that much money. I mean, I just can't conceive of
6 it.

7 So I think -- I think I've covered my biggest
8 complaints and -- well, you know, I would like to see
9 Progress Energy go through a real, real updating on
10 their power generation. You have heard testimony or
11 people address the solar efficiency, and all of that.
12 Well, I am an experienced solar man. I have four and a
13 half kilowatts on the roof of my home. And I have cut
14 my bill down to, let's say -- the heaviest air
15 conditioning time, which is now, my current July bill
16 was \$65. Because I only buy the 240 power from Progress
17 Energy, the 240-volt power. All of my 120 power I
18 generate myself at home. My wife does not have to go
19 out and washes the close on the rocks or dry them on --
20 she has all of the -- what she had before, she still
21 has. She just had to learn to be an electrical manager.

22 And I just can't tell you how much Progress
23 Energy is falling so far behind, they are like stuck in
24 the mud. The solar power pays. I just made an example.
25 I was a 150 to 200-kilowatt consumer. I am down to 200.

1 On the months that we don't need AC or heat, I'm down to
2 \$22. (Applause.) And now, as I said, in the
3 intermediate months it's like \$45. So I just want to
4 tell you that Progress Energy is going up the wrong
5 tree, especially with the atomic power. That is enough
6 to infuriate me.

7 **COMMISSIONER EDGAR:** Thank you, Mr. Casserino.

8 **MR. CASSERINO:** Thank you for your time.

9 (Applause.)

10 **MR. KELLY:** Susan Cuddon-Fletcher. Did I get
11 it wrong again. Followed by Jennifer Davidson.

12 SUSAN CUDDON-FLETCHER

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

15 DIRECT STATEMENT

16 **MS. CUDDON-FLETCHER:** Okay. In case you
17 didn't notice, my name is Susan Cuddon-Fletcher. I
18 would just like to start by saying that I am familiar
19 with your job. Many years ago, as you can, I'm sure,
20 realize, I lived in England when I was a child. My
21 mother worked for the Consultative Council of Suffolk
22 Electricity Board, which functioned in the same capacity
23 between the consumer and the -- some of the electricity
24 energy people, so I do understand what you do.

25 Regarding these particular rates that Progress

1 Energy is requesting, I have major concerns about this.
2 Most of the ones that affect people. There was a
3 trickle down effect, and it affects everybody, but
4 certain people more than others. And I'm using myself
5 as an example. I am a senior citizen on a fixed income.
6 My income is actually one of the low income things, and
7 I get a little bit rebate on my taxes due to this. So I
8 am asking you that on a fixed income, if I have to pay
9 13-plus, which it will be plus with all the other
10 factors included in it, it's not just \$13. Where I'm
11 supposed to get this from?

12 I made sure I'm not in debt. And I'm not
13 going into debt, particularly when the banks can't even
14 fashion things with their loans and their foreclosures.
15 I'm going to go into debt and pay enormous interest that
16 has no way I can repay. I have a small home. I can
17 afford the mortgage. Am I going to be foreclosed on
18 because I cannot afford the mortgage plus the PSC --
19 PSC, I apologize -- the Progress Energy raise. These
20 are questions that affect me. Thirteen dollars is also
21 food. A lot of food for some of the people in this
22 county.

23 The Pinellas County itself is laying off a
24 huge amount of employees. I'm not sure the exact
25 number, because I don't think all the accounting, it

1 hasn't been totally finalized. But I promise you, it's
2 many people. They will show up new on the unemployment
3 list. And they will have, as long it hangs out, some
4 unemployment compensation, but that comes from the
5 states, and the state is in a mess, too.

6 I'm wondering -- and as well as there are
7 other people who are also unemployed, but do not show on
8 the rolls. The 18 months which has been extended to
9 rolls, some these people have been all the way through
10 it. They are living on the street. They are living
11 more than hand to mouth. Where are these people
12 supposed to get that money from? They're already
13 miserable. Does Florida Power and their executives who
14 are demanding exorbitant, exorbitant raises on top of
15 their huge salaries, do they not care about these sort
16 of people? They -- some of these people have -- I know
17 some of this has been said to you before, but I'm trying
18 accent it. People choose between meds and food. Health
19 insurance, if they have some Medicare, but Medicare does
20 not cover anything -- everything. They have to have
21 supplement insurance or go without. The counties have
22 to cut back on their financial support of those without
23 health insurance. These are all things that you need
24 think about. And I am just tired, as most of us are, of
25 corporate giants whose executives have no clue as to the

1 real world. (Applause.)

2 Secondly, one of the excuses is to provide
3 energy for the future. Nuclear energy for the future.
4 We have been reassured that it is safer. It seems that
5 there has been some regression. The nuclear power may
6 be supposedly safer, but I don't know how Progress
7 Energy can manage to promise that there will be no human
8 error creating problems. And as the gentleman
9 previously mentioned, nuclear waste. I'm sorry,
10 everything wears out eventually. The plant's physical
11 properties will wear out way before the uranium or
12 anything. And where and how do they propose to dispose
13 of it? There has been no satisfactory method found in
14 all the years that nuclear energy has been available,
15 there has been no safe way to -- found to bury, to
16 whatever manage way they think they can dispose of the
17 uranium.

18 **COMMISSIONER EDGAR:** Do you have a closing
19 thought for us?

20 **MS. CUDDON-FLETCHER:** I have one other
21 comment, yes.

22 **COMMISSIONER EDGAR:** Okay.

23 **MS. CUDDON-FLETCHER:** Thirdly, there are --
24 again, this has been said, but Florida has an abundance
25 of sun. There is no reason why, if they insist on

1 rebuilding things, fine, use solar energy. A lot of the
2 work has been done on this. Enhance it. In some states
3 there is wind. I believe in the Carolinas, and some
4 states use that. Surely it would be intelligent if
5 people are going to try to improve the system, use the
6 solar energy, try to harness it to wind energy and
7 provide some sort of system that will be cheaper in the
8 long run and benefit everybody. Thank you.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. KELLY:** Jennifer -- Jennifer Davidson.

