

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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4	In the Matter of	:	DOCKET NO. 970261-EI
		:	
5	Review of nuclear outage at	:	
	Florida Power Corporation's	:	
6	Crystal River Unit 3	:	

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8 PROCEEDINGS: WINTER PARK SERVICE HEARING

10 BEFORE: CHAIRMAN JULIA L. JOHNSON  
 11 COMMISSIONER J. TERRY DEASON  
 12 COMMISSIONER SUSAN F. CLARK  
 13 COMMISSIONER DIANE K. KIESLING  
 14 COMMISSIONER JOE GARCIA

13 DATE: Tuesday, May 20, 1997

14 TIME: Commenced at 6:30 p.m.  
 15 Concluded at 9:20 p.m.

16 PLACE: Winter Park Women's Club  
 17 419 South Interlachen Avenue  
 18 Winter Park, Florida

18 REPORTED BY: JOY KELLY, CSR, RPR  
 19 Chief, Bureau of Reporting



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FPSC - RECORDS/REPORTING

1 **APPEARANCES:**

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3 Post Office Box 14042, 3201 34th Street South, St.  
4 Petersburg, Florida 33733, appearing on behalf of  
5 Florida Power Corporation.

6                   **BOB ELIAS**, FPSC Division of Legal Services,  
7 2540 Shumard Oak Boulevard, Gerald L. Gunter Building,  
8 Tallahassee, Florida 32399-0850, appearing on behalf  
9 of the Commission Staff.

10                   **JACK SEREVE**, Public Counsel, Office of Public  
11 Counsel, c/o The House of Representatives, Claude Pepper  
12 Building, Room 812, 111 West Madison Street, Tallahassee,  
13 Florida 32399-1400, on behalf of the Citizens of the State of  
14 Florida.

15

16 **ALSO PRESENT:**

17                   **WAYNE FOREHAND**, Florida Power Corporation, Vice  
18 president of Energy Distribution

19                   **ROBERTA BASS**, **DAVID WHEELER** and **JIM BREMAN**, FPSC,  
20 Division of Electric and Gas.

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## I N D E X

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

2 (Hearing convened at 6:30 p.m.)

3 CHAIRMAN JOHNSON: Ladies and gentlemen, I'm  
4 going to go ahead and call the hearing to order.

5 Counsel could you please read the notice?

6 MR. ELIAS: Notice issued by the clerk of  
7 the Public Service Commission on April 15th, 1997,  
8 advises that a customer service hearing will be held  
9 in Docket No. 970261-EI, review of the nuclear outage  
10 at Florida Power Corporation's Crystal River Unit 3,  
11 at 6:30 p.m. on Tuesday, May 20th, 1997, at the Winter  
12 Park Women's Club, located at 419 South Interlachen  
13 Avenue, Winter Park, Florida.

14 CHAIRMAN JOHNSON: Okay. We're going to  
15 take appearances of the parties. And if you could,  
16 when you state your name if you could stand so the  
17 members of the audience will have the benefit of  
18 knowing who is speaking and who you represent.

19 MR. MCGEE: James McGee, P. O. Box 14042,  
20 St. Petersburg, Zip Code 338736. And I'm appearing on  
21 behalf of Florida Power Corporation.

22 CHAIRMAN JOHNSON: If you could pick up your  
23 microphone, if you could pick it up and speak directly  
24 into the microphone it would help the audience.

25 MR. MCGEE: My name is James McGee. I'm

1 with Florida Power Corporation. My address is Post  
2 Office Box 14042, St. Petersburg. Thank you,  
3 Madam Chairman.

4 **CHAIRMAN JOHNSON:** And with you?

5 **MR. MOGEE:** With me is Mr. Wayne Forehand.  
6 Mr. Forehand is Florida Power's Vice president for  
7 Energy Distribution, and he will make an opening  
8 statement for the company.

9 **CHAIRMAN JOHNSON:** Thank you.

