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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

**ORIGINAL
FILE COPY**

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| In The Matter of | : DOCKET NO. |
| Application of GULF POWER | : |
| COMPANY for an increase in rates | : 891345-EI |
| and charges. | : |
| ----- | |

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MAY 1 1990
Florida Public Service Commission

Holiday Inn - Panama City
The Mall Room
2001 North Cove Boulevard
Panama City, Florida 32504
Thursday, April 5, 1990

Met pursuant to notice at 6:00 p.m.:

BEFORE: COMMISSIONER MICHAEL McK. WILSON, CHAIRMAN
COMMISSIONER GERALD L. GUNTER
COMMISSION JOHN T. HERNDON
COMMISSIONER THOMAS M. BEARD
COMMISSIONER BETTY EASLEY

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APPEARANCES:

JEFFREY A. STONE, of the firm of Beggs and Lane, Post
Office Box 12950, Pensacola, Florida 32576-2950, Telephone No.
(904) 432-2451, appearing on behalf of Gulf Power Company.

STEVE BURGESS and DON HALE, Office of the Public
Counsel, the Florida House of Representatives, The Capitol,
Tallahassee, Florida 32399-1300, Telephone No. (904) 488-9330,
appearing on behalf of the Citizens of the State of Florida.

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P R O C E E D I N G S

(Hearing convened at 6:00 p.m.)

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4 **CHAIRMAN WILSON:** This meeting is called to order, read
5 the notice.

6 **MS. BROWNLESS:** Pursuant to notice issued on February 28,
7 1990, in Docket No. 891345-EI, the application of Gulf Power Company
8 for an increase in its rates and charges, we convene this hearing
9 for the purpose of permitting members of the public to give
10 testimony regarding the adequacy and quality of service rendered by
11 Gulf Power Company.

12 **CHAIRMAN WILSON:** Let's take appearances of counsel,
13 please.

14 **MR. BURGESS:** Commissioner, I'm Steve Burgess, I'm here
15 for the Public Counsel's office representing the customers in the
16 rate case.

17 **MS. BROWNLESS:** Suzanne Brownless, appearing on behalf
18 of the Staff of the Florida Public Service Commission.

19 **MR. PRUITT:** Prentice P. Pruitt, 101 East Gaines
20 Street, Tallahassee, Florida, 32301, counsel for the
21 Commissioners.

22 **MR. STONE:** I'm Jeffrey A. Stone, of the law firm of
23 Beggs and Lane, 700 Blount Building, Three West Garden Street,
24 Pensacola, Florida. Representing Gulf Power Company.

25 **CHAIRMAN WILSON:** My name is Michael Wilson, I'm the

1 Chairman of the Florida Public Service Commission. With me here
2 tonight are the other four Commissioners on the Commission,
3 Commissioner Betty Easley, Commissioner Tom Herndon, Commissioner
4 Gerald Gunter, and Commissioner Tom Beard.

5 I want to talk for just a few minutes about what we're
6 here for and how we're going to proceed. We're going to allow
7 Gulf Power Company to give an opening presentation to explain the
8 rate increase that they are requesting from the Public Service
9 Commission. Mr. Burgess, will you have an opening statement?

10 MR. BURGESS: Yes, sir.

11 CHAIRMAN WILSON: Then Public Counsel will likewise
12 give an opening statement giving you the summary of the case as
13 they see it. Mr. Burgess is here on behalf of the Public
14 Counsel's Office to help customers present their statements.

15 For those of you who have not testified in a proceeding
16 of this sort before, it's really very easy. Mr. Burgess has a
17 signup sheet for you to sign up to testify; and he will call you
18 by name where you can come forward and testify and give us the
19 information that you want to give.

20 Since we intend to use this evidence -- or your
21 statements as evidence in this case, I'm going to swear you in,
22 administer an oath, before you testify so that we can use this
23 evidence in this case.

24 After the Company and the Public Counsel's statements,
25 we'll take a short break so that those of you who have not signed

1 up to testify and care to do so will have the opportunity to do
2 that.

3 We're here tonight to hear from the customers and the
4 ratepayers of Gulf Power Company about the level of service and
5 quality of service that you're receiving from the Company.
6 During this phase of the proceeding, we want to hear your
7 comments about the service and any other issues that you care to
8 discuss with us that concern you.

9 The Company has filed for a rate increase of \$26.3
10 million. In the permanent case to be heard in July, there are
11 many issues that the Commission will consider. There have been
12 serious allegations made and questions raised about the recent
13 activities of Gulf Power Company, allegations and questions which
14 the Commission cannot and will not ignore in its appraisal of the
15 management of Gulf Power Company. This company has, in fact,
16 pled guilty to felony charges in the Federal District Court in
17 Atlanta, raising questions which must be answered and will be
18 answered to the satisfaction of this Commission.

19 The Commission must determine what the consequences of
20 the actions taken by Gulf Power Company and its employees are,
21 and it's our job to see that the ratepayers do not suffer these
22 consequences.

23 If there are expenses that have been paid by ratepayers
24 that are not prudent or related to the provision of electric
25 service, then they must be returned to customers. If there are

1 costs which are being paid by ratepayers or customers which
2 should not be paid by ratepayers, then they must cease.

3 These issues have not yet been heard by the Commission.
4 The law required that the Company be allowed to collect interim
5 revenues of \$5.7 million. Unfortunately, the Commission could
6 not consider all of the issues which will affect the level of
7 permanent rates. Fortunately, these revenues are temporary.

8 The law allows the utilities to collect money pending a
9 full review of the Company's operations, and that full review
10 will take place in July of this year. The fact that Gulf Power
11 has been allowed to collect \$5.7 million on a temporary basis
12 does not mean that they will receive that amount in the permanent
13 case. It does not necessarily mean that they will receive
14 anything. Gulf Power could be required to refund all or a part
15 of the interim revenues, and the rates can remain the same or
16 they can be lowered.

17 The events of the recent past warrant a full and
18 thorough review of the actions of Gulf Power Company and the
19 circumstances which allowed those acts to occur. This Commission
20 is investigating and will review those actions and they will be
21 issues in this rate case.

22 We now have an opening statement from Gulf Power
23 company. Mr. Stone?

24 MR. STONE: Mr. Chairman, Commissioners, at this time I
25 would like to introduce Mr. Arlan Scarbrough, Vice

1 President-Finance.

2 MR. SCARBROUGH: Good evening, Commissioners and ladies
3 and gentlemen. I'm Arlan Scarbrough, Vice President-Finance for
4 Gulf Power Company.

5 We're pleased to have this opportunity this evening to
6 give you a brief summary of our request to the Florida Public
7 Service Commission for an increase in our retail base rates.
8 We're equally interested in hearing from you tonight about your
9 concerns with our rates and with the service that you receive
10 from Gulf Power Company.

11 Gulf Power Company is an investor-owned enterprise
12 entrusted with an essential public service. Our primary mission
13 is to provide adequate and reliable electric service to all
14 customers at the lowest possible cost consistent with earning an
15 adequate return from the investors who have provided the funds to
16 make that service possible.

17 We are proud of the Company's accomplishment of its
18 mission, and we believe Gulf is a highly competitive,
19 well-managed electric utility.

20 (Slide 1:) On December 15th, 1989, Gulf Power Company
21 filed a petition with the Florida Public Service Commission
22 requesting an increase in rates of \$26.3 million annually. This
23 is an overall increase of 6.21% and an increase of 8.47% for the
24 residential customers. If approved, this amount would increase
25 the cost for a typical residential customer, which is one who

1 uses 1000 kilowatt hours per month, by \$5.16 per month during the
2 winter months and \$5.73 per month during the summer months.

3 Included in these amounts is an increase in the
4 customer charge, or a minimum bill, from \$6.25 to \$8 per month.
5 The customer charge recovers the cost of making electric service
6 available to the customer regardless of the amount of electricity
7 used. The components of the customer charge include the customer
8 service drop, his meter, and his meter socket. It also includes
9 the cost of reading the meter and billing the customer.

10 The approved test year for evaluating the request was
11 projected for 1990. The requested rate base, or net amount of
12 facilities serving the retail customers, was \$924 million. The
13 requested overall rate of return on this rate base was 8.34% and
14 the return requested on the common equity portion of the
15 investment was 13%.

16 The Commission suspended this request for increased
17 rates until hearings could be completed, with the final decision
18 scheduled to be reached by August 14, 1990.

19 The Company also requested an interim increase of \$22.8
20 million. And on February 8, 1990, the Commission approved an
21 increase of \$5,751,000, or 2.43%, which is subject to refund with
22 interest pending the final decision in August.

23 This interim increase was effective on March 10th, 1990.

24 (Slide 2:) On this slide, you can see that, of our
25 total request for \$26.3 million that approximately 37% will be

1 for federal and state income taxes on the requested rate
2 increase. In other words, if it were not for income taxes, our
3 request would have been reduced by about \$10 million.

4 Also, Gulf Power Company is the largest payer of
5 property taxes in the area it serves. In 1989, Gulf Power paid
6 \$1.5 million to Bay County for property taxes.

7 (Slide 3:) Certainly, electric bills and the cost of
8 other household goods and services are a matter of concern to
9 everyone. Gulf Power has worked very hard to provide its
10 customers with high quality electric service at the lowest
11 possible cost. The management and employees of Gulf Power
12 Company have worked diligently to increase the productivity and
13 efficiency of all its operations. This effort has resulted in
14 keeping operating expenses at a minimum. Combined with favorable
15 economic conditions and sale of generating capacity and energy to
16 other electric utilities, these efforts have enabled us to avoid
17 requesting an increase in base rates for over five years.

18 The rates of Gulf Power Company are among the lowest in
19 the Southeast and the nation and, as shown on this slide, will
20 retain that favorable relative position even with the total
21 increase requested.

22 (Slide 4:) During the period from July 1st, 1988,
23 through January 31, 1989, Gulf Power Company committed
24 approximately 500 megawatts of additional generating capacity
25 from Plants Daniel and Scherer to its retail customers. Gulf had

1 temporarily sold this capacity to other electric utilities, but
2 the capacity is now serving our retail customers.

3 Gulf owns a 50% interest in the two 500 megawatt units
4 at Plant Daniel located near Pascagoula, Mississippi, and a 25%
5 interest in the 818 megawatt Unit No. 3 at Plant Scherer located
6 in Monroe County, Georgia. Plant Scherer, which is shown on this
7 slide, has four units with the combined total capacity of 3,272
8 megawatts.

9 With this additional capacity from Plants Daniel and
10 Scherer, Gulf's generating reserves are in the desired range of
11 20 to 25%. Without this capacity, Gulf's generating reserves
12 would have been a negative 7% during the extremely cold weather
13 we had in December.

14 The revenues received from these temporary off-system
15 sales, in addition to lower cost of money, lower federal income
16 tax rates, and Gulf's continual efforts in controlling costs,
17 have enabled the Company to avoid requesting an increase in rates
18 during the five-year period since our last increase in base rates
19 in December 1984.

20 This has been a period of constantly increasing
21 customer growth and ever-increasing cost of expenses and
22 facilities necessary to serve our customers.