11 Glenda Datsko. Ms. Datsko will be followed
12 by Dimitri Leventis.

13 GLENDA DATSKO

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

16 DIRECT STATEMENT

17 **MS. DATSKO:** Good evening. Thank you for
18 allowing me to speak on this. My name is Glenda Datsko.
19 My husband is a self-employed cabinetmaker, cabinet
20 installer. We have five children whom we home school.
21 I am a student. I drive to Gainesville for school. The
22 rate increase would affect my ability to pay for gas to
23 do that. Last year we went through a foreclosure
24 because of the increases in property taxes and insurance
25 premiums, which are government regulated costs that

1 doubled our mortgage payments. Keeping costs affordable
2 for people does not seem to be the goal of the state
3 legislature or county commission, though I appreciate
4 your efforts and taking the time to listen.

5 I oppose a rate increase that will profit a
6 company that, according to the EPA, is the biggest
7 polluter of our county and who destroys the landscape of
8 our country. I'm not sure how the new Greens Czar's
9 policies are going to affect electricity companies, but
10 I know that I'm also facing an increase to have to pay
11 for health insurance that our family can't afford at
12 this point.

13 During the opening statements I believe it was
14 Mr. Glenn who stated that we -- that I expect good
15 service. We have had our power shut off several times
16 in the past year for not -- for the inability to afford
17 the bills. The agencies that are out there to help
18 assist in utility payments have waiting lists. I expect
19 my husband to come home at night. I expect my children
20 to be good citizens. I don't expect to have power when
21 I come home. We line dry our clothes, we grow our own
22 vegetables. I make herbs for our medicine.

23 I have invested in -- heavily in the community
24 here in Pinellas County. We lived in one of the poorest
25 neighborhoods in the county, High Point, for 12 years.

1 I invested in that community. I invested in the people
2 of the community. I, with another neighbor, started a
3 community organization. We got a community park. We
4 started a neighborhood family center, and I was on the
5 board of the Y there. We invested in the people. I
6 expected nothing in return. I expected that my
7 investment made their lives better.

8 We don't have Internet. We don't have cable.
9 You know, I think the people that are going to make this
10 decision relate more with the one person that stood up
11 and would be put out by the candy wrapper at the
12 orchestra and having to sit around with the people who
13 drink too much at the baseball game, rather than have
14 people like me who are going to be put out by this rate
15 increase. (Applause.)

16 **COMMISSIONER EDGAR:** Thank you.

17 **MR. KELLY:** Dimitri Leventis, followed by Judy
18 Troutman.

19 DIMITRI LEVENTIS

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

22 DIRECT STATEMENT

23 **MR. LEVENTIS:** Thanks for being here. It has
24 been a long day for me, so my apologies because I'm a
25 little nervous.

1 I'd like to ask a question. Does anybody here
2 know how much Progress Energy spent on lobbying in 2006,
3 the year that the cost-recovery fee was passed?

4 **MR. WILLIS:** No. It's part of our discovery,
5 but I don't have that information with me.

6 **MR. LEVENTIS:** Could you all please find out
7 how much was spent on lobbying, on donations to the
8 Legislature, to the political parties. I ran across one
9 website that had some figures. While I can verify there
10 were donations to almost every elected candidate between
11 500 to two or \$3,000. Since I'm under oath, I don't
12 want to say exactly, but the political party donations
13 for one party were over \$200,000, and for another party
14 were over \$400,000. And so the cost-recovery fee was
15 passed.

16 And I went to the legislature website, and I
17 read it, and it is an amazing thing. I have to
18 congratulate you guys. You are masters of universe.
19 You know, like that movie, they did it, they did it.
20 They didn't innovate. They didn't invest. They got
21 what they wanted by a little over a million dollars,
22 maybe two million, we get to pay over \$17 billion for a
23 power plant. The bond market, they wanted a higher
24 interest rate. Heck, why pay the higher interest when
25 you can get the money for free, we'll just invest a

1 little bit in the Legislature. And they got it. They
2 did a great job. You guys are wonderful. You really
3 did a good job. And now we have got to pay for it. A
4 gentleman said we are at the bottom of the food chain.
5 And, you know, that's what you get in a Banana Republic.
6 You get loss averted through money, you get a Commission
7 that is a lot -- very much powerless because of the laws
8 that were passed, and we come up here to speak. I don't
9 know if you all have any authority to deny this. By the
10 way the law is, do you have authority to deny this rate
11 increase for the power plant?

12 **COMMISSIONER EDGAR:** Mr. Willis.

13 **MR. WILLIS:** The law requires us to give --
14 the law requires us to give what the Commission would
15 consider a fair return to the utility company based on
16 its prudently incurred expenses, and its prudently
17 invested rate base, which is their investment itself.
18 That is something the Commission has the power to
19 determine. And in this case that has yet to be
20 determined. We are going have two weeks of service
21 hearings -- not service hearings, but actual technical
22 hearings in September where we're going to hear
23 witnesses from all the intervenors you heard from the
24 very beginning. We are going to have witnesses from the
25 company. They are going to be bringing forth their

1 cases to the Commission, so the Commission can make that
2 decision based on actual data.

3 **MR. LEVENTIS:** But they have the changed
4 paradigm where a company goes out and creates
5 innovation, competes in the market and gets a good
6 profit from that effort. And they have taken that and
7 subverted it, and they have made us pay for something up
8 front for their factory, more are less. We're paying
9 for their factory up front, and they have paid the
10 Legislature, more or less, to pass this law. Some of
11 the legislators that I spoke to were not even aware they
12 voted for it. Mr. Nehr told me he wasn't aware he voted
13 for it. Other legislators didn't really realize the
14 impact. Another legislator also told me he was not
15 aware of it.

16 So please take that into consideration when
17 you go to vote for this, because we end up paying the
18 bill. My house bill will go up. My business bill will
19 go up. And if you all had an economic course, there is
20 a multiplier effect to economics. In some ways when
21 money is spent, it's spent in the community, it goes out
22 to the community. Guys spend money at the grocery
23 store, the grocer goes out and spends money, buys shoes,
24 the money goes to that community. This is a negative --
25 a negative multiplier effect. Progress Energy, without

1 investing anything, except being masters of the
2 universe, ends up taking our money. They're not
3 innovating, they're not producing anything, they are
4 taking an old technology, which is questionable and the
5 free market was not willing to invest in, but they get
6 the money from us. They're getting the money from us.
7 They don't -- you know, nobody is even talking about the
8 life cycle of the nuclear plant, and there is a high
9 decommissioning cost. Who's going to pay for that?