10 Mr. Shreve.

11 **MR. SHEREVE:** I'm Jack Shreve, Public  
12 Counsel, representing the customers in opposition to  
13 Florida Power's requested increase. Claude Pepper  
14 Building, Tallahassee, Florida. Thank you.

15 **MR. ELIAS:** My name is Bob Elias. My  
16 business address is 2540 Shumard Oak Boulevard,  
17 Tallahassee, Florida. I represent the Commission  
18 Staff.

19 **CHAIRMAN JOHNSON:** Thank you. My name is  
20 Julia Johnson. I'm the Chairman of the Florida Public  
21 Service Commission and tonight we have the entire  
22 Commission here to speak with you and to hear your  
23 concerns with respect to the outage.

24 To my far left is Commissioner Joe Garcia,  
25 next to Commissioner Garcia is Commissioner Susan

1 Clark. To my right is Commissioner Deason, Terry  
2 Deason, and to my far right is Commissioner Diane  
3 Kiesling.

4 The purpose of the hearing here today is to  
5 hear from the customers, to hear your views and your  
6 thoughts with respect to the nuclear outage.

7 We also have company members who'd like to  
8 make a presentation explain the circumstances and  
9 other issues surrounding the outage. Public Counsel  
10 your representative will also make some comments.

11 I have had an opportunity to talk to many of  
12 the members of the audience and customers who would  
13 like to testify and it appears as if quite a few  
14 customers would like to testify first before the  
15 opening statements are made, and we are going to try  
16 to accommodate the request of those who would like to  
17 speak to us. After all, the purpose of this hearing  
18 is to hear from the customers in the service area.

19 Let me give you a couple of brief comments  
20 that I think might facilitate the process.

21 As you walked through the door there was a  
22 Public Service Commission Staff member that greeted  
23 you and provided you with a special report. This  
24 report outlines the issues that we're dealing with  
25 today. It also explains the outage and it explains

1 the decision that was made on the fuel cost recovery.

2           On the back of this sheet is a section for  
3 customer comments. Several customers stated they did  
4 not want to make public statements today but that they  
5 were interested, indeed, making sure that their  
6 comments were a part of the record. If you'd like to  
7 provide written comments to the Commission, you can  
8 use this form and send them to the Commission and they  
9 will be included as a part of the record.

10           For those customers who would like to  
11 testify today, this is a formal process and we want to  
12 make your comments a part of the official record that  
13 we can rely upon in making our decision.

14           As such, we have a court reporter who will  
15 be recording all of the information that will be taken  
16 today, and we will have to swear the witnesses in and  
17 I'll do that in just a moment, to make sure that your  
18 testimony is sworn to and can be relied upon as we  
19 make our decisions.

20           There are several Commission Staff members  
21 who are here to assist you, too. To the extent that  
22 you have questions that you don't ask when you come  
23 forward or to the extent that you decide that you  
24 don't want to ask the questions in the public forum,  
25 we have members of our Staff who are here,



1 accountants, engineers, who can facilitate and help  
2 you also if you want to ask them questions.

3 Let me ask the members of the Commission  
4 Staff to stand and you can direct questions to them.  
5 Bob Elias introduced himself. Roberta Bass is also  
6 with the commission. We have David Wheeler, Jim  
7 Breman, Sandy Simmons, Malinda Pace, and Joy Kelly is  
8 our court reporter. Thank you, Staff members.

9 Now, to the extent that we're taking  
10 testimony and it seems to take a while, after about a  
11 hour or hour and a half we'll need to give our court  
12 reporter a break because she'll be recording  
13 everything you say tonight to make it a part of the  
14 official record.

15 So with that, if those members of the  
16 audience that would like to participate and would like  
17 to testify today, if you could stand and raise your  
18 right hand, I'll swear you in at this time.

19 (Witnesses sworn collectively.)