23 (Slide 5:) In December 1984, the Florida Public Service
24 Commission approved \$626 million for plant facilities and
25 equipment for serving the retail customers, also referred to as

1 the Retail Rate Base. Since 1984, Gulf will have invested \$298
2 million in additional facilities and equipment net of accumulated
3 depreciation. This is an increase in Gulf's rate base since 1984
4 of 48%, for a total requested rate base of \$924 million in this
5 case.

6 As can you see on this slide, the percentage of the
7 Company's investment in production, transmission and distribution
8 and other facilities is about the same now as it was in 1984.
9 Production in 1984 was 47%, and in 1990 it will be 44%.
10 Transmission and distribution in 1984 was 35%, and in 1990 it
11 will be 37%.

12 "Other," which includes line trucks, buildings and coal
13 stockpiles, was 18% in 1984 and in 1990 it will be 19%.

14 (Slide 6:) Gulf Power Company's investment in the
15 additional \$298 million of facilities necessary to service retail
16 customers, along with the increased expenses incurred during this
17 five-year period, has caused the return that the Company earned
18 for its investors to drastically decline since our last increase
19 in 1984. But without this increase in rates, Gulf's 1990 retail
20 overall return and return on common equity is expected to be only
21 6.6% and 7.52% respectively. Investors will not continue to risk
22 their money in a company that offers such low returns.

23 Gulf Power Company is seeking an overall rate of return
24 of 8.34% on its investment and facilities necessary to provide
25 adequate and reliable electric service to its retail customers.

1 Included in this rate is a request for a 13% return on the risk
2 capital invested by the common stockholder. As a comparison of
3 reasonableness, the prime interest rate, which is the interest
4 rate charged by major banks to their most creditworthy customers,
5 is 10% today.

6 (Slide 6:) As I mentioned earlier, the rates of Gulf
7 Power Company are among the lowest in the Southeast and the
8 nation. This slide shows that, because of the lower fuel costs
9 that Gulf has been able to achieve, its residential rate is lower
10 today than it was in 1982. You can see in 1989, today, our rates
11 for 1000 kilowatt hours of use by a residential customer is
12 \$59.36, which is less than the amount that we charged a customer
13 for that same thousand kilowatt hours in 1982.

14 In fact, even with the full increase requested, the
15 average cost for Gulf's residential customers for December 1989
16 would remain less than it cost in 1982. The cost in 1982 for
17 1000 kilowatt hours, \$65.46. In 1990, that same 1000 kilowatt
18 hours, if we get the full amount requested in this case, would be
19 \$64.52, which is less than the amount paid for that same 1000
20 kilowatt hours in 1982. There are very few providers of consumer
21 goods and services that can make that claim.

22 Eventually, the rates to each types of customer, both
23 residential, commercial and industrial, should cover 100% of the
24 cost to provide electrical service to them. As shown earlier,
25 Gulf is requesting an overall increase in rates of 6.21%.

1 However, if the increase is approved as filed, Gulf's residential
2 customers will see an increase of 8.47% increase in their bills.
3 This residential increase is necessary in order to ensure that
4 the residential customer is paying closer to their fair share of
5 the cost to serve them.

6 At the present time, Gulf's residential customers are
7 paying only 86% of what it costs to deliver electricity to them.
8 With the proposed increase, Gulf's residential customers will
9 still be paying only 93% of what it cost to provide electric
10 service to them. Consequently, the other classes of customers
11 will continues to pay a greater share of the cost for service
12 than the residential customers.

13 (Slide presentation concluded.)

14 I am sure that you are aware that the Company and the
15 US government entered into a plea agreement on October 31, 1989.
16 The government's statement of facts regarding Gulf Power
17 Company's pleas and the charging document itself recognize that
18 the events which formed the bases for the government's charges
19 were the unauthorized, illegal actions of a former member of
20 Gulf's management and other former employees acting at his
21 direction. While we do not condone such activities, the Company
22 has accepted responsibility for them and has taken numerous steps
23 to ensure that they do not reoccur.
24 The cost associated with this investigation, including the
25 \$500,000 fine, have been excluded from this rate filing and have

1 no impact whatsoever on our Company's need for rate relief.

2 In closing, I would like to emphasize that Gulf Power
3 Company's major goal is providing adequate, reliable electric
4 service to our customers at the lowest possible cost.

5 Gulf Power Company has representatives here tonight who
6 are able and happy to answer any of your questions and to assist
7 you with any problems that you might have concerning your rates
8 and the service that you receive from Gulf Power Company. These
9 employees are stationed in the rear of the room, they can be
10 identified by the Gulf Power Company identification badges that
11 they are wearing.

12 I thank you very much for your kind attention.

13 (REPORTER'S NOTE: Although not officially submitted, a
14 printed copy of the slides used in the presentation by Arlan
15 Scarbrough is attached as an unnumbered exhibit for the
16 convenience of the record.)

17 CHAIRMAN WILSON: Thank you. Mr. Burgess?

18 MR. BURGESS: Yes, sir. Thank you, Mr. Chairman. I
19 don't intend to take up much time. I just wanted the people here
20 that came out to express their views to the Public Service
21 Commission to know who we are and what we intend to do in their
22 behalf.

23 I work for Jack Shreve, who is the Public Counsel.
24 We're your representatives in ratemaking matters. We're
25 representing you in this case against Gulf Power Company. In

1 addition to the people in our office who are going to devote a
2 great deal of time to the presentation of the case in your
3 behalf, we have hired four outside consultants who are experts in
4 their field who will present testimony on behalf of the customer.

5 As you can imagine, when you get a company the size of
6 Gulf Power Company, and it's a wholly-owned subsidiary of
7 Southern Company, which is an enormous corporation, there are a
8 great deal of ways to look at the numbers. We have at this point
9 investigated to a large degree the numbers presented by Gulf
10 Power Company, but we are by no means finished with that
11 investigation. Nevertheless, while we can't put a sharp pencil
12 to the actual results, we have seen a large number of issues with
13 which we would disagree with Gulf Power Company.

14 We disagree with the amount of investment they say they
15 have in plant necessary to serve the customers. We disagree with
16 the level of expenses they say is required to serve the customers
17 electricity. We disagree with the amount of revenues they say
18 would be generated by the raise. We disagree with their
19 assertion that the residential ratepayers are not paying their
20 fair share.

21 The bottom line is that the aggregate of the issues
22 that we've investigated at this point lead to us conclude that
23 the rates do not need to be increased. We don't think the level
24 of return that Gulf Power Company is seeking is necessary for
25 them to attract investment money from the investors in the

1 capital markets, and we think it can be done at the level of
2 rates that exist right now.

3 We are appreciative of you being out here, of taking
4 your time. I know it's valuable, so I wouldn't take up any more
5 of it. I encourage you to address the Commissioners of the
6 Public Service Commission. These are the people who have
7 authority over the Utility in virtually every aspect of its
8 business. If you have any complaints, or if you have any
9 insights or any communication to make to the Public Service
10 Commission, I urge you to do so.

11 I have a list here for people so we can have an orderly
12 process of people that want to address the Public Service
13 Commission tonight, and I would ask that you sign up if your
14 intentions are that you will address the Commission tonight.

15 Thank you very much. Thank you, Mr. Chairman.

16 CHAIRMAN WILSON: All right. We're going to take a
17 brief recess here for about five minutes so those of you who are
18 here who have not already signed up with Mr. Burgess will have an
19 opportunity to do that. So we'll reconvene in about five
20 minutes.

21 (Brief recess.)

22

- - - - -

23 CHAIRMAN WILSON: As Mr. Burgess indicated earlier, what
24 we're here for is to hear what you have to say. We're interested
25 in hearing it and we want to take it as evidence to be used in

1 this case. What I'm going to ask you to do -- well, before I do
2 that, one other thing.

3 We have one of our consumer complaint analysts here.
4 If you have any concern or questions about your bill and you want
5 some help with it, Ms. Kathy Brown standing up right there in the
6 back will be glad to help you during a break or any time you can
7 go back and talk with her. And if you need a complaint
8 investigated, she'd be the one to talk to.

9 What I'm going to do is ask everyone who signed up on
10 Mr. Burgess' list to stand up at one time and I'm going to swear
11 you all in at once in a mass swearing so we can save a little
12 time.

13 (Witnesses sworn simultaneously.)

14 CHAIRMAN WILSON: Mr. Burgess, call your first witness.

15 MR. BURGESS: Yes, Commissioner, I have Ray Keahey.

16 CHAIRMAN WILSON: Sir, if you would come over here to
17 this stand right there and just tell us what you have to say.

18 WITNESS KEAHEY: First of all --

19 CHAIRMAN WILSON: Would you state your name and address
20 for us, please, sir.

21 RAY KEAHEYN

22 was called as a witness on behalf of the Citizens of the State of
23 Florida and, having been previously duly sworn, testified as
24 follows:

25

DIRECT STATEMENT

1
2 WITNESS KEAHEY: My name is Ray Keahey. I live at 8207
3 Elizabeth Avenue on the beach, that's Panama City Beach.

4 I am billed on the levelized method, which I did not
5 authorize but I have never complained about it because it does
6 tend to levelize the monthly bills. However, for a period of a
7 year or perhaps more, my bill has been showing an increased usage
8 in kilowatt hours, which I have never made a written complaint
9 about it because I dislike writing letters.

10 However, in January of this year, I did write a letter,
11 and that was from the state of Michigan. I was out of town for a
12 period of five weeks, during which time they billed me for 907
13 kilowatt hours, for which I was out of town for that particular
14 billing about two weeks.

15 I left the state on December the 12th and returned on
16 February the 28th. When I returned, I had a letter from the
17 Public Relations Department in response to the letter I had
18 written. A couple of days after I got home, some lady from the
19 Public Relations Department of the Gulf Power Company telephoned
20 me and told me they had made an adjustment to my bill downward
21 and hung up before I could tell her that I had been out of town
22 for five weeks.

23 I question whether they actually made any adjustment.
24 To give you an example of what it has been since I returned, for
25 the period -- I did not state that I was also out of town in

1 September through October, that was a period of about two to
2 three weeks. During that period, they indicated the usage of 582
3 kilowatt hours. During the most recent period in question, the
4 one of December through February, they indicated 970 kilowatt
5 hours.

6 My most recent bill -- wait a minute, this one is --
7 excuse me.

8 My most recent bill indicates 944 kilowatt hours for
9 the period February 19th through March the 20th. As I said, I
10 returned on February 28th, so there's at least two weeks there
11 that I was gone. The only things I have connected when I'm away
12 from home is my refrigerator and one lamp which has a 22 watt
13 fluorescent bulb in it attached to a timer.

14 Since I returned home, I have made a concerted effort
15 to reduce my kilowatt usage. The refrigerator and lamp that I
16 mentioned are the only things I am currently using other than my
17 television, which I use approximately five hours a day. If I
18 have to, and I have done so in periods of emergency, to use a
19 kerosene lamp and a kerosene heater. If everyone in this area
20 does so, I think Gulf Power is going to be hurting.