10 And the amazing thing about this law -- again,
11 I congratulate you guys, because even if it doesn't get
12 built, we still get stuck with the bill. It's amazing.
13 It is a beautiful piece of legislation, and I commend
14 you guys. You are masters of the universe.

15 **COMMISSIONER EDGAR:** Thank you.

16 **MR. LEVENTIS:** Thank you very much.

17 (Applause.)

18 **COMMISSIONER ARGENZIANO:** Madam Chair.

19 **COMMISSIONER EDGAR:** Commissioner Argenziano,
20 is that you?

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

22 And I know it's late, and I don't want to add
23 to the length of time, but I think the gentleman
24 deserves a answer, because I was in the Legislature,
25 too. I'd like to give him an answer.

1 **COMMISSIONER EDGAR:** Commissioner Argenziano,
2 hold on just a moment. You are a little fuzzy to us,
3 and we're moving the phone. Bear with us.

4 **COMMISSIONER ARGENZIANO:** Okay. Thank you.

5 **COMMISSIONER EDGAR:** Okay. That's better, and
6 go right ahead, Commissioner.

7 **COMMISSIONER ARGENZIANO:** Okay. Thank you.
8 Thank you.

9 What I wanted to clarify to the gentleman,
10 he's correct, I mean, our staff indicated that, yes, we
11 do have the ability to deny or grant the rate increase.
12 I think what he was asking, also -- I think he correctly
13 stated that we do not -- according to the statute, the
14 statute says that we shall give the up-front recovery.
15 That is something I don't think we have the discretion
16 to say no to, because that is a mandate by the
17 Legislature.

18 And just to let him know, as someone who was
19 there at the time, and one who has got a reputation of
20 reading most of the bills, when you get a committee
21 bill -- I will try to do this very quickly -- that comes
22 up on the floor, and you don't sit on that committee and
23 that is very lengthy, and this was big energy bill.
24 Everybody thought this was a green renewable energy
25 bill, and it was; there's great stuff in that bill. But

1 no one -- many people that didn't sit on that committee
2 on the floor at the last minute of the end of the
3 Legislature after 30 or 40 amendments being put on,
4 which is a very bad thing to happen, ever heard that
5 embedded in that bill was the up-front recoveries.

6 And I can tell you that, and I even gotten the
7 video of the floor. When the bill came up on the floor,
8 it was very difficult for people who weren't on that
9 committee to know what was embedded in that bill unless
10 the sponsor wanted to say that out loud, and not, to my
11 recollection, was it ever done. So just to make that
12 clear, no excuses, but really that's the way your
13 Legislature works. And I have been an advocate of
14 making it a longer process and more lengthy and not
15 having 50 amendments come up at the end of the session,
16 because that's what happens.

17 But to answer the question in short, I don't
18 think we have the discretion, according to the mandate
19 by the Legislature, to stop the up-front recoveries, but
20 we do have the discretion to grant or deny, under
21 certain parameters, as Mr. Willis indicated, the rate
22 increase.

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

24 **MR. LEVENTIS:** May I follow up?

25 **COMMISSIONER EDGAR:** Mr. Leventis, just

1 briefly.

2 **MR. LEVENTIS:** I have a follow-up question of
3 the Office of Public Counsel. Since numerous
4 legislators did not know they voted for something that
5 is so -- so wide ranging, that had some wide ranging
6 consequences, cannot this be appealed to the Supreme
7 Court, the Florida Supreme Court to negate this
8 legislation?

9 **MR. KELLY:** I have not checked into it. I was
10 not Public Counsel when it went through, but I do not
11 believe that that is a point on appeal that could go
12 through to the Supreme Court.

13 **MR. LEVENTIS:** Well, if we have to pay for
14 something that -- that somebody ended up passing through
15 their efforts of lobbying the Legislature, and nobody
16 knows about it, not even the people that are affected
17 until the fact that it happens, is there any due process
18 we can follow to right this -- what is, obviously, a
19 wrong by everybody that has spoken so far.

20 **MR. KELLY:** I think your avenue would be to
21 contact your legislators and get them to pass the law
22 that would repeal the law that's on the books.

23 **MR. LEVENTIS:** Well, Mr. Fasano and Mr. Nehr
24 wrote a nice letter to Progress Energy asking them not
25 to charge us 17 point-some-billion dollars. And, of

1 course, I'm a businessman, I understand, Progress Energy
2 said, we have to charge you over seventeen billion
3 dollars --

4 **COMMISSIONER EDGAR:** Mr. Leventis, we do need
5 to move on. Thank you.

6 Commissioner Argenziano, I thank you for your
7 comments as well.

8 Yes, ma'am, are you next?

9 **MS. TROUTMAN:** Yes, I am, but I don't mind
10 following Dimitri at all. He made some good points, and
11 I agree with him, and he's passionate about what he is
12 talking about.

13 **COMMISSIONER EDGAR:** Could you tell us your
14 name, please.

15 JUDY TROUTMAN

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

18 DIRECT STATEMENT

19 **MS. TROUTMAN:** Judy Troutman. I live in
20 Ozona. I have lived in Florida for 35 years. I am a
21 retired teacher from 30 years in -- 36 years in
22 teaching. My husband, of course, still works even
23 though he's 66, because he doesn't feel at this time he
24 can retire, and he loves his job. He's a national
25 trainer. He hasn't had a raise for five years. He

1 loves his job. He is a national trainer for Gates
2 Automotive and NAPA products, and he's highly respected
3 in his field.

4 My first statement or question is how did
5 something so necessary to our lives today get to be such
6 a lucrative reward to those who received salaries and
7 they are stockholders? We cannot do without
8 electricity. We appreciate it.

9 My daughter who's turning 50 this year was
10 laid off by Honeywell after working there for 16 years
11 due to project cut backs, which we're all aware of. She
12 didn't panic. She went home. She went to the store and
13 bought paint, and she painted her house. We were so
14 proud of her. However, she had a hard time job hunting.
15 So this winter I went over one day, she started a
16 business of selling connectors in her home, and she
17 thought she was doing well, she took out loans. I went
18 over one day in the evening and my granddaughters, two
19 granddaughters came running out and said, don't go in
20 yet, grandma, our mama is crying, our electricity is
21 turned off. She can't stop crying. I went in, and
22 said, "What's up?" She said, "I can't pay my bills."
23 She said, "I paid the house payment, I paid the car
24 payment, I paid the car insurance. I can't pay the
25 electric bill, and it's turned off." She said, "I'll

1 pay it tomorrow. I scraped up the money. I will pay it
2 tomorrow." Then she had to pay a fee. Because her
3 electric bill was turned off, she had to pay it. It
4 happened to her two more times. The next two times I
5 paid it.