20 CHAIRMAN JOHNSON: Thank you. You may be  
21 seated.

22 The Public Counsel will call each witness in  
23 the order in which we received the names. And as you  
24 come forward if you could, again, state your name and  
25 spell your name and your address for purposes of our

1 record. That will help the process. And after you've  
2 made your testimony, what we generally do is allow the  
3 parties and the Commissioners an opportunity to ask  
4 questions, if that is necessary, or allow the parties  
5 or Public Counsel or Commission Staff to answer any  
6 questions that you might have. And that's the process  
7 we'll try to follow this afternoon.

8                 With that, are there any other preliminary  
9 matters?

10                I know that several members did state that  
11 they were on some tight time schedules so I'm trying  
12 to keep the process moving so that I can accommodate  
13 all of the requests of our customers.

14                So with that I think we'll begin with our  
15 first witness. Public Counsel, could you please call  
16 your first witness.

17                **MR. SHEREVE:** Certainly.

18                **CHAIRMAN JOHNSON:** Thank you.

19                **MR. SHEREVE:** Gerald Aldrich.

20                                 - - - - -

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**GERALD ALDRICH**

1  
2 was called as a witness on behalf of the Citizens of  
3 the State of Florida and, having been duly sworn,  
4 testified as follows:

**DIRECT STATEMENT**

5  
6 **WITNESS ALDRICH:** I wonder if I know how to  
7 make this operate. Is it working?

8 **CHAIRMAN JOHNSON:** Yes.

9 **MR. SHERVE:** Sir, Could I ask you to state  
10 your name and address for the record.

11 **WITNESS ALDRICH:** My name is Gerald Aldrich.  
12 My address is 1532 South Floral Way, Apopka, Florida  
13 32703.

14 **MR. SHERVE:** Thank you, sir.

15 **WITNESS ALDRICH:** What I wanted to stress  
16 tonight is that nuclear power has its good points and  
17 its bad points. One of the bad points is low level  
18 radiation. Now, that has been used for a good point.  
19 In the '60s we had the screw fly epidemic that was  
20 wiping out the cattle industry. We put out traps and  
21 we captured screw flies and sterilized them with low  
22 level radiation and released them. In one year we had  
23 wiped out the infestation and saved the cattle  
24 industry.

25 Now we have a problem, too, with low level

1 radiation. We've had that problem at the Crystal  
2 River plant. We have seen its good sides and its bad  
3 sides. Mosquitoes over there used to pick you up and  
4 try to carry you away. Today there's no mosquitoes.  
5 And we used to have lots of bait fish and crabs, and  
6 oysters. Today you go over there, you can go down to  
7 Pirate's Cove, which is right across the bay from the  
8 nuclear power plant and you can't even find fiddler  
9 crabs anymore. And you can throw scraps in the water  
10 and two hours later they will be there. There's no  
11 bait fish, no crabs to eat them.

12           Now, I want to bring up one other thing.  
13 They announced and I imagine most of you heard it on  
14 the radio, TV, about secondhand smoke causing heart  
15 attacks in women. And I wonder how low level  
16 radiation could be affecting the impotency of men in  
17 their 40s? Something we should study. Thank you.

18           **CHAIRMAN JOHNSON:** Thank you. Any  
19 questions?

20           **MR. MOGEE:** No, ma'am.

21           **CHAIRMAN JOHNSON:** Thank you very much.

22           **MR. SHREVE:** Mr. John Egan.

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25

1 JOHN L. EGAN

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

5 DIRECT STATEMENT

6 WITNESS EGAN: Thank you very much,  
7 Mr. Shreve.

8 My name is John Egan. My address is 108  
9 Highland Drive and that is in Fern Park, Florida  
10 32730.

11 I'm very sorry I have to be here today. I  
12 feel that if the Public Service Commission had been  
13 doing their job I wouldn't have to be here. But I'm  
14 the type of guy -- I've got two things I want to talk  
15 about. I want to talk about the fact that my power  
16 bill has gone up because of the fact that Crystal  
17 River is down. As they say in Chicago, "That's  
18 tough." The reason it's down, I think, and the  
19 federal government feels, is because of complete  
20 ineptitude on the part of Florida Power. There is  
21 such a thing as corporate accountability. And that's  
22 the one thing I wanted to discuss.