21 The answer is not to drive away your customers but to
22 make a concerted effort to control unnecessary expenditures.
23 You're asking for an 8.34% increase. I waited three years for a
24 4.7 increase in my pension. I have been retired for 15 years.

25 Just about every business organization or political

1 organization has got their hand out, they're asking for
2 approximately the amount you request or more. In other words,
3 what I'm saying, I could be paying a 200% increase or more if
4 everyone was granted the increases they seek. How is a person
5 with a 4.7% increase on a pension going to keep up with a 200%
6 increase? You think you've got it good here in the United States
7 but you're rapidly approaching England, Russia, and other places
8 which have an excessive taxation rate.

9 Thank you.

10 CHAIRMAN WILSON: Thank you, sir. I'd like for the
11 Company to provide us a report of the usage from this gentleman
12 during this time period where he was out of town, and provide a
13 copy to him and provide a copy to us. Public Counsel would like
14 to see a copy of that, as well?

15 MR. BURGESS: Yes, sir. Thank you.

16 MR. STONE: Mr. Chairman, we would be happy to provide
17 that report if Mr. Keahey would get together with one of the
18 customer service representatives so they could get the
19 information regarding his account so they can be able to conduct
20 that research.

21 CHAIRMAN WILSON: Why don't you go back and show us 13
22 months, give us the full time period and show any adjustments
23 that were made to his bill.

24 Call your next witness.

25 MR. BURGESS: Mr. Chairman, Wesley Poole is next on my

1 list.

2 WESLEY POOLE

3 was called as a witness on behalf of the Citizens of the State of
4 Florida and, having been previously duly sworn, testified as
5 follows:

6 DIRECT STATEMENT

7 WITNESS POOLE: I'm Wesley Poole from Destin, Florida.
8 I spoke last night in Pensacola and I won't belabor a lot of what
9 I talked about. It is a few things that needs to be said for the
10 press and for the public.

11 Mr. Scarbrough last night said, "If there's any
12 questions, all our executives or employees will be glad to answer
13 them." Well, that wasn't it. And I said, "Well, tonight, y'all
14 come and answer my questions." It was relating to the
15 environment. In particular, how it might cost us money later on.

16 You know it don't cost money to pollute until you got
17 to clean it up. I'll hurriedly go down my list and maybe these
18 questions can be, the press -- or the media, rather --
19 can somehow or another get the answers. And I know y'all will
20 want the answers before y'all act on this rate increase request.

21 One question is in our area we have three coal plants.
22 You wonder how much coal is burned and how much ash comes out.
23 And that gives the question, where does the ash go? Does it go
24 to a dump or a construction project? And then you got to wonder,
25 what's in the ash? How much lead, how much mercury and how much

1 radioactivity?

2 Acid rain, that's the big thing here lately. President
3 Bush, our, quote, "environmentalist President," that's his area.
4 There's plenty of areas in the environment, but acid rain, I
5 guess there's the least resistance in that area. Or his buddies
6 ain't affected, maybe.

7 But acid rain cost a lot to put the quietus on it. If
8 it ain't come out of the stack, it's in the ash.

9 We want to know how much nitrous oxides are coming out,
10 and how much sulfur oxides are coming out.

11 Herbicides. From my information -- which I'll just
12 hold up very briefly, I won't give my cards away -- it's pushing
13 200 sites in our zone that the DER is wanting preliminary
14 contaminant assessment reports on. You know, you spray this
15 herbicide, or whatever they're spraying -- it would be good to
16 know what they were spraying, where they spray it, what they've
17 done with the employees? If they've gone back and dug up the
18 health, the health of the employees? And how about notifying
19 these residents?

20 And I talked about the treated wood: the old creosote,
21 which is almost outlawed, and the old brown-looking
22 pentachlorophenol, which is exempted except for Gulf Power and
23 the utility companies. We wonder if the employees is told
24 anything? There's Superfund sites because of penta.

25 The green stuff is arsenic. It's, quote, "inorganic

1 arsenic," so I don't guess that's too bad. You can hunt all
2 through the literature of the DER and the EPA, and it'd go down
3 there and say, "Well, it safe." But then and again, they say,
4 "If you get it on your clothes, you wash them clothes separate."
5 It's all out and find, hunting high and low, the lumber
6 companies, DER office in Pensacola; but the literature I get, it
7 raises questions about the stuff that needs to be addressed.

8 The greenhouse effect, which most everybody don't
9 believe in. I mean, the environment, it's on the back burner.

10 The PCBs, that's that oily junk that's in them
11 transformers. Where in the world are those PCBs going? And are
12 the employees told? Are you going back and checking some of
13 these employees?

14 Another question I want answered, or the press to dig
15 out of them somehow or another, about the mercury lights. If
16 they burn out, what do we do with them? Put them in the Bay
17 County incinerator? That's a good place for them, all right. It
18 was extrapolated that out of the Bay County incinerator was 1493
19 pounds of mercury spewed out in 1987. That's a awful lot of
20 mercury.

21 And I'm through with my regular questions that Gulf
22 Power can answer. I mean, they wanted me to write them on a
23 piece of paper and they was going to get back with me. But I
24 think everybody needs to know that and the question needs to be
25 asked over and over until they tell, like we can 'fess up. Or

1 like I told the guy in the lobby that met me a while ago, you
2 know, "Get all that dirty laundry and lay it on the table. If
3 you all ain't got nothing to hide, let's not hide it."

4 Indeed, I was hoping they would be here tonight and
5 answer my questions so I could delve deeper. But I don't guess
6 they have nothing to gain by talking to me. It's a shame,
7 probably 15 or 20, you all see nothing but badges here, nobody
8 knows nothing about the environment.

9 Well, one last little thing is about the brownouts.
10 All we was hearing is where we got to cut everybody's power two
11 hours.

12 FROM THE AUDIENCE: Six hours.

13 WITNESS POOLE: Well, how much ever they was going to
14 go cut everybody a little bit here and there. Well, why not tell
15 the shopping centers to turn them lights off?

16 That's -- I'm through. I appreciate Gulf Power
17 'fessing up and letting everybody know what's going on toward the
18 environment, because it can be mighty expensive.

19 CHAIRMAN WILSON: Thank you, Mr. Poole. Call your next
20 witness, please, Mr. Burgess.

21 MR. BURGESS: W C MinsheW.

22 WITNESS MINSHEW: I didn't stand up a while ago.

23 CHAIRMAN WILSON: All right, fine. If you're going up
24 here, I'll swear you right now.

25

1 W. C. MINCHEW

2 was called as a witness on behalf of the Citizens of the State of
3 Florida and, having been first duly sworn, testified as follows:

4 WITNESS MINCHEW: As far as I know.

5 CHAIRMAN WILSON: That's about the best we can all do.

6 DIRECT STATEMENT

7 WITNESS MINCHEW: My name is W C Minchew. I live at
8 1004 Oxford Drive, Panama City, 3432-405, right down the street
9 here.

10 I have been doing business with Gulf Power for
11 40-something years. I've got no qualms with their service. No,
12 sir, not a bit. Really, I was going to make a remark: I really
13 believe the County just last week, you know, if you read the
14 paper, I'm sure you did, we just have come up just one notch from
15 the least people working in Bay County, we were on the bottom of
16 the totem pole the month before last. In other words, what we're
17 saying, I do not believe people can afford another penny on their
18 increase.

19 FROM THE AUDIENCE: Right on.

20 WITNESS MINCHEW: That's just what I'm saying, ladies
21 and gentlemen. I'm not talking about Gulf Power, I'm not talking
22 about nobody. But I do not believe, sir, that there's -- I don't
23 know how many people there are retired in Panama City or Bay
24 County, but there must be a lot of them. And most of them, most
25 of the ladies, especially, that's lost their husbands, they don't

1 get but \$500 or \$600 a month. And a lot of those people, their
2 husband worked many years getting them a nice home out here
3 that's worth 50 or 60 or 70 or \$80,000. And those lights bills
4 run 90 to 100 to \$110 a month.

5 So, I just, I'm honest with you, I wracked my brain, I
6 don't see how people are going to pay it.

7 That's all, thank you.

8 CHAIRMAN WILSON: Thank you, sir.

9 MR. BURGESS: Carl Poston.

10 CARL POSTON

11 was called as a witness on behalf of the Citizens of the State of
12 Florida and, having been previously duly sworn, testified as
13 follows:

14 DIRECT STATEMENT

15 WITNESS POSTON: Good evening, I'm Carl Poston, 1211
16 Evelyn Road, Panama City.

17 I'd just like to ask a few questions about Gulf Power
18 Company. When they got the raise before they asked for, who owns
19 Gulf Power Company? We put the money, \$5 or \$6 million, in
20 there; and the people on the outside, the customer, is what put
21 it there. It's never heard from no more, it's gone. I guess
22 they use it for whatever they take a notion for.

23 The next thing I would like to ask is, the generating
24 capacity, they said they was doing it for more generators to
25 upgrade their generating capacity where they could have more for

1 the future. But yet they sold or are selling right now 30
2 megawatts of electricity to Stone Container; and what I
3 understand, it's even for a cheaper rate than what they're
4 selling it to us. They had a abundance of electricity, they
5 didn't need no more capacity. But now, then, they say they need
6 more money for more to update their business.

7 I never made a public speech before. And I understand
8 that they got a hundred year franchise with Bay County that
9 nobody else can sell us electricity, we've got to buy it from
10 Gulf Power Company.

11 And when they talk about 1000 kilowatts there, that's
12 back in the days when you burned a lamp; it will just run one
13 motor and maybe two or three light bulbs for 1000 kilowatts.
14 Mine runs 5000 sometimes. My bill is never \$59, I don't know as
15 it's been \$59 in 10 or 15 years. It's a whole lot more than
16 that. And we just don't deem it's necessary that Gulf Power gets
17 a raise.

18 And there's another thing, too. There's Arizona
19 Chemical, I saw them putting in transformers out there the other
20 day, selling them more electricity. Is this for the public or is
21 this for industry that we're talking about now that we're doing
22 this for?

23 The people out here that's on fixed incomes can't
24 afford to pay no more bill than what they're paying now and I
25 don't deem it necessary. And I thank you. (Applause)

1 CHAIRMAN WILSON: Thank you, sir.

2 MR. BURGESS: Eloise Hill?

3 ELOISE HILL

4 was called as a witness on behalf of the Citizens of the State of
5 Florida and, having been previously duly sworn, testified as
6 follows:

7 DIRECT STATEMENT

8 WITNESS HILL: My name is Eloise Hill, I live at 1222
9 East 13th Court. I can walk to Gulf Power from my house. I can
10 walk right through the woods to Gulf Power and I have done so
11 several times. I have been over there and asked them about my
12 bill.

13 About 30 years ago when I lived here, I put lights
14 down there. When I moved back here, I had to buy a pole, pay for
15 my lights being strung down to where I live at. I was told it
16 was private property and I had to pay for everything.

17 I find out that I don't live in Panama City, I'm
18 outside of the city limits. I don't know where I am. I don't
19 know where they characterize me at.

20 And 11 years ago, I paid \$50 deposit down for my
21 lights. My bill ran from 50 to \$65 a month. Now, I don't, his
22 little cute numbers he put up there? I don't know about them,
23 but I know one and one is two, two and two is four, and three can
24 run into infinity.