6 And then you wait. They don't turn it on
7 right a way. Of course, somebody has to come out with a
8 truck, and I got to see what the truck looked like three
9 times, because I went there to the home. Being retired
10 from teaching, I could go while she was out job hunting.
11 And then after the person comes out, the money is paid,
12 then it's -- sometimes it's two days, and they are very
13 nice about it. The men who come out are very nice.
14 Each times she had to pay a penalty. It is her job to
15 pay her bills; we realize that. But this is a hardship,
16 and each -- and I noticed it with others.

17 We have a young couple across the street who
18 is having their house foreclosed soon. I have seen the
19 same electric truck go to their house, or a similar one,
20 two times. And she admitted to me or said to me, we are
21 having tough times. We weren't able to pay the electric
22 bill. And it's \$300 is charged, \$300 from somebody who
23 didn't have the money to pay their \$280 electric bill.

24 These are tough times. Our son lost his job
25 from Alltel having -- the company was bought out by

1 Verizon. He is job hurting, and he -- he is capable.
2 We are hoping and are optimistic about it.

3 I kind of think that the unemployment rate is
4 not 10 percent in Florida. I think it's 15 to
5 20 percent. And I really think this is -- this is true,
6 there are people, as has been pointed out, that are off
7 the list. How can people pay -- how can people who
8 aren't employed pay their electric bills? I don't
9 understand. We can't live without electricity. Our
10 daughter has a job now. She's also remarried. She is
11 able to pay her bills, we hope, but we hate to ask about
12 it.

13 We cannot pay for nuclear power in the future.
14 We have to look for the future, we have to look to our
15 grandchildren. We have to look for the new residents
16 that will be here when we're gone. But I'm not sure it
17 is nuclear power.

18 My brother, Thomas, 62 years old in Ohio. He
19 has worked at the nuclear power plant in Perry, Ohio,
20 for 23 years in maintenance. When he took his job he
21 had to sign papers that he would not have children
22 again. He had two daughters. He had to sign the paper.
23 And he -- nobody made this up. He is now physically
24 disabled. He had to retire at 61. I'm not sure what
25 his benefits are. He made good money when he was

1 working. However, he was in maintenance. Every day
2 before he could leave, he had to be in a decontamination
3 chamber, sometimes for two to two and a half hours. He
4 has many physical problems at this time. And four of
5 the six people on his team, four of the six men on his
6 maintenance team have died in the last four years. And,
7 of course, they are of years that maybe they would die.
8 Who knows what they had, but he felt that there was
9 something to it. And as a family we felt there was,
10 too.

11 Fifteen years ago I was in Chicago. And I met
12 a man who was a butcher to my -- to my son in Ohio. And
13 he said, Judy, keep using that electric power. He said,
14 I invested in Florida Power and it has been a good
15 return. And I appreciate that we have to run our
16 company -- our country on people being able to invest.
17 But 6.6, 12-point -- 12-point percent is too much, in
18 this day and -- at this time.

19 I also have another question. Why -- a
20 question. Why, when oil is more reasonable at this
21 time, are we still having expensive fuel charges on our
22 electric bill? Why haven't our fuel charges gone down?
23 Other people wonder this as well. Do we have an answer?

24 **COMMISSIONER EDGAR:** Mr. Willis, briefly on
25 the fuel charges.

1 **MR. WILLIS:** Commissioner, just for the public
2 out here, the fuel charges are set once a year. Unless
3 there is at least a 10 percent differential during the
4 time period from when it is set to when it is set again,
5 the fuel charges stay constant during that time period.
6 Most of the companies like Progress had a midcourse
7 correction, and the fuel rates were dropped in April for
8 Progress. For the other companies it was at different
9 times. If the fuel charges continue to drop, there will
10 probably be another midcourse correction this year, and
11 that's something the Commission monitors.

12 **COMMISSIONER EDGAR:** Thank you, Mr. Willis.

13 **MS. TROUTMAN:** But I'm looking at my electric
14 bills, okay. And we have cut back a lot on our electric
15 usage in our home. When my husband is out of town, I
16 turn the hot water heater off. He thinks I shouldn't.
17 We do other things. I even hang some clothes out, which
18 I think we should do. But, in use -- you can see the
19 bars on my electric bill. We are using almost half of
20 what we used to use, and our bills are higher.

21 **COMMISSIONER EDGAR:** Ms. Troutman, a closing
22 thought.

23 **MS. TROUTMAN:** Yeah. I know you are wanting
24 me to stop, and you have wanted other people to stop.
25 However, this meeting is for the public. For one hour

1 and five minutes we listened to other people who talked
2 who weren't the public, and I did appreciate their
3 comments, some of them. I did not appreciate the
4 comments from Florida Progress, because I feel we all
5 know what they were -- what they were saying. And it is
6 already -- we are all capable of reading, and it's on
7 their papers.

8 Thank you.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. KELLY:** Julian Bell, followed by Carolyn
11 Byrd.

12 **COMMISSIONER EDGAR:** I got Julian, but I
13 didn't get the last name.

14 **MR. BELL:** The last name is Bell.

15 **COMMISSIONER EDGAR:** Thank you.

16 JULIAN BELL

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

19 DIRECT STATEMENT

20 **MR. BELL:** And first I want to thank the
21 Commission very much for having this session so that we
22 could all get off of our chest what's on it.

23 I am here with the rest of the people. I am
24 someone who lives check to check, got two kids. And now
25 let's even throw in the fact that I have a Bachelor's

1 Degree in Business, which is why some of this doesn't
2 make any sense to me. Okay, in 2007, I don't know if it
3 was -- if it was published at all, but that Progress
4 Energy profited \$504 million, which could have been used
5 for whatever projects it is that they want. In 2008
6 they asked for an 8 percent rate hike. And, obviously,
7 we all know that nobody is doing very well. Nobody has
8 really been doing very well for the past eight years.

9 So what it seems like to me, and other people
10 who are in my shoes, is that we have another crook on
11 our hands, somebody who wants to strip the people of
12 their money, people who will go to no lengths, to no
13 unknown lengths to strip people of their dignity, to ask
14 for more money for people who already have so much, and
15 they are taking away from the people who have so little.
16 It's not fair. It's not right.