23 And the other thing -- and I hope you will  
24 bear with me -- is that Florida Power, in their zeal  
25 for downsizing has hired for the past maybe 10, 12,

1 maybe 15 years another company to do the trimming of  
2 the trees in people's yards, and I have had a terrible  
3 experience with these stumble bums who come into your  
4 yard and are supposed to be tree surgeons. But,  
5 however, I'm going to get to that but the first thing  
6 I'm going to address is the thing that I think most of  
7 us are here about. I have the personal thing about  
8 the tree trimmers.

9           But I play the stock market. I talk to my  
10 broker every day. I'm in and out of the market, been  
11 playing the market for years.

12           Okay. Your company had a tough sledding.  
13 You had to close down that power plant in September,  
14 and I think you have been closed since September. God  
15 knows how much longer you've got to be closed. You  
16 take a \$88 million charge -- \$88 million charge,  
17 that's what you think it's going to cost you so far.  
18 So what did you do? You come to the Public Service  
19 Commission and you want money. You want money. You  
20 want to charge more.

21           The reason that the thing is down is because  
22 of your own ineptitude. The federal government says  
23 that Crystal River, of all the atomic plants in the  
24 United States is one of the worst poorly run -- in  
25 fact, you just got fined 50 grand not so long ago for

1 running an unsafe, screw-up affair over there in  
2 Crystal River. So who's supposed to pay for it? All  
3 of us people here in the room who are captive  
4 customers.

5 I'd like to say the hell with Florida Power  
6 and get another power company. I can't do it. I'm  
7 stuck with you. But if you people did your job, they  
8 wouldn't get the increase.

9 Now, the companies that I own stock in, I  
10 just had a company here not so long ago, the company  
11 sells fertilizer. They had to cut their dividend, but  
12 they couldn't go to their customers and say, "Look,  
13 we've got to charge you twice as much for the  
14 fertilizer." No. So you want to come to me, you want  
15 to put your hand in my pocket and then on top of that  
16 what you do -- and here -- I hope somebody here speaks  
17 Yiddish -- I'm not Jewish. But there's a word in  
18 Yiddish, it's called "chutzpah." And chutzpah,  
19 if you'll excuse me, means "giant cojones"; that you  
20 have got this nerve to ask for something. You come to  
21 them, you're crying poor-mouth; you've got to have  
22 more money. So then what do you do? You declare an  
23 extra dividend, you pay your shareholders an extra  
24 dividend. You're taking an \$88 million charge, paying  
25 your shareholders an extra dividend and on top of

1 that -- here's chutzpah in spades. Chutzpah in  
2 spades. You're paying a bonus to the moronic top  
3 executives that have caused your imbecilic way you run  
4 the plant. (Applause) And then the Public Service  
5 Commission, what does the Public Service Commission  
6 do? They grant you the increase. They grant you the  
7 increase.

8 I heard Jack Shreve say -- I mean, I heard  
9 him quoted, how can they do this? We have had four  
10 editorials in the Orlando Sentinel, again, saying,  
11 "How can this be done?"

12 Now I ask this. I've talked to some of the  
13 people here in the Public Service Commission. I don't  
14 dislike them. I had the pleasure to talk to the  
15 Chairman before this thing started. But I'd like to  
16 ask this: How? How could the Public Service  
17 Commission grant them an increase after they lost  
18 \$88 million, then they want to up the dividend for  
19 their shareholders and pay this bonus to the idiots  
20 that got them in the problem in the first place. If  
21 you operate in the latter half of the 20th century you  
22 have to have more intelligence than to grant them an  
23 increase. I mean, how can you do it? What were you  
24 thinking about when you did it? You're quoted,  
25 Ms. Johnson, here in the paper. You dropped the ball.