25 Now, I don't see how in the world that my lights can

1 go, in 11 years can go three times over. They just charge me
2 which way ever the wind is blowing, I think that's how they
3 charge my bill. Like when I'm working, my bill goes up. Or when
4 my husband is working, my bill goes up.

5 And, you know, they was downtown and that building
6 looked fine to me. I paid my bill just as good downtown as they
7 did. But now if they want frills and things, let them sit over
8 there in the heat. I'm scared to turn on my air conditioning
9 because my electric bill is going to go up.

10 And I only got air conditioning, refrigerator, freezer,
11 light and hot water heater and half of that is broke, so I don't
12 use as much lights and things as I did before.

13 And also I feel intimidated by them. They're always
14 threatening me. They're always sending me a letter they're going
15 to cut my lights off if I don't pay it by such-and-such a date.
16 I went over there and I told them the other day they can cut my
17 lights off; but if they cut them off, they will stay off because
18 I know how to use a lamp and I'll walk to the store every day and
19 get some food to eat. Any time they feel like cutting my lights
20 off, they can.

21 You go over there and they stick you in front of a
22 computer and they start showing you little things. And then if
23 you say anything to them, they want to call it criminal assault.

24 And also about where they're at? I done asked them how
25 they acquired that land? Because I know that land and I know it

1 well; and I want to know how in the world the city come by that
2 land, if that's who owns Gulf Power. I want to know who they
3 bought that land from, because I know the man is dead.

4 So now if they want to rebuttal, let them rebuttal
5 because I'm going to walk right on out the door. (Applause)

6 CHAIRMAN WILSON: Thank you.

7 MR. BURGESS: Leon Zimmerman? (No response)

8 Beverly Kinney? (No response)

9 Bonnie Cheek?

10 BONNIE CHEEK

11 was called as a witness on behalf of the Citizens of the State of
12 Florida and, having been previously duly sworn, testified as
13 follows:

14 DIRECT STATEMENT

15 WITNESS CHEEK: Good evening, gentlemen, my name is
16 Bonnie Cheek.

17 CHAIRMAN WILSON: Mrs. Cheek, were you sworn earlier?

18 WITNESS CHEEK: Yes, sir.

19 CHAIRMAN WILSON: Okay, good.

20 WITNESS CHEEK: I live at 440 South Palo Alto, Panama
21 City, Florida. I've lived here 46, 47 years.

22 I think everything has been covered by the previous
23 customers that has gotten up here, but I would like to add one
24 more thing. People that is on Social Security and a limited
25 income cannot afford to pay these high prices. We don't need any

1 more taxes and we don't need any more increases in utilities.
2 Northwest Florida is the lowest paid salary in the State of
3 Florida.

4 FROM THE AUDIENCE: That's right. (Applause)

5 WITNESS CHEEK: We have got our priorities mixed up,
6 either whether it's on the city level, the county level, or the
7 state level or the federal. People are going hungry in this
8 country. Children are not -- are going unfed and I don't like it
9 one bit that our government is sending all this money overseas.

10 Where do we fit in? Our forefathers made this country.
11 They worked hard to establish what we have now. Why waste it
12 all?

13 Thank you, and you have a good night. (Applause)

14 CHAIRMAN WILSON: Thank you very much.

15 MR. BURGESS: Thank you.

16 Bill Gainey.

17 BILL GAINNEY

18 was called as a witness on behalf of the Citizens of the State of
19 Florida and, having been previously duly sworn, testified as
20 follows:

21 DIRECT STATEMENT

22 WITNESS GAINNEY: Bill Gainey, 833 West Pierson Drive,
23 Lynn Haven. There's some questions have been on my mind for a
24 long time. And after reading some of the problems they have had
25 with accounting practices in Atlanta, it's made the questions get

1 bigger in my mind so I'm going to ask some of them.

2 My question pertains specifically to the appliance
3 operations, the expenses of the appliance operation, the
4 accounting of that as compared to the profits from the appliance.
5 Number one, on the showroom, the showroom for the appliances is
6 in with the general area of the operations of Gulf Power. I
7 would like to know if this floor space is charged out against the
8 profits from the appliances? If so, at what rate that floor
9 space is charged out.

10 If the utilities that they use in their appliance
11 operations is charged out and not being paid for by our power
12 bills, and if the utilities is being charged out, at what rate
13 they're being charged for this utilities and space they're using
14 in their showrooms.

15 And then, of course, they have a separate operation on
16 23rd Street that's used, as far as I can tell, entirely for
17 appliance sales. I would like to know if this space, the
18 overhead utilities, is being charged at 100% against the profits
19 from the appliance sales?

20 The salaries for the people that are selling these
21 appliances, and especially for the people that are servicing
22 these appliances, are these salaries for these servicemen being
23 charged against the profits from these appliance sales or are we
24 paying for them out of our power bills?

25 The vehicles that these men drive, these servicemen

1 drive, the gas to operate these vehicles, the vehicles that the
2 supervisors that are directly in appliance sales and travel
3 between stores on these new vehicles, are these vehicles being
4 paid for out of appliance sales or are these vehicles being
5 bought out of our power bills?

6 The inserts, when I open my mail and I get an
7 advertisement in there that they're trying to sell an RCA TV that
8 I'm also trying to sell; and they send me one in my power bill,
9 am I paying for that insert to come to me in my power bill or are
10 they paying a fair share out of the appliance sales profits to
11 get these inserts put into these power bills?

12 When people go in the power company to make a payment
13 on appliances or where they mail it in, the ladies that take
14 these payments, the people that open this mail that handle these
15 payments, are they paying these people out of the profits from
16 the appliance sales or am I paying them out of my power bill?

17 The machines, the computers they use to bill these
18 appliances on, their monthly payments, are they paying for the
19 usage of these machines or am I paying it out of my power bill?

20 The supplies that are used in the sales of the
21 appliances, are they paying for these supplies out of the profits
22 from the appliance sales or am I paying for it out of my power
23 bill?

24 That's the questions specifically that I had in mind.
25 But since I have been here, there's a couple more come to my

1 mind. Mr. Poston asked a while ago what goes with his dollars
2 that he's invested and he's never seen again. Mr. Poston, if
3 you will go down to Gulf Power and walk in the main entrance up
4 to where you pay your bill, you will see a bunch of television
5 and appliances there that your dollars go to help buy that go
6 into competition with the people who they require to put a power
7 deposit up.

8 And the lady that walked out and said you could rebut
9 her on the way out brought up an interesting thing. I didn't
10 plan to say this, but it is an interested thought when she
11 started to talking about purchasing the property. You know, Gulf
12 Power's property downtown was sold to the county. And y'all
13 might not be aware of it, but there's been a lot of interest
14 drawn to some property right around the corner that was sold to
15 the county for a huge sum that's never been put into any use.

16 You might trace the dollars from that building, from
17 the sales of that building, from the old power company. That
18 would be interesting to trace. I've heard that talk before; it
19 would be interesting to see what happened to that.

20 CHAIRMAN WILSON: Mr. Gainey, you're in the business of
21 -- you raised some really interesting questions and they're good
22 questions, and they're the kind of questions that we're going to
23 get answers to in this rate case. Theoretically, those dollars
24 associated with appliances are separated out and that's treated
25 separately, but I've got some questions in that same area myself

1 I need to have answered. They sell TVs?

2 WITNESS GAINNEY: Sell TVs and major appliances. I know
3 very little about electricity, practically nothing. I know how
4 to plug in a refrigerator and a TV. I've been around the
5 appliance business for several years. And I can assure you that
6 there's not enough profit in appliances to support the vehicles
7 and the payroll of the people that are running this operation. I
8 can assure you of that. There's not the profit in appliances to
9 pay all that. It's coming from somewhere.

10 CHAIRMAN WILSON: That's an area that's going to be
11 investigated by this Commission, I can assure you.

12 COMMISSIONER BEARD: You mentioned some downtown
13 property here, I didn't quite follow you, but I would like to.

14 WITNESS GAINNEY: Well, you know the old power building
15 on Mulberry Avenue, where everybody used to go to pay their power
16 bill where the lady talked about she went to pay her power bill,
17 that was sold to the county.

18 COMMISSIONER BEARD: What was that building called?

19 WITNESS GAINNEY: Gulf Power is all I know.

20 COMMISSIONER GUNTER: And it was on what street?

21 WITNESS GAINNEY: Mulberry Avenue.

22 COMMISSIONER BEARD: Okay. And that was sold to the
23 county?

24 WITNESS GAINNEY: Sold to the county, yes.

25 COMMISSIONER BEARD: And then you were talking about

1 some other land around the corner?

2 WITNESS GAINEY: Well, that doesn't have anything to do
3 with Gulf Power. But some property right around the corner,
4 there's been big news here that the county paid an exorbitant
5 amount of money for a building that had to be torn down, it
6 wasn't as paid for as bought. But that's not the Gulf Power
7 building. But I was saying it would, I think it raised enough
8 questions I think I would look at what went with the monies, and
9 what kind of money was spent to buy that Gulf Power building and
10 what went with the monies.

11 COMMISSIONER BEARD: And where did they move when they
12 left down on Mulberry?

13 WITNESS GAINEY: They're up on 15th Street.

14 COMMISSIONER BEARD: Is that a new building?

15 WITNESS GAINEY: Yes. Or Highway 98, yes. Now,
16 there's also a building on 23rd Street that's strictly appliance
17 sales.

18 COMMISSIONER BEARD: On what street?

19 WITNESS GAINEY: 23rd Street. In the Wal-Mart Shopping
20 Center. And it's an expensive piece of property.

21 COMMISSIONER BEARD: So you have appliance sales at
22 23rd?

23 WITNESS GAINEY: 23rd Street.

24 COMMISSIONER BEARD: And you've got appliance sales in
25 the lobby of the building on Highway 98?

1 WITNESS GAINNEY: Yes.

2 COMMISSIONER GUNTER: One thing, Mr. Gainney, if I
3 could. You know, I'm like you, the only thing I know about
4 electricity, I wouldn't go around and stick my tongue on the bulb
5 or something. Reminds me of the story of a student in physics
6 class sitting there, you know, just dozing off. The Professor
7 woke him up and he said, "I just asked you a question, 'What's
8 electricity?'"

9 The student was trying to gather his wits. He said, "I
10 knew but I forgot." He says, "You know, the only person in the
11 history of the world that knew what electricity was but he
12 forgot."

13 Well, I'm that way about the appliance business, I
14 don't know anything about the appliance business. When we start
15 looking into this, how about let's running through the
16 ingredients. Of course, you have got to have a place to sell
17 them. You've got inventory. You've got utilities to support in
18 that area to condition the air, and lights. You've got
19 administrative personnel that has to keep the books and do any
20 billing and that kind of thing, normally somebody has got to do
21 that.

22 WITNESS GAINNEY: Right.

23 COMMISSIONER GUNTER: And do the bookkeeping.

24 WITNESS GAINNEY: And the sales, the salaries from the
25 salespeople.

1 COMMISSIONER GUNTER: You've got salespeople.

2 WITNESS GAINEY: Salaries from the service people.

3 COMMISSIONER GUNTER: You've got service people, and
4 that's the folks who go out and work on appliances and do that
5 kind of stuff, repair them?