17 And as much as I would want to think that
18 maybe you all are listening to me, I have to believe
19 from my point of view that my words are falling on deaf
20 ears, because of the fact that none of you know what any
21 of us go through. Chances are you're sitting on --
22 you're sitting on this Commission. Chances are you were
23 appointed, which I believe that's how it happens so --
24 which means you know somebody. And if you know somebody
25 who could appoint you to this position, chances are you

1 are not living like me. So chances are maybe you're
2 making six figures. Maybe you are making high, maybe
3 you are making high five figures. Well, I don't make
4 that. My wife don't make that. And when everybody
5 wants to say, oh, what is happening to the youth of
6 America? This is what's happening to the youth of
7 America.

8 People sitting here placating me, appeasing
9 me, listening to my words and doing nothing about it.
10 Meanwhile, when it is time to go, you jump in your Jag,
11 and you jump in your Lexus, maybe you are in a Mercedes
12 or Maybach, or whatever people drive these days, but
13 it's not what I drive. It's not the same problems that
14 I go through.

15 And when I think of a 30 percent increase, I
16 am thinking of a bill that maybe should have been 150
17 bucks. And instead of being 150 bucks, now it's 195
18 bucks. So it's almost \$200. That's the 30 percent that
19 I'm thinking about when I'm thinking about -- when I'm
20 thinking about all these things that are getting raised
21 from Progress Energy. And the fact that we have to read
22 and hear from, you know, from certain unnamed sources
23 that, hey, guess what, the plant might not even get
24 built, but you still have to pay for it.

25 Well, you know what, Fortune 500 companies,

1 companies like Progress Energy, they are the real
2 crooks. Yet if I were to do the same thing that these
3 companies do, they would throw my black butt in jail and
4 throw away the key. And I think we all know it. I
5 think we all know it. We see it every day, pro athlete
6 gets in trouble, guess what, whoop, they're gone,
7 they're off. Somebody like me does the same thing, hey,
8 guess what, he is in jail, throw away the key.

9 The jobless rate here in the Tampa Bay area is
10 much more than 10 percent, because nobody is taking into
11 account the chronically unemployed, which is what a lot
12 of people refer to, people who have been looking for
13 jobs for 18 months or more. Yet they drop them off the
14 rolls because they don't want us to think that it's that
15 bad, but it really is.

16 So what world is it that you all live in? Are
17 you just listening to us just so we can feel like maybe
18 we got it off our chest or are you actually going to do
19 something? Because I don't understand what qualifies
20 somebody like you all -- I may like you outside of here,
21 but right now I feel like you may be my adversary. What
22 qualifies you all to sit up here, listen to us, and then
23 go to the Legislature or whatever you do after this
24 point and say, hey, you know what, I listened to this
25 guy, Julian Bell tell me that he just can't make it. He

1 can't make it. Because you know what, I got a child --
2 I got children to take care of. I've got to pay for day
3 care. I've got to pay for the life insurance, for the
4 health insurance, dental all of that. And you say, oh,
5 well, yes, it is only maybe 15 bucks. No, it's not.
6 Don't lie. Don't lie. It is not only \$13. That's a
7 straight up lie. So no.

8 Now, like I said, I do have a degree in
9 business, so this is where something just gets funny to
10 me. Okay. Progress Energy is a monopoly. For all
11 intents and purposes there is no competition. The last
12 time I checked, if you are making 9 percent on an
13 investment, that's good. That's real good. And how
14 greedy do you have to be to take from older people, from
15 disabled people, people living check to check, to bump
16 the shareholders up to 12 and a half percent. That is
17 ridiculous. You're already living good. You have got
18 like a million dollars year. I got 30,000. Where does
19 that make any sense? How much more do you need? I
20 mean, what, are you going to build another wing on to
21 your 5,000 square foot house? Well, guess what, we have
22 got four people sitting in less than a thousand square
23 feet, and it's still costing us over \$200 to put air
24 conditioning in our house. Come on. Ya'll already
25 living well. The people are already living well.

1 Chances are if you are making 12 -- if you are
2 making 9 percent on investments or you're in the upper
3 echelon of people in a company, executives, you are
4 already living well. You do not live in our world. Our
5 world is much different, much different, and it really
6 demands a lot of respect from you, because I guarantee
7 you couldn't live my life, not for a week, go ahead and
8 try it.

9 **COMMISSIONER ARGENZIANO:** Madam Chair.

10 **COMMISSIONER EDGAR:** I am going to ask you to
11 close.

12 Commissioner, yes.

13 **COMMISSIONER ARGENZIANO:** Madam Chair, I would
14 just like to say something to the -- obviously a young
15 man -- I can't see him -- and a family man and a hard
16 working man. And I would just like to let him know that
17 no vote has been taken on this issue yet, and we are
18 here to listen to him. And I'm not going to speak for
19 everybody else, but I'm here listening to him. I hear
20 his frustration. But I do want him to know also, I
21 don't know what age he is, I'm 54, and I have been most
22 of my life a single mother raising a child and taking in
23 laundry, cleaning apartments, and having the same Dodge
24 truck with 300-something thousand miles on it for many,
25 many years. I worked as public servant for many years

1 at a salary of about 22,000 a year, despite making money
2 somewhere else. And I want him to know I do understand
3 that. And I have family members, and I have a son who
4 serves in the United States Air Force, and believe me,
5 they don't make a lot of money. So I don't want him to
6 leave there thinking in a negative way that nobody is
7 listening to him or can relate to him, because I
8 certainly can. And it's not a done deal. Nothing is
9 done yet. And just give us a little bit of confidence.
10 I hear your frustration, but I don't want you to leave
11 here thinking that no one understands what you are
12 saying. I certainly do. And I appreciate you being
13 here.

14 **MR. BELL:** Well, I appreciate that kind word
15 from you. Thank you.

16 Just in wrapping up, what I can't say that I
17 agree with is definitely the nuclear power plant. It's
18 like many others who have been up here before me said,
19 it is really a step backwards. The cynicism that I see
20 in the whole thing is the fact that we live in the
21 Sunshine State, you know. For good God we live in the
22 Sunshine State, why would we not use renewable energy,
23 something fresh, something clean. Let's create more
24 jobs. Nuclear, not so much, because it is going to cost
25 more to keep the water cool, to keep the uranium cold.