1 You dropped the ball in doing this.

2           So I don't know. But I do know this, that  
3 if I want my lights on, I've got to go through Florida  
4 Power, but I don't like my pocket picked. And they  
5 are picking my pocket, and all my life nobody ever put  
6 their hand in my pocket. And now they're doing it,  
7 and I don't like it. And that's -- I'm going to drop  
8 it on that one.

9           Now, I've got a home in Fern Park. I'll  
10 tell you this little story.

11           Ten years ago -- ten years ago I'm sitting  
12 in my front yard and a truck pulls up, "Asplundh" it  
13 says on it. And they come up to me, and I'm sitting  
14 in my front yard. I've got a German Shepherd in the  
15 back yard. They said, "We want to come in and trim  
16 your trees." And I looked at them. And they looked  
17 like stumble bums. I don't want them in my yard.  
18 What do I want stumble bums in my yard for. If I want  
19 a tree trimmed, I'll get a tree trimmed.

20           But I was a nice guy, I'm not going to get  
21 rough. So I said, "Look, it's in the afternoon, it's  
22 a hot day." I go into my pocket, I have got the  
23 foreman standing there, I've got the three or four  
24 guys that work for him, hand them a \$20-bill. I said,  
25 "Look, when you guys get through work go out and buy

1 some six-packs and forget about it." They said okay,  
2 goodbye, they are gone.

3           Okay. Five years after that we go back, I'm  
4 talking to a roofer up front. I've got the dog inside  
5 the house. And I'm talking to the roofer about  
6 putting a new roof on the house. Up comes the  
7 Asplundh truck. I'm preoccupied. I'm still kicking  
8 myself. I'm kicking myself. I let these ying-yangs  
9 in my yard. So when I get through talking to the  
10 roofing contractor, I go in the back yard and these  
11 morons didn't trim the tree. You can take a 30 foot  
12 tree -- they just cut the goddamn tree in half; just  
13 cut it in half. I go back, I says to these guys,  
14 "What the hell are you doing?" All they cared  
15 about -- and then plus on top of that, they are  
16 trimming oak trees that aren't even close to the power  
17 line. All they want to do -- and I'll get to this  
18 story -- is to fill up the truck with the big branches  
19 because when the truck is full they can go home.  
20 That's exactly what they are.

21           And I found out how they find these guys.  
22 Florida Power used to trim their own trees, but they  
23 don't want to pay pensions to the people, they don't  
24 want to pay the hospitalization insurance, they don't  
25 want to pay the unemployment compensation. They get

1 some other company to do it. Then the other company  
2 gets the heat. So when I see my yard is screwed up, I  
3 called Asplundh. A guy comes out from Asplundh he  
4 says, "I don't know what they were doing. This is  
5 terrible. I'll do this, I'll plant these here, I'll  
6 do this, I'll do that." They did nothing.

7 I called Florida Power, told them what their  
8 subcontractors are doing. They said, "We'll send a  
9 man out." They sent zip out, nothing comes out.

10 Now we go to two years ago. Two years  
11 ago -- this is really a funny story. Two years ago we  
12 got the tail end of a tropical storm. We had a little  
13 bit of damage, limbs were down. Everybody in my  
14 neighborhood did their yard work and the following day  
15 our garbage company was going to come by and pick up  
16 all the yard garbage, all the limbs, branches, and all  
17 this kind of stuff. Who comes by that day? Asplundh  
18 comes by. They figure we don't have to trim the  
19 trees. They asked us, "Can we have your yard waste?"  
20 So everybody, yeah. Even though the garbage men are  
21 coming the next day to pick it up, your ying-yangs  
22 that you hire, all they give a damn about is filling  
23 up the chipper truck, because if they get enough  
24 twenties, they can go home and have their beer. Well,  
25 if I had a job like that, that's the way I'd want to

1 do it, too.

2           You see you can't go to a casual labor pool,  
3 hire some wino, put a hard hat on his head and an  
4 orange vest on and all of a sudden he's a tree  
5 surgeon.