6 WITNESS GAINEY: Yeah. And you have the vehicles the
7 service people are driving.

8 COMMISSIONER GUNTER: Right. And then you --

9 WITNESS GAINEY: You have the supervisors that deal
10 strictly in appliances that travel between their small stores
11 driving new vehicles.

12 COMMISSIONER GUNTER: What kind of, just in general,
13 what kind of vehicles do they drive?

14 WITNESS GAINEY: Most of them drive automobiles.

15 CHAIRMAN WILSON: Do they say anything on the side of
16 them? Do they say "Gulf Power Appliance Sales" or "Gulf Power"?

17 WITNESS GAINEY: I'm not that familiar with the ones
18 here. I know I've heard them talking about the people traveling.
19 Now, I'm more familiar -- I'm from here. I'd moved away for
20 several years. I know in Alabama, and I would assume it's the
21 same thing, they say "Alabama Power." I assume they say "Gulf
22 Power" here, but I couldn't swear to that one way or the other.
23 But I know they have people to drive between the stores and I
24 know that Gulf Power is supplying the transportation for them.

25 COMMISSIONER GUNTER: There's another piece which is

1 interesting, and it's interesting because we had a utility that
2 experimented, we had General Telephone a number of years ago that
3 experimented cutting their postage cost by selling to other
4 folks. You know, if Disneyland wanted to put a flier in, they'd
5 sell them space in that envelope to cut their postage cost. But
6 is it frequent that you get appliance fliers in your bill? Is it
7 one time?

8 WITNESS GAINNEY: It's quite -- is it every month?

9 FROM THE AUDIENCE: Yes.

10 WITNESS GAINNEY: Every month, I think.

11 COMMISSIONER GUNTER: Every month?

12 WITNESS GAINNEY: I wouldn't swear to it, I think it's
13 practically every month.

14 COMMISSIONER GUNTER: But it's frequent that that
15 occurs?

16 WITNESS GAINNEY: Yes, sir. It's not just one time at
17 Christmas, it's a regular thing, I think probably every power
18 bill.

19 COMMISSIONER GUNTER: So, in fact, if you had a fully
20 separated subsidiary, a fully separated subsidiary, and you were
21 treating everything at arm's length, it would appear you would
22 see some revenue for that?

23 WITNESS GAINNEY: Yes, sir.

24 COMMISSIONER GUNTER: Okay.

25 WITNESS GAINNEY: And it should be substantial. Because

1 if you contact these companies -- see, there's some companies
2 that deal just in these mailouts. And if you will check the cost
3 of what it costs to get in one of these mailouts, should be
4 subsubstantial.

5 WITNESS CHEEK: (From the audience) Mr. Chairman,
6 excuse me, please, sir. There is a gentleman here --

7 CHAIRMAN WILSON: You have to come to a microphone so
8 the court reporter can record what you are saying.

9 WITNESS CHEEK: Bonnie Cheek. The gentleman here may
10 want to change the address on those buildings. It's not 98, East
11 Highway 98, it's East 15th Street.

12 COMMISSIONER GUNTER: 15th Street.

13 WITNESS CHEEK: Yes, sir. 23rd Street, 15th Street and
14 Mulberry Avenue. Would you like to do that?

15 WITNESS GAINNEY: That's fine. Thank you, ma'am.

16 WITNESS CHEEK: You're welcome.

17 WITNESS GAINNEY: Thank you, appreciate it. Thank you.

18 CHAIRMAN WILSON: Thank you. (Applause)

19 Call your next witness, please.

20 MR. BURGESS: Mr. Chairman, that's all who are on the
21 list. That's all who signed the list.

22 CHAIRMAN WILSON: Yes, sir?

23 WITNESS PISTEY: (From the audience) I asked you
24 previously if I could speak, might I get on there? Is it
25 possible?

1 MR. BURGESS: Yes, sir.

2 CHAIRMAN WILSON: Come up here to the stand. Were you
3 previously sworn?

4 WITNESS PISTEY: No, sir, but I'll tell the truth.

5 CHAIRMAN WILSON: Well, we will put you under oath
6 anyway so we can use it.

7 STEVE PISTEY

8 was called as a witness on behalf of the Citizens of the State of
9 Florida and, having been first duly sworn, testified as follows:

10 DIRECT STATEMENT

11 WITNESS PISTEY: I wasn't going to talk but the people
12 that have spoken previously didn't bring up the subject matter
13 that I wish to bring up.

14 CHAIRMAN WILSON: Can you give us your name and
15 address, please, for the record?

16 WITNESS PISTEY: I have a tendency to talk a little
17 loud. Steve Pistey, P-i-s-t-e-y, 6501 Oak Shore Drive in Parker.

18 First of all, there was a chart there that indicated
19 '92, the year '92 you had a 6.4% charge or cost compared to an
20 '82 charge which was more than, I think it was 8.6 or something.
21 So if we have -- not we, but if Gulf Power could operate cheaper
22 and more inexpensively in '90 than they did in '82, why not stick
23 to what we have presently, a 6.4 return of some sort? That would
24 be the first question I would have.

25 Why don't they just leave everything alone as it is and

1 continue going with the present rate? Which is something like
2 8.4%, or something like that. And the investors will get an
3 8.4%. Those are not accurate figures, but close. And we just
4 continue on. The Gulf Power Company continue on as they did last
5 year. In other words, stabilized.

6 Are we here on this PSC special report? The Gulf Power
7 Company asks for an increase of \$26.3 million. In February,
8 Florida granted a 5. -- let's call it \$5.7 million. And this
9 interim increase.

10 The \$26.3 million increase would increase our monthly
11 electric bills \$3.34. These are my figures. I think these are
12 fast computations. But if we went, if the Commission would grant
13 the interim increase of \$5.7 million, it would come out to
14 something like almost 84, 85 cent increase. It's an increase but
15 not a heck of a lot. I think the people could afford an 84% --
16 84 cent increase in their monthly bills compared to a \$3.34
17 increase.

18 That would be my suggestion, if you give them an
19 increase at all, let this \$5.751 million interim increase stay as
20 it is. Don't give them any more, in other words, let's keep it
21 to this. So what? It's going to cost us 84 cents more a month.
22 That's not bad; you have to figure the investors have to have
23 some kind of a rate of return. They'll get a little bit, the
24 Gulf Power will get a little bit, and the customers will be
25 fairly satisfied. That's one suggestion.

1 Another suggestion is -- I didn't bring the paper with
2 me because I misplaced it. But I remember reading in the paper
3 here a few weeks ago where there were some allegations whereby
4 the Gulf Power Company donated some money to their lobbyists to
5 lobby. I forget the exact figure, but wasn't it something like a
6 half million dollars, \$500,000 or something? Does anybody
7 remember? Or was it in the millions of dollars? The figure
8 \$500,000 comes to mind. That's \$500,000 that the Gulf Power was
9 able to give to lobbyists to do something in our state
10 Legislature.

11 Why don't the Commission take into consideration the
12 possibility they did give this \$500,000 to the lobbyists and let's
13 deduct it from whatever they're asking? Just like, "Say, hey, I
14 have an old car, I want to trade it in for the new one, so give
15 me \$1000 for the old car." Why don't we do that?

16 CHAIRMAN WILSON: We will do that.

17 WITNESS PISTEY: We are the people, we make that
18 suggestion. Okay?

19 And as the lady pointed out previously, the figures
20 again hit me promptly. I think there's something like 5500
21 retired people in Bay County out of a total population of
22 approximately 137,000. Of those 5500 retirees, there's something
23 like 4500 of them -- not retirees, but people who are earning
24 3.60 and 3.80 an hour. A lot of people have families to support.

25 Like the young lady pointed out, if she can't afford to

1 pay electricity, then she's going to go to the lamp. Now, I know
2 the majority of the people in Bay County are not going to go to
3 the lamp, but it's a thought, you know? And maybe the people --
4 we, the people -- in Bay County will get together and through the
5 news media they will stress this point, "Hey, we do not need
6 electricity."

7 I don't even watch TV. I don't need electricity,
8 either. If it wasn't for my wife, I wouldn't even have
9 electricity in my house, because I lived by a lamp many years
10 ago. I was brought up by a gas lamp. And I think a lot of these
11 good old southern people down here would go to a lamp rather than
12 paying the extra money you're charging. So why don't you be fair
13 about it and give these people an 84 cents increase in their
14 monthly bill rather than the \$3.34.

15 Thank you, those are my suggestions. (Applause)

16 CHAIRMAN WILSON: Thank you, sir. Are there any other
17 customers present who would like to testify at this time? Yes,
18 sir? If you would come right on up here to the witness stand, we
19 would like to hear from you.

20 Were you previously sworn?

21 WITNESS MILLER: No.

22 LARRY MILLER

23 was called as a witness on behalf of the Citizens of the State of
24 Florida and, having been first duly sworn, testified as follows:

25 CHAIRMAN WILSON: Would you state your name and address

1 for the record, please.

2 DIRECT STATEMENT

3 WITNESS MILLER: I'm Larry Miller, 620 East Fourth
4 Court, Panama City. I just have a couple little complaints. And
5 like the last gentleman, I was waiting to see if mine was going
6 to be discussed but it wasn't.

7 It seems that Gulf Power has difficulty keeping
8 electricity on line. And I'm not talking about the major
9 catastrophies where a tree falls down and knocks the lines down
10 or lightning strikes Gulf Power, I'm talking about the little
11 mini interruptions in the power where all your electronic
12 equipment starts blinking and you come home and you've got to
13 reprogram a VCR. And I have a heck of a time reprogramming that
14 thing as it is, and I'm just getting tired of it.

15 CHAIRMAN WILSON: I know what you mean. I've got one
16 that is still blinking 12:00 o'clock for about the last three
17 months.

18 WITNESS MILLER: You know, in this day and age, you've
19 got a clock radio that needs to be reprogrammed, the microwave
20 oven blinks, and this thing. So you have to go around the house
21 all the time setting all these things.

22 My second little irritation is trimming the trees. The
23 tree service came out and they cut all the limbs off of one side
24 of my tree and the tree started leaning into the street. So my
25 wife called them back, and they came back and ultimately cut the

1 tree down and left the stump. Now I think Gulf Power should come
2 back and get their stump.

3 That's all I have.

4 CHAIRMAN WILSON: Thank you very much. Is there anyone
5 else? Any more customers who would like to testify who have not
6 testified?

7 We're going to take a five-minute recess and see if any
8 other customers show up. If not, then we'll adjourn after we
9 reconvene in five minutes. Thank you very much.

10 (Brief recess.)

11 - - - - -

12 MR. BURGESS: Mr. Chairman, I have no one else added to
13 the list but I don't know if there are any other customers that
14 would like to testify at this point.

15 CHAIRMAN WILSON: All right, let me inquire. Is there
16 another customer? Yes, ma'am, please come up here, let us hear
17 what you have to say.