1 It's going cost more, not just in water, because you are
2 going to have to bring in water. It's going to take
3 more in electricity and all of that. And then you have
4 got to deal with the fact that, yes, people are going to
5 get sick, and you are going to be paying for the health
6 care, yeah. But it only makes sense for us -- if we
7 don't go green, if we don't do what we are supposed to
8 do, which is to try to live in harmony with this
9 environment in this world, what is any of the money
10 going to mean? It's not going to mean anything if none
11 of this is here.

12 So let's start doing the right thing. Let us
13 go towards -- let us go towards using renewable energy.
14 Let us go ahead and do solar. It's going to create
15 jobs. It's going to be better for everybody. And maybe
16 then, maybe some other people will get to invest. Maybe
17 they will get to go back to school and help build the
18 grid.

19 **COMMISSIONER EDGAR:** Commissioner Skop.

20 **MR. BELL:** Let's think of all of us, instead
21 of thinking of only the few. Thank you.

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

23 Mr. Bell I appreciate you taking time to
24 express your comments. I know they are from the heart,
25 and I understand your frustration. I, like Commissioner

1 Argenziano, also, my car, 11 and a half years old,
2 209,000 miles on it. And as far as what qualifies us to
3 serve, my colleagues I can't speak for them, but in my
4 case, again, my dad died when I was 13. I put myself
5 through college, three degrees. And if you read the
6 green sheet, it has go all of our respective bios on
7 there. But I didn't know anyone. I just applied and
8 the Governor of the State of Florida gave me the honor
9 and privilege to serve the people of the state. So I
10 can assure you that, at least in my perspective, I can
11 relate exactly to what you're saying, and I do
12 appreciate your comments.

13 **MR. BELL:** Thank you very much.

14 **COMMISSIONER EDGAR:** Thank you.

15 Mr. Kelly.

16 **MR. KELLY:** Carolyn Byrd, followed by Anne,
17 Brooks.

18 CAROLYN BYRD

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

21 DIRECT STATEMENT

22 **MS. BYRD:** Hello. I'm Carolyn Byrd.

23 **COMMISSIONER EDGAR:** Hello.

24 **MS. BYRD:** I'm here as a representative of
25 Pinellas County Executive -- Democratic Executive

1 Committee and as a retired citizen. I have been retired
2 four years now. And I am one of the ones that are, say,
3 living on a fixed income. And this is the fourth year.
4 And each year it has gotten more difficult for me to get
5 through the month. At this point, I'm running a month
6 behind every month in paying Progress Energy's bill.
7 That's just a way of life for me. I have more month
8 left than I do money, and that's the position that I'm
9 in.

10 And I just want to express the fact that I
11 cannot afford another increase in anything, let alone
12 Progress Energy. And after sitting here and listening
13 to all of these sad stories tonight. I have been
14 sitting back there listening, and it just came to my
15 mind that maybe we should ask the Commissioners to put
16 in a request to Florida Progress Energy to express their
17 customer appreciation and maybe pass a 30 percent rate
18 deduction for everyone. Thank you.

19 And you remind me of Dustin Hoffman.

20 **COMMISSIONER SKOP:** I've heard Tom Cruise,
21 I've heard Kevin Costner, but never heard Dustin
22 Hoffman. (Laughter.)

23 **MR. KELLY:** Anne Brooks, followed by --
24 followed by Marianne Ryan.

25 ANNE BROOKS

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

3 DIRECT STATEMENT

4 **MS. BROOKS:** Hi.

5 **COMMISSIONER EDGAR:** Hi.

6 **MS. BROOKS:** My name is Anne Brooks. I live
7 here in Clearwater, and this is my granddaughter,
8 Samantha. And I actually wrote something, and as I was
9 sitting here listening to everybody, I said I'm going to
10 take a different step.

11 Everybody has been talking about living on
12 fixed incomes, okay. How much money is she going to
13 have to make in her lifetime to afford these bills if we
14 pass rates at this tremendous amount? I mean, that is
15 where we really need to look. You know, the lady that
16 is talking about her children going to college, we
17 couldn't afford to put our children in college; they
18 paid their own way. But my point is, how much -- like I
19 said, is she going to be able to live in Florida and be
20 near the rest of her family, or is she going to have to
21 go to a state where energy doesn't cost as much.

22 Now, go sit down with papa.

23 I happen to be, geez, one of the people in
24 this county that is not unemployed. But my husband has
25 been unemployed, semi-employed, because we both are

1 self-employed for almost two and a half years. We have
2 gone -- everybody says have a month's worth of savings,
3 now they have gone to three months. Well, I want to
4 tell you, you are better have two and a half years'
5 worth of income in the bank in this economy. We have
6 gone through two and a half years' worth of income.
7 It's pretty scary. Very, very scary. We have used our
8 savings. We didn't have a mortgage for ten years. Our
9 economy has gotten so bad that we had to take a mortgage
10 back on our house. We worked very hard to pay that
11 mortgage off 20 years early.

12 But I'm going to tell you something you
13 probably are not aware of. Well, you are aware of this.
14 I'm opposed to this rate increase, and I'm going to tell
15 you why. I happened to be one of the lucky people that
16 though we make little money, we also save a little
17 money, and we cut back, and we own three pieces of
18 property in this state. Two of them have Withlacoochee
19 Electric, it's a co-op. The one in Pinellas County has
20 Progress Energy. The property we own in Crystal River
21 happens to be under those controversial power lines, so
22 I know what's going up there. I see the nuclear power
23 plant from my property. I see the coal trains go
24 through to provide energy when the power -- when the
25 plant is down. So it doesn't operate at its peak

1 performance at all times.

2 I'm going to tell you that Progress Energy
3 needs to pay their bills and expenses by looking at
4 their budget and making their cuts as the rest of us
5 have done. We have cut -- we have cut back our cable.
6 We have cut back our telephone service. We are not a
7 family with four cell phones or anything like that. We
8 have got one. We have one house phone that is minimal.
9 We have Bright House that's minimal. We have set -- we
10 have cut back many, many hours on our Progress Energy
11 bill, but the bill keeps getting higher. We keep
12 cutting back. I think eventually we will be using no
13 electricity, and we will still have a bill of about
14 \$200, if it continues to go that way.

15 Giving a rate increase to Progress Energy is
16 just undermining what those of us that are struggling
17 are trying to do. We are trying to save our houses. I'm
18 not in jeopardy of losing it yet.