6           Now, I got a thing in the mail and a  
7 brochure that the tree trimmers are going to come.  
8 And according to the brochure, whether you're home or  
9 you're not home, they're coming in your yard. They  
10 don't care if you're fenced and gated, they are coming  
11 in. Well, you know, if somebody don't like me and  
12 they can call the Bureau of Alcohol, Tobacco and  
13 Firearms, call the FBI and say I have got illegal guns  
14 buried in my yard, if they come into my yard they have  
15 to have a warrant, a search warrant, signed by a  
16 federal magistrate. According to your brochures, your  
17 drunken ying-yangs can come into my yard anytime they  
18 want, destroy my trees. If they do damage they'll  
19 leave me a note. Leave me a note.

20           Now, I ask, Ms. Johnson, haven't you noticed  
21 the communities in Florida that have stopped Asplundh  
22 and these other companies from even coming into their  
23 city? Lake Mary in Seminole County kept out Asplundh  
24 for three months because people -- everybody is  
25 calling city hall complaining their trees are being

1 destroyed. One man's estate, this Asplundh did  
2 \$150,000 worth of damages to his trees. So they kept  
3 them out for three months. But the way the law is  
4 written, the easement laws, it's very tough to keep  
5 them out.

6           And then I read about the City of Winter  
7 Park has got a forester. So I found out that when  
8 they come into Winter Park, anybody that lives in  
9 Winter Park listen to this one -- so when Asplundh  
10 comes into Winter Park -- Winter Park is known for its  
11 beautiful trees. If you go through the streets you'll  
12 see the beautiful trees. You could take a modest home  
13 and put it in a setting of these beautiful trees and  
14 the home looks nice. So they have to come through the  
15 forester, and they have to ask -- they have to tell  
16 the forester where they want to work and he has to  
17 approve what they are going to do.

18           So there's this guy who I got the letter  
19 from from Florida Power. His name is Keith Hulbert.  
20 Keith Hulbert is a Seminole County area manager. He's  
21 the liaison between Asplundh and the customers.

22           So I talked to this guy twice on the phone  
23 and once in person. He came out to my home with two  
24 representatives of Asplundh. And he told me point  
25 blank, he says, "We're going to come into your yard"

1 and my wife is there, he says, "We're going to knock  
2 the trees down there. This is in the book, do it."

3 Well, you don't know me. So he thought I  
4 gave up. He thought I gave up. And I called the  
5 Public Service Commission and they misunderstood. So  
6 what they did is they called this guy -- they called  
7 this guy and told him that you've got an unsatisfied  
8 customer. They got it mixed up.

9 So he calls me, and he told me -- now this  
10 guy -- I mean this was the second time I talked to him  
11 on the phone. I talked to him one time in person.  
12 This is the first time I've ever met a tree Nazi.  
13 Ever heard of a tree Nazi? This guy told me, he says,  
14 "I can't stand these people in Winter Park. Who the  
15 hell do these people in Winter Park think they are  
16 that I have to go through their forester? Well, I've  
17 got their wagon fixed. I've got their wagon fixed.  
18 There's a top executive of Florida Power who is also a  
19 Winter Park councilman. And I'm going to get that  
20 forester's ass and his job will be gone. And I'm  
21 going to work through the City councilman that is an  
22 executive of Florida Power."

23 So these are the kind of crappy people we've  
24 got to put up with.

25 I called the forester, by the way, because

1 he sounds like a pretty decent guy. I called him. I  
2 said, "This ying-yang -- " his name is Keith Hulbert,  
3 he goes by the name of Skip. I guess they call him  
4 Skip because they skipped putting brains in his head  
5 when they made him. This is my first experience with  
6 a tree Nazi.