18 NATHALIE GRAY

19 was called as a witness on behalf of the Citizens of the State of
20 Florida and, having been first duly sworn, testified as follows:

21 CHAIRMAN WILSON: If you would give us your name and
22 address?

23 DIRECT STATEMENT

24 WITNESS GRAY: Nathalie Gray, 4726 Park Street in
25 Parker. Just one -- two little things.

1 I believe Gulf Power is the most male-oriented company
2 I have ever seen. I walk in this room and I see nothing but men.
3 Now I love them but, you know, they don't understand about
4 electricity and the running a house. And I, neither do I see any
5 other minorities. We're, the women are in minorities and I don't
6 see a single minority. And I think you have to take that into
7 consideration, that I don't believe they understand about who,
8 who really is in charge of running the residential areas. And
9 that's all I have to say. Thank you.

10 CHAIRMAN WILSON: Thank you, ma'am, appreciate your
11 comments.

12 Are there any other customers who would like to
13 testify?

14 If not, we thank you all very much for coming here
15 tonight and sharing your comments with us. We'll be using the
16 information that you've given us in this rate case to get some
17 answers to those questions and address the concerns that you
18 have. Thank you very much.

19 This hearing is adjourned.

20 (Hearing concluded at 7:40 p.m.)
21
22
23
24
25

1 F L O R I D A)
:
2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

3 I, SYDNEY C. SILVA, CSR, RPR, Official Commission
4 Reporter

5 DO HEREBY CERTIFY that the CUSTOMER HEARING in Panama
6 City, Florida, in the captioned matter, Docket No. 871345-EI, was
7 heard by the Florida Public Service Commission at the time and
8 place herein stated; it is further

9 CERTIFIED that I reported in shorthand the proceedings
10 held at such time and place; that the same has been transcribed
11 under my direct supervision, and that this transcript, consisting
12 of 48 pages, inclusive, constitutes a true and accurate
13 transcription of my notes of said proceedings; it is further

14 CERTIFIED that I am neither of counsel nor related to
15 the parties in said cause and have no interest, financial or
16 otherwise, in the outcome of this docket.

17 IN WITNESS WHEREOF, I have hereunto set my hand at
18 Tallahassee, Leon County, Florida, this 3rd day of April, A.D.,
19 1990.

Sydney C. Silva

SYDNEY C. SILVA, CSR, RPR, CP
OFFICIAL COMMISSION REPORTER
FPSC Bureau of Reporting
Fletcher Building, Room 264
101 East Gaines Street
Tallahassee, Florida 32301-0871
Telephone No. (904) 488-5980

GULF POWER COMPANY
1989 RETAIL RATE CASE FACT SHEET
DOCKET NO. 891345-EI

DATE FILED _____ DECEMBER 15, 1989
AMOUNT REQUESTED _____ \$28,295,000
PERCENT INCREASE IN TOTAL REVENUES _____ 6.21%
RESIDENTIAL CUSTOMER INCREASE _____ 8.47%

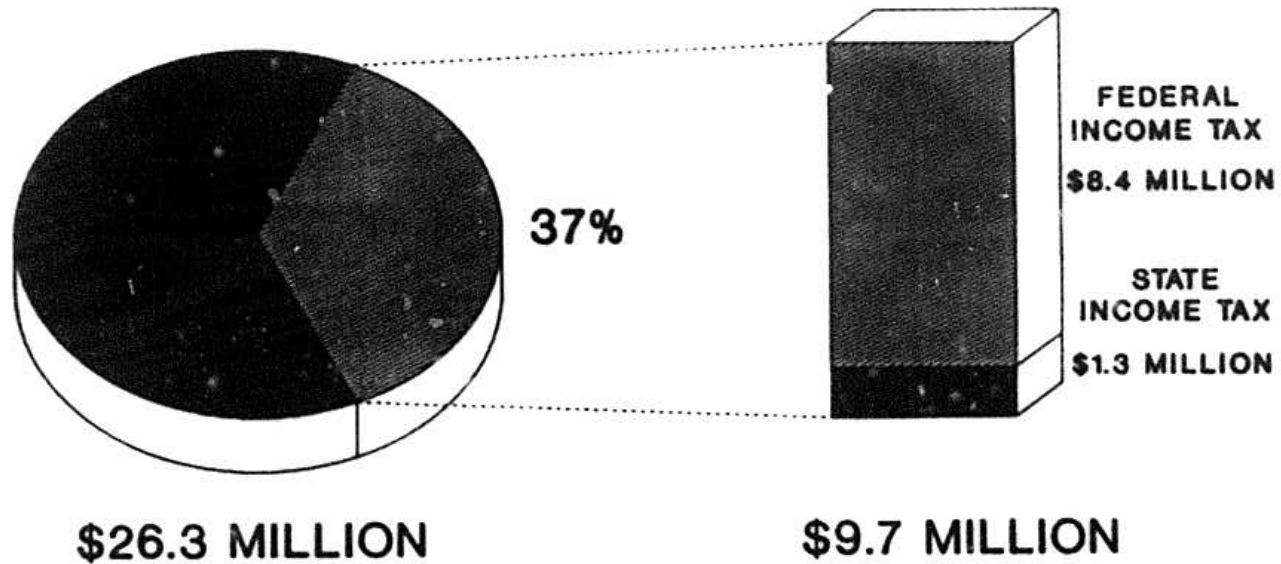
(1000 KILOWATTHOURS PER MONTH)

WINTER MONTHS - OCTOBER - MAY _____ \$5.16
SUMMER MONTHS - JUNE - SEPTEMBER _____ \$5.73

TEST YEAR _____ PROJECTED YEAR 1990
RATE BASE - NET ELECTRIC UTILITY _____ \$823,562,000
RATE OF RETURN ON RATE BASE REQUESTED _____
OVERALL _____ 8.34%
ON AVERAGE COMMON EQUITY _____ 13.0%
INTERIM INCREASE GRANTED _____ \$5,751,000 (SUBJECT TO REFUND)
EXPECTED DATE OF COMMISSION FINAL DECISION _____ AUGUST 14, 1990
2.43% INCREASE EFFECTIVE 03-10-90

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET
NO. 891345-EI EXHIBIT NO. NO. 4F
COMPANY/ GULF POWER CO.
WITNESS: _____
DATE: 4/4/90