19 I say no rate increase, and I'm going to tell
20 you why. There is waste at Progress Energy that many
21 people are not aware of. I voiced my opinion. It has
22 gone unheard, but I know it's there, and I will be glad
23 to e-mail it to you, because I'm not going to make it
24 public right now. We put -- well, you know what, I am
25 going to tell you.

1 We pay -- one of the things Progress Energy
2 does pay for is they may for maintenance under those
3 powers lines. We have owned those power lines in that
4 easement, I don't know how many years. They have come
5 out one time, mowed everything. We have maintained it
6 all the maybe ten years we have owned it, but somebody
7 is still getting paid to maintain that property. I'm
8 not the only person that owns that easement, I'm not.
9 As far as I can see, there are people I know, and they
10 are maintaining it. So somewhere along the line there
11 is somebody getting paid to maintain those properties,
12 and there's no job performance for those properties,
13 because somebody else is doing it.

14 We are actually saving Progress Energy money.
15 I am one of those that they want to buy more property
16 from. I have pointed out to them they don't have to buy
17 more property. Forty years ago, and this is why I think
18 they are on the same level they are on now, in the
19 1960s they bought that property, that easement. They
20 bought a big enough piece of property through my land at
21 that time. They don't need any more property. That
22 easement is there. Now, we have been told they need 60
23 more feet, so just in case there's a tree that might
24 fall. That's a waste of money. I'm standing up here
25 telling you I could benefit from that money, but it's

1 not necessary, and it's not necessary throughout the
2 area where I live. You are not going to hear that from
3 everybody else, because they are not there. I am there.
4 I have already talked to an attorney. It's just -- it's
5 just not necessary. I have talked to the people at
6 Progress Energy.

7 We do not need to pay for that new power plant
8 before they are built. In Washington D.C. many years
9 ago they paid for four or five power plants in advance.
10 One was built -- not Washington D.C., I'm sorry,
11 Washington state -- one was built. The people didn't
12 get their money back. Bonds went down. This is poor,
13 poor financial planning on the part of Progress Energy
14 and Florida Power, because Florida Power knew over 40
15 years ago they were going to do this. They bought the
16 property to put these transmission lines in. Now they
17 are using eminent domain to take the property. Well,
18 you know what, they're not building hospitals with this.
19 Eminent domain should go for the public. They are just
20 increasing their revenue, that's all they are going to
21 do. It's not going to go for the public good. It's
22 just going to go to provide electric for other
23 communities that are building in the middle of the
24 state. I think we should go green. If we don't go
25 green, as I said, my granddaughter, she is not going to

1 be able to afford to live here. It won't happen.

2 As I said before, we also have Withlacoochee
3 Electric as an electric company. It's a co-op. Do you
4 know we get a rebate every year? Do you know what I
5 really, really want? I'll tell you exactly what I want.
6 I want to be able to purchase my electric in Pinellas
7 County from Withlacoochee Electric. That's what I would
8 like for this Commission to do. I would like for you to
9 open up for free enterprise, so that we can say -- it's
10 all bought off the same grid, so nobody can tell me we
11 can't do this. Electric is all bought off the same
12 grid; it's sold on the same grid. I want to be able to
13 call Progress Energy and say, you know what,
14 Withlacoochee Electric has got a better deal, I'm going
15 to them. I can't negotiate with Progress Energy. And I
16 want to be able to negotiate with them.

17 Like I said, no rate increase at all for at
18 least five years. Let's see what they do. I want a
19 choice in electric companies so there is not a monopoly.
20 It will encourage competition. And I happen to know
21 that even though they haven't had the go ahead for this
22 new power plant, there are plans being made, because
23 like I said, I'm in the local community up there.

24 **COMMISSIONER EDGAR:** Thank you.

25 **MS. BROOKS:** Thank you.

1 **MR. KELLY:** Marianne Ryan, followed by Peter
2 Delacos or Delacos.

3 MARIANNE RYAN

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

6 DIRECT STATEMENT

7 **MS. RYAN:** Good evening, and thank you for
8 your time. I just wanted to say I moved here -- well I
9 had planned to move from Chicago 25 years ago. I was
10 told there was no work in Tampa, so I resided in Houston
11 for 22 years. I was a single parent. I have a college
12 degree. I have never made more than \$10 an hour. My
13 top salary is about \$18,000 a year, so I am just a hair
14 above poverty. I worked in a school library for four
15 years. I came here. I got a 92 on the test. Pinellas
16 County put that job position up in the library time
17 after time after time, but they didn't hire. I didn't
18 even get an interview, even though I got such a good
19 score because they knew the budget cuts were crunched.

20 I got a job with HR Block, \$10 an hour. I had
21 to take a sabbatical, which stretched into three months
22 last summer. I went back to work for them. They cut my
23 hours severely. I am now on unemployment. I'm making
24 \$159 a week. I have used all of the money that I have
25 invested, which after the eight years of Mr. Bush was

1 down to pure nothing, to buy my first house. I can't
2 afford to eat. I have peanut butter and jelly, eggs and
3 bread in my refrigerator, and that's it. My water bill
4 is \$115 a month. I pay \$42.15 for DSL, and my home
5 phone. I am on my friends cell phone plan for \$10 a
6 month, because I can't afford to have my own cell phone.

7 My bill jumped a third. It went from 147 to
8 210 to \$328. I have never had such a high electric
9 bill. I bought wood blinds for all of my windows,
10 because when I had them come out and assess my house,
11 they said that that would help my energy loss. I keep
12 my air on 80 degrees, if that. I have had an
13 electrician friend come in and do all of the work,
14 because I obviously had a home inspector that wasn't
15 worth a hill of beans, who didn't tell me that they had
16 code violations up the ying-yang. I had Progress Energy
17 come out to hook up the little box, and they said they
18 couldn't do it because there was something still wrong
19 with the electrical, after all this man has done for my
20 power.

21 I can't do it. We bought a window air
22 conditioner for the Florida room to help, to try to cut
23 the costs, and I can't afford to run it. I need
24 windows. I went to the Home Expo Center or Exposition,
25 and they came out and gave me estimates, \$30,000 for my

1 windows. I can't afford to do it. There's nothing I
2 can count. I need insulation in my Florida room to
3 help. That is the only way I can cut my electric bill.
4 There is no hope. I had to go out and buy a new
5 refrigerator because my refrigerator was running
6 nonstop. There is no way that I can cut my electric
7 bill back any more than I have.