7           So I'm just telling everybody I don't want  
8 you to pick my pocket. I don't go for that crap. I  
9 don't want some drunken ying-yang in my back yard  
10 knocking down my trees. Because I've got my Fourth  
11 Amendment rights, too. You may have your easement  
12 rights, but goddamn it if my yard is gated and fenced  
13 and the FBI has to get a warrant to get in, you have  
14 got to get something to get in, too.

15           Because I'm going to be 70 years old, I've  
16 never took crap in my life and I'm not going to start  
17 taking it now. And that's it.

18           And I'm not big like you guys. I'm not a  
19 big man. But I can't take crap. And I don't want any  
20 crap. And there's no reason that I have to take it.  
21 I pay my bill every month. My bill is never late. I  
22 don't want to be treated like a piece of crap.

23           **COMMISSIONER GARCIA:** Mr. Egan, can I ask  
24 you a question.

25           **WITNESS EGAN:** Yeah.

1           **COMMISSIONER GARCIA:** You said you called  
2 the Commission and they got it wrong. Could you give  
3 me the name of the person you spoke to at the  
4 Commission by any chance, if you recall? If you  
5 don't, don't worry about it.

6           **WITNESS EGAN:** No, no, he didn't do anything  
7 wrong. That person didn't do anything wrong.

8           **COMMISSIONER GARCIA:** Did they at least help  
9 you on it?

10          **WITNESS EGAN:** Oh, he tried. He thought he  
11 was helping me by calling the tree Nazi.

12                   No, he didn't do anything wrong. No, he  
13 didn't do anything wrong. See, but perhaps I waen't  
14 clear to him.

15          **COMMISSIONER GARCIA:** I just wanted to know  
16 if we had opened a record on your complaint at the  
17 Commission just to have an idea what's going on.

18          **WITNESS EGAN:** I don't know. I talked to  
19 several people. I talked to a little girl up there,  
20 hasn't been there too long and her name is Jennifer  
21 and I don't know her last name. She was very sweet,  
22 and she's the one that sent me this thing where it  
23 looks like I've lost my Fourth Amendment rights. I  
24 fought in World War II.

25          **COMMISSIONER GARCIA:** Jennifer sent you



1 that?

2           **WITNESS EGAN:** I showed it to Ms. Johnson  
3 here, where supposedly the Public Service Commission  
4 has granted Florida Power more rights than what the  
5 FBI has got. Now, is this possible?

6           Now maybe if a young man wants to go join  
7 the armed forces, he wouldn't take an oath to uphold  
8 and defend the constitution. Let's have him take an  
9 oath to uphold and defend the easement rights of  
10 Florida Power. How about it? I mean, you guys are on  
11 top. I couldn't even protect my goddamn property  
12 according to this. Well, try me, buster. Just try  
13 me. There's about 25 dead Japs in Okinawa.

14           **COMMISSIONER GARCIA:** Mr. Egan, let's do  
15 this: I'm going to have you get -- I think we've some  
16 engineers here from the Commission so they can get the  
17 information from you. Make sure they have it right.  
18 And I'll ask the Company if they could formally  
19 respond to some of the tree trimming issues that have  
20 been brought up.

21           **WITNESS EGAN:** There's a case of this man --  
22 I don't want to see him lose his job -- his name Lee  
23 Mackin, and he's the forester for the city of Winter  
24 Park. His name is Lee Mackin and he's the forester  
25 for the City of Winter Park, and the tree Nazi who

1 works for Florida Power, Keith "Skip" Hulbert. Skip  
2 because he's got no brains; he wants to get them.

3 Now, I don't know the name of the man on the  
4 Winter Park City Commission who works for Florida  
5 Power, but supposedly this Keith Hulbert is going to  
6 try to get the forester fired because the forester, he  
7 takes pride -- anyone who has been here in Winter  
8 Park, sees these homes and sees these trees, you have  
9 to admit it's beautiful. So why would you want to  
10 destroy all of this? This is ridiculous.

11 **CHAIRMAN JOHNSON:** Mr. Egan, let me ask you  
12 one question. You said you lived in Fern Park.