GULF POWER COMPANY 1989 RETAIL RATE REQUEST

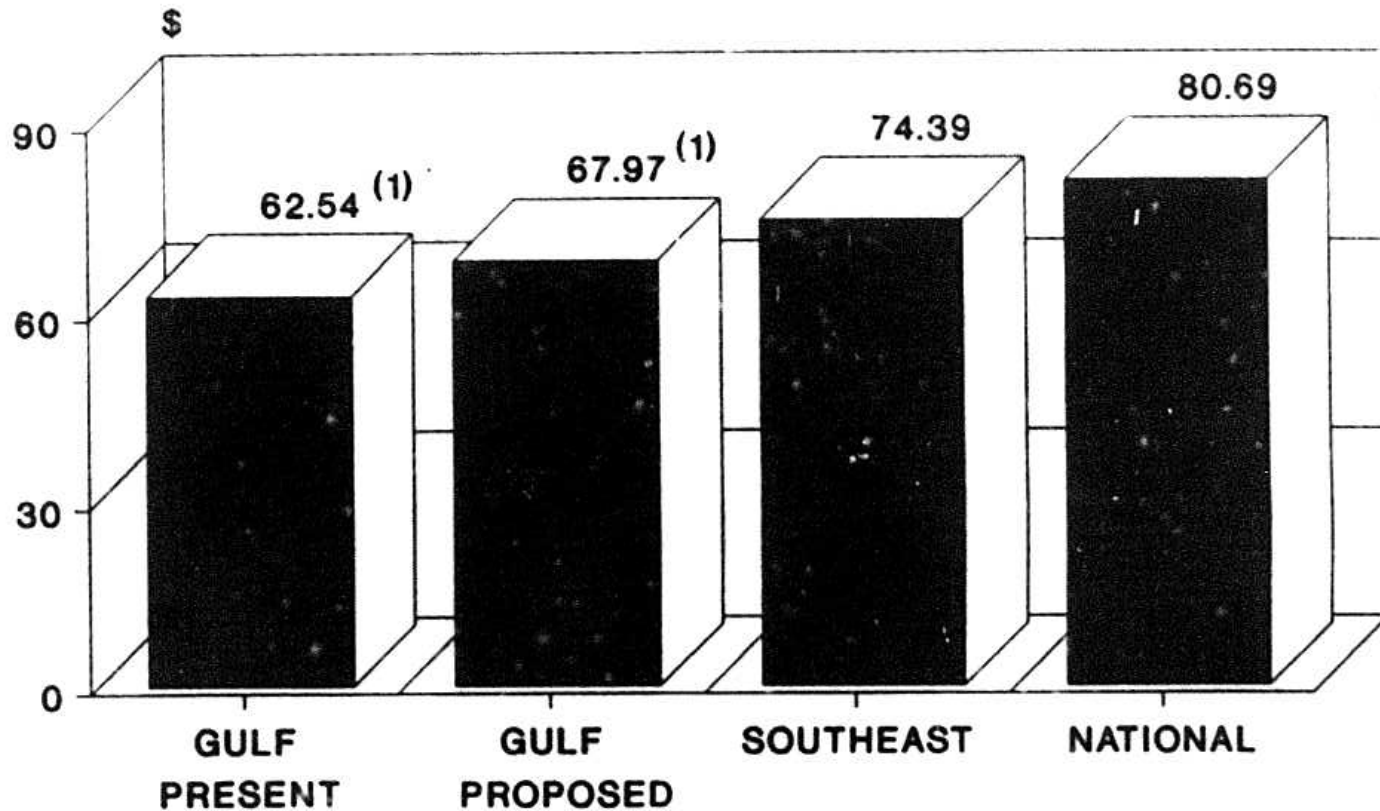


1989 PROPERTY TAXES PAID TO ESCAMBIA COUNTY - \$5.2 MILLION

RESIDENTIAL RATE COMPARISON

FEBRUARY, 1990

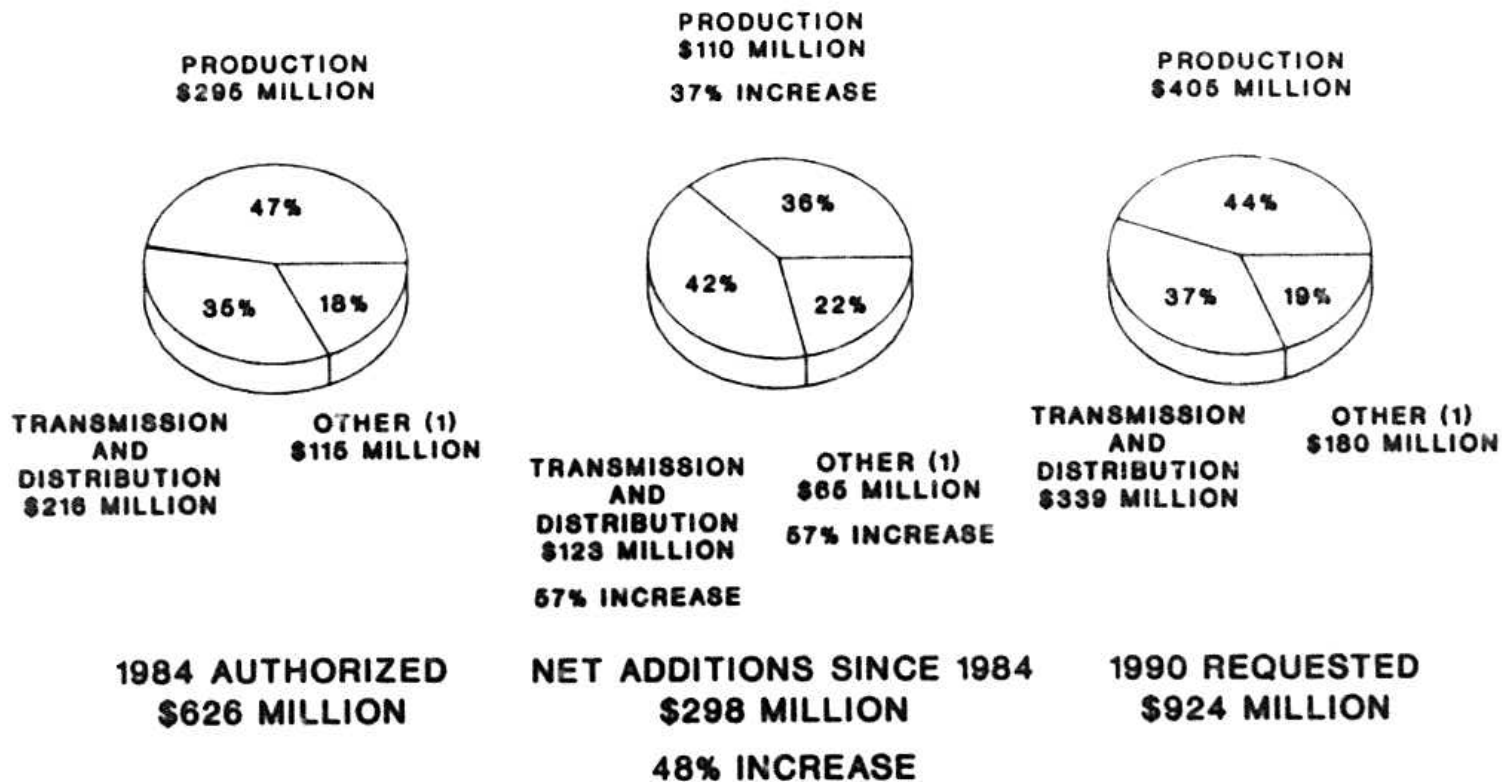
(TYPICAL 1000 KWH BILL)



SOURCE: JACKSONVILLE ELECTRIC AUTHORITY SURVEY

(1) INCLUDES 5% FRANCHISE FEE

GULF POWER COMPANY RETAIL RATE BASE



(1) LINE TRUCKS, BUILDINGS, COAL STOCKPILE, ETC...

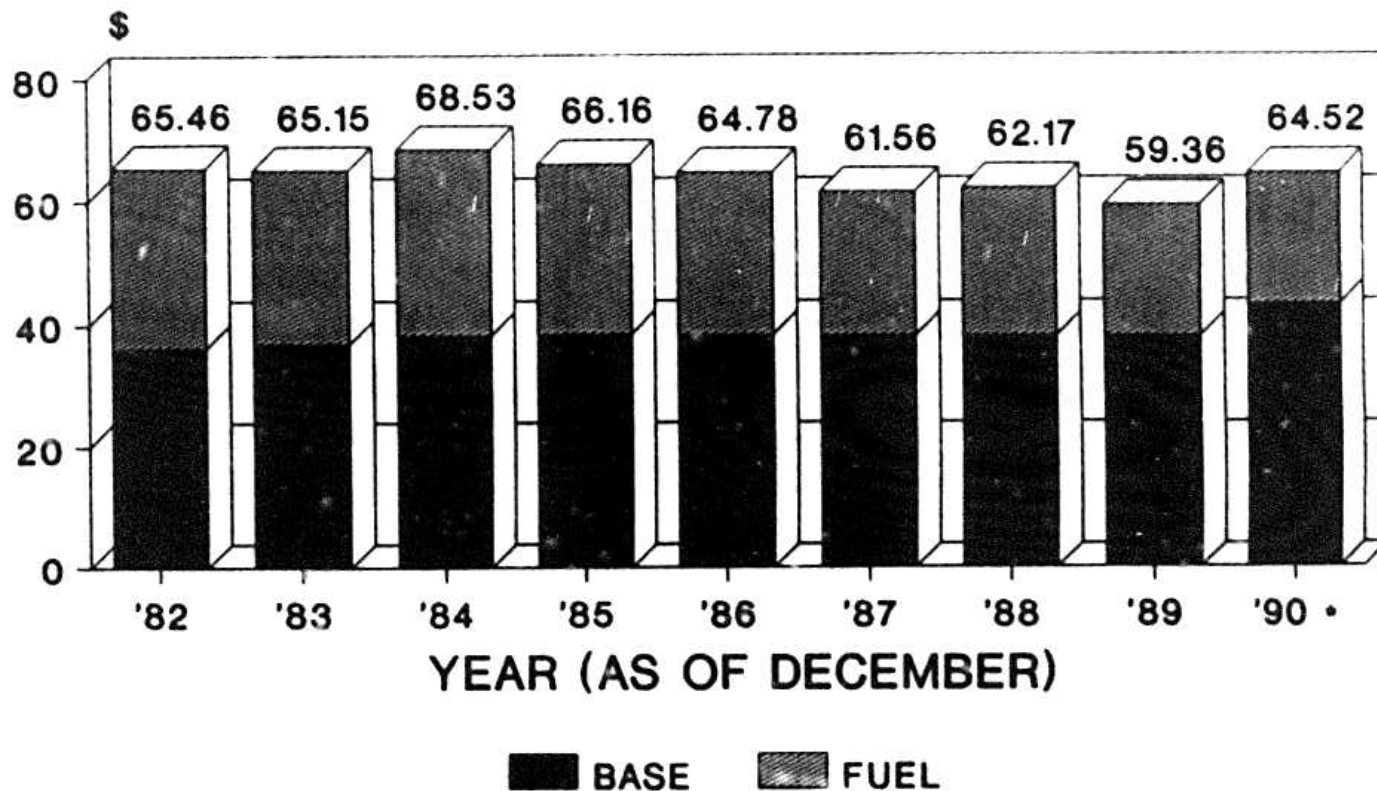
GULF POWER COMPANY

1989 RETAIL RATE REQUEST

PROJECTED 1990

| | RATES PRIOR TO REQUESTED INCREASE | PROPOSED RATES |
|---|--|---------------------------|
| | <u>(%)</u> | <u>(%)</u> |
| OVERALL RATE OF RETURN | 6.60 | 8.34 |
| RETURN ON COMMON EQUITY | 7.52 | 13.00 |
| PRIME INTEREST RATE - MARCH 1990 | | 10.00% |

GULF POWER COMPANY RESIDENTIAL RATES (TYPICAL 1000 KWH BILL)



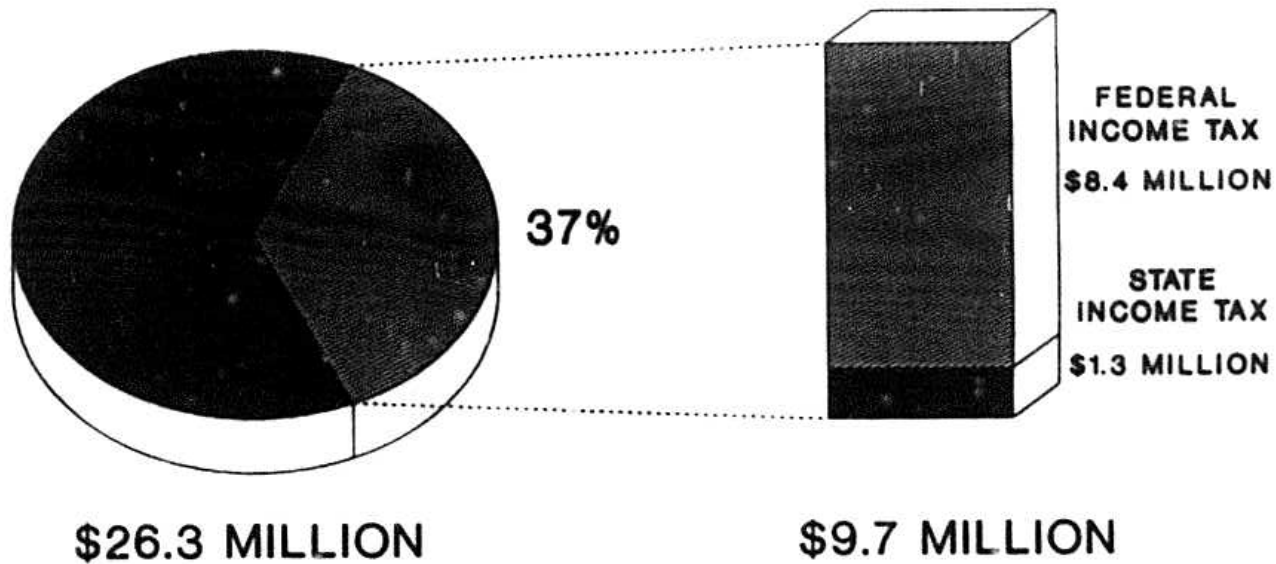
• DECEMBER 1989 PLUS REQUESTED INCREASE

GULF POWER COMPANY
1989 RETAIL RATE CASE FACT SHEET
DOCKET NO. 891345-EI

| | |
|--|-----------------------------------|
| DATE FILED | DECEMBER 15, 1989 |
| AMOUNT REQUESTED | \$26,295,000 |
| PERCENT INCREASE IN TOTAL REVENUES | 6.21% |
| RESIDENTIAL CUSTOMER INCREASE | 8.47% |
| (1000 KILOWATTHOURS PER MONTH) | |
| WINTER MONTHS - OCTOBER - MAY | \$5.16 |
| SUMMER MONTHS - JUNE - SEPTEMBER | \$5.73 |
| TEST YEAR | PROJECTED YEAR 1990 |
| RATE BASE - NET ELECTRIC UTILITY | \$923,562,000 |
| RATE OF RETURN ON RATE BASE REQUESTED | |
| OVERALL | 8.34% |
| ON AVERAGE COMMON EQUITY | 13.0% |
| INTERIM INCREASE GRANTED | \$5,751,000 (SUBJECT TO REFUND) |
| | 2.43% INCREASE EFFECTIVE 03-10-90 |
| EXPECTED DATE OF COMMISSION FINAL DECISION | AUGUST 14, 1990 |

FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 891345-EI EXHIBIT NO. #
COMPANY: GULF POWER CO.
WITNESS: 4/5/90
DATE: 4/5/90