8 I have shopped in resale shops. I'm driving a
9 2000 Corolla, which is dry rotting in heat. I don't
10 spend money. I am frugal. I get nailed from my friends
11 and my family because I am so incredibly frugal that I
12 have never bought anything new. I can't remember the
13 last time I bought new clothes. I can't afford a rate
14 increase. My daughter is letting them repo her car.
15 She can't afford to feed her grandson. We can't get
16 jobs. I beg not to raise the rates.

17 Thank you.

18 **COMMISSIONER EDGAR:** Thank you.

19 Commissioner Skop.

20 **COMMISSIONER SKOP:** Thank you.

21 Ms. Ryan, real quick briefly. A lot of things
22 I can't help you with. We have a docketed matter before
23 us. One thing I can try to help you at the Commission,
24 and each of my colleagues embrace as well as Chairman
25 Carter, who is not with us this evening due to a back

1 injury. But the Lifeline and Link-Up program, I would
2 ask Dick and Cindy to try and provide you with
3 information. Under that program it provides subsidy
4 towards, not only a land line, but wireless phone
5 service, and I think Trac Phone has wireless thing. I
6 know you mentioned you are sharing a plan, but that may
7 be of interest to. And I will try to get our staff to
8 get you some information before you leave on that.

9 **MS. RYAN:** Thank you.

10 **COMMISSIONER EDGAR:** Thank you.

11 Mr. Kelly.

12 **MR. KELLY:** Peter Delacos. Is that right?

13 Followed by Emily Casey.

14 PETER DELACOS

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

17 DIRECT STATEMENT

18 **MR. DELACOS:** My name is Peter Delacos, 514
19 Ashland Avenue (phonetic), Tarpon Springs. I am also a
20 city commissioner in Tarpon Springs. And what I am
21 going to try to do is -- I'm in sympathy with everything
22 you have quite heard, the fallacy of a nuclear power
23 plant. My mom got her bill, she's 85, and by the time
24 they fully recover any costs, she won't be getting any
25 electric out of it. So we have to really look at that.

1 And as Mr. Leventis mentioned earlier, we as
2 citizens have to go towards the Legislature. It is not
3 your role, even though as a Public Service Commission,
4 to lobby the Legislature on the laws you are having to
5 follow by. So all of those who are upset about the
6 aspect of the prerecovery costs, you need to, in this
7 next election, 2010, put forth candidates and speak out
8 against those who caused the situation that we're in.

9 But what I want to go through is what I call
10 the ripple effect. We are having our budget hearings,
11 and next Monday I'll get my chance to get my butt
12 grilled a little bit. But I want to go over some that I
13 feel that is something that has affected citizens. In
14 the City of Tarpon Springs our actual electric cost in
15 2003 was \$516,694. Over the years our projected budget
16 for this coming year will be 970,000 and 42, which is an
17 87 percent increase from the actual paid in 2003. So
18 that is a seven-year aspect of rate increases that will
19 have to be passed on to the citizens.

20 In Tarpon Springs we filed, and we have
21 received a certificate, a green certificate of L-E-D
22 under the Florida Green Cities. We are doing what we
23 can to try to make our buildings more efficient and
24 saving things in that nature.

25 But what I call the ripple effect is, as I

1 have mentioned, our costs have gone up, so that means
2 those have to be passed on to our residents through
3 higher taxes. Likewise, the costs that schools will
4 have to pay -- to pay for their electricity will go on,
5 which the ripple effect there is less money for
6 education and, also, higher taxes as those costs will
7 also be passed on either through property taxes mandated
8 by the state or through local option.

9 Another aspect is hospitals, nursing homes,
10 and other health care facilities. All of those
11 facilities will endure higher costs because, even though
12 on the green sheets it's residential, I'm sure there is
13 a commercial component involved, also. So those higher
14 costs will also be borne not only by those who are
15 having the least ability, but through many of the
16 programs that are supporting hospitals and nursing
17 homes, those costs also get passed down to the
18 ratepayers and taxpayers, and such of that nature.

19 Another thing that governments, as ourselves,
20 also as a revenue stream have gross receipts taxes,
21 franchise taxes, franchise fees and things of that
22 nature. Usually those are based on a percentage. So
23 there is another indirect tax that goes on to residents
24 through the increase of a base rate. All of these have
25 a ripple effect. And as you have heard from many

1 constituents here, it does put a pinch on them, and they
2 are only talking about the direct cost, and I'm just
3 trying to put in the perspective the ripple effect
4 costs.

5 A futuristic ripple effect is that as we try
6 to go green and try to get off of oil, we are asking our
7 auto manufacturers to develop electric cars. Well,
8 where are those electric cars going get their energy
9 from but from plugging in. And my concern is as under
10 this docket it says, a permanent base rate increase. So
11 as we try to move forward as a country looking to find
12 alternative fuels for not only our electric generation,
13 but also our transportation needs, those permanent rate
14 increases are built in, and those also will have a
15 ripple effect as we have more demand for electricity and
16 those types of aspects, but those costs will then be
17 passed on through other means in that regard.

18 And, lastly, as far as the way it is a
19 permanent base rate increase, I don't believe, and our
20 staff probably could tell you when was the last time
21 through the history of PSC regulating utility companies
22 that companies really have come forward and said that we
23 want to reduce our base rate. As you have had evidence
24 and testimony before you, there are other ways that
25 Progress Energy could look forward to try to find a

1 solution to their electric needs and still provide a
2 respectable return.

3 My mother is a shareholder. She does get
4 dividends every quarter and that does help her in paying
5 the electric bills. But I don't think the 12 percent
6 rate or return on equity is in this current market a
7 logical request for a return.

8 Thank you for your time.

9 **COMMISSIONER EDGAR:** Thank you.

10 **MR. KELLY:** Emily Casey.

11 That's all the cards I have.

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

13 On behalf of my colleagues and our staff,
14 thank you, and all of our parties. Thank you to
15 everybody who has participated. Thank you for your
16 patience with us to those of you that are here with us
17 at the end of this particular proceeding, and to
18 everyone who came earlier, and shared their comments
19 with us. Thank you, for working with us through this
20 important part of our process, and we adjourned.

21 (The service hearing concluded at 9:58 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
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