GULF POWER COMPANY 1989 RETAIL RATE REQUEST

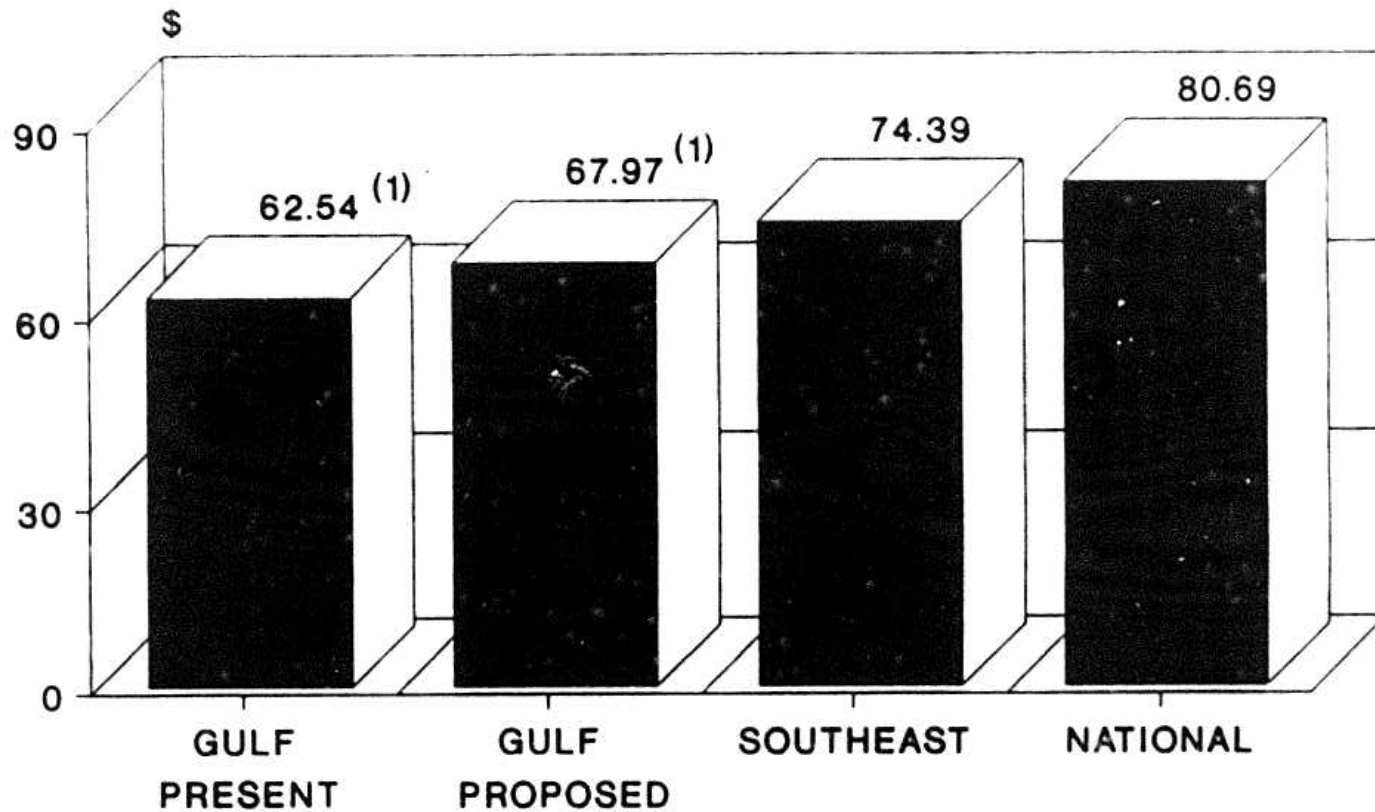


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FEBRUARY, 1990

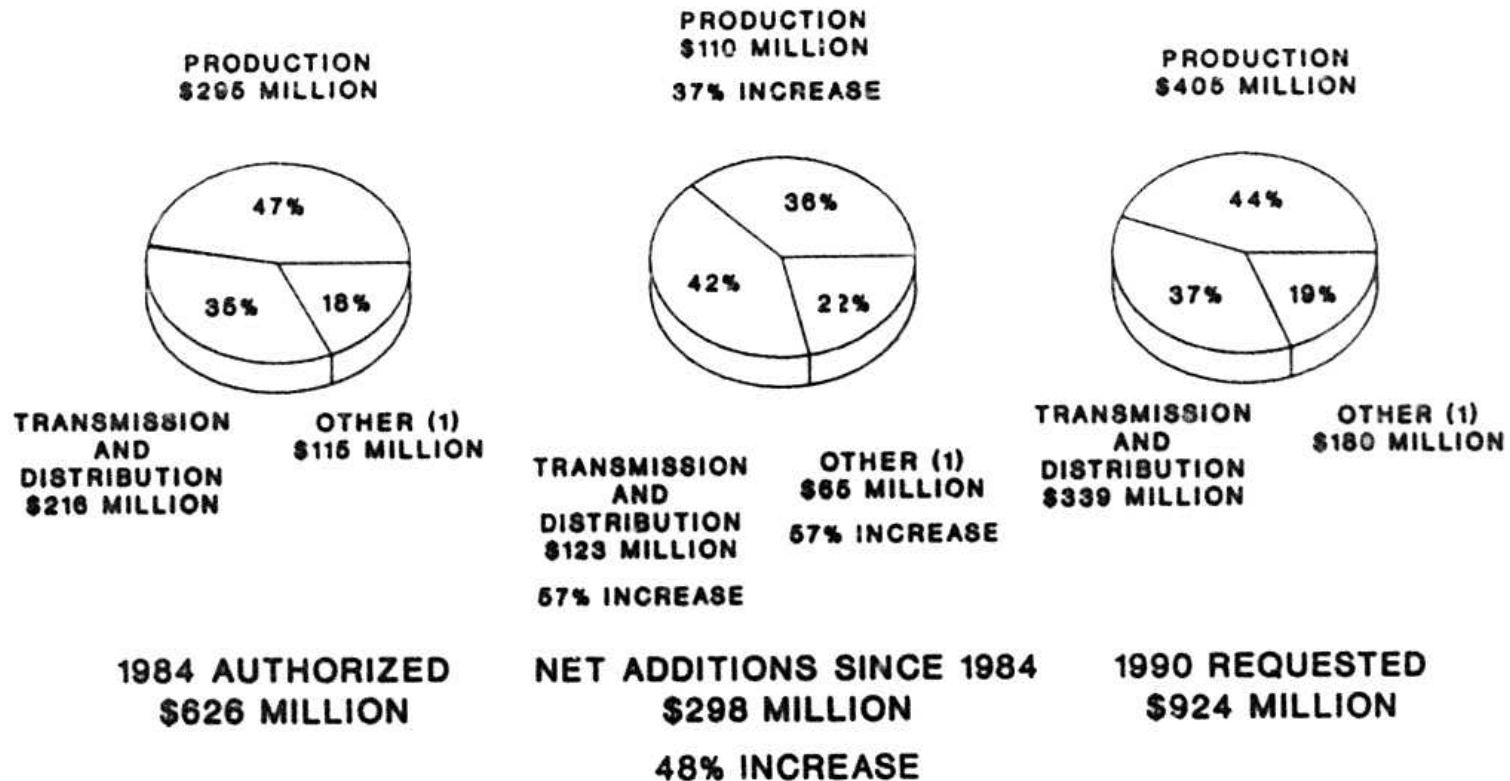
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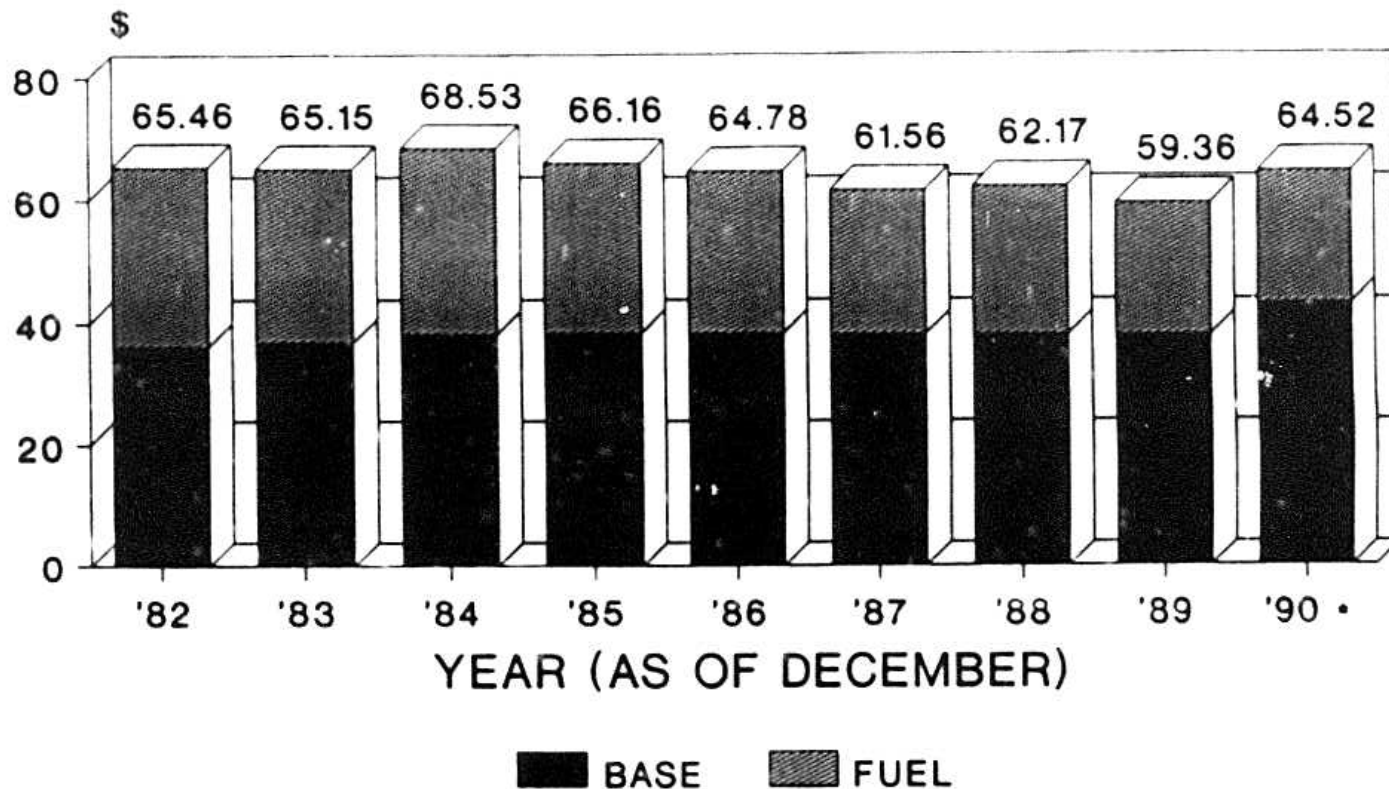
GULF POWER COMPANY

1989 RETAIL RATE REQUEST

PROJECTED 1990

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GULF POWER COMPANY RESIDENTIAL RATES (TYPICAL 1000 KWH BILL)



• DECEMBER 1989 PLUS REQUESTED INCREASE