13 **WITNESS EGAN:** Yes.

14 **CHAIRMAN JOHNSON:** Is there a forester there  
15 or is there another way?

16 **WITNESS EGAN:** No. Seminole County in their  
17 wisdom -- we did have a forester, but when Seminole  
18 County raised their County Commissioners from 40,000  
19 to 53,000 they figured they couldn't afford a forester  
20 for 29,000. That, again, is part of government that  
21 is so lovely. So we don't have a forester.

22 **CHAIRMAN JOHNSON:** And your trees haven't  
23 been trimmed yet.

24 **WITNESS EGAN:** Not yet but they are  
25 threatening me daily that they are going to come in.

1 And I did speak to one member of your office from  
2 Tallahassee and I said, "Well, I was going to come to  
3 this thing on the 20th." I said, "What if Asplundh  
4 comes?" And she said, "Call 911." Call 911. Call  
5 911 if Asplundh comes. Isn't that something? How  
6 about that?

7 MR. SHREVE: I wonder if I could request  
8 that I be given a copy of whatever Florida Power comes  
9 out with. I'd like to get that if I could.

10 WITNESS EGAN: Yeah, because I'm going to  
11 tell you, Mr. Shreve, I'm not going to dominate this  
12 meeting, but I'm not going to take any crap from them.  
13 No crap whatsoever. And don't -- if you're going to  
14 send out anymore of your Nazis and they are going to  
15 threaten me, okay let them come, but I don't threaten  
16 that easy. That's why I'm here and that's why I got  
17 here early.

18 CHAIRMAN JOHNSON: Thank you very much,  
19 Mr. Egan. We'll ask Staff to try to continue to  
20 follow up on that particular issue, and I'm sure  
21 Public Counsel will be in contact with you, also.  
22 Thank you, sir.

23 WITNESS EGAN: Thank you very much.

24 MR. SHREVE: Thank you, Mr. Egan.

25 Mary Elizabeth McIlvane.

**MARY ELIZABETH MCILVANE**

1  
2 was called as a witness on behalf of the Citizens of  
3 the State of Florida and, having been duly sworn,  
4 testified as follows:

**DIRECT STATEMENT**

5  
6 **WITNESS MCILVANE:** Good evening. That's a  
7 tough act to follow.

8 My name is Mary Elizabeth McIlvane. I live  
9 at 504 Orange Drive, No. 25, Altamonte Springs. My  
10 zip is 32701.

11 **COMMISSIONER KIESLING:** Could you spell your  
12 name for me?

13 **WITNESS MCILVANE:** Who is the reporter?  
14 Okay. You want the spelling. Its M-C, capital I-L-V,  
15 as in Victor, A-N-E.

16 **COMMISSIONER KIESLING:** Thank you.

17 **WITNESS MCILVANE:** I have been a customer of  
18 Florida Power for 15 years. Prior to that my electric  
19 service came from a company at that time that was  
20 known as Potomac Electric Power up in -- you know what  
21 part of the world they live in. I cannot say that in  
22 the 15 years that I have been here that I have had  
23 good service, both in terms of the reception of  
24 electricity and when I have had complaint calls to  
25 call into their customer service.

1           I will commend them, I haven't had an outage  
2 in the last 12 months, but prior to that I cannot say  
3 that it was good service.

4           My reason for coming here this evening is to  
5 talk to both Commissioner Johnson and to the  
6 representatives of Florida Power. You're being paid  
7 to be here this evening. I'm speaking about my  
8 residential service, but I'm a writer and I work out  
9 of my home, as many people do these days, so I'm not  
10 being paid for being here this evening. And if my  
11 electricity goes out I don't get paid when I do my  
12 job. It seems to me that we're here this evening, in  
13 my estimation, because the work of the public -- of  
14 your Commission and of Florida Power is not being  
15 carried out. This whole process -- yes, you can say  
16 that in here (Indicating) that, however, the charges  
17 associated with the outage are being collected subject  
18 to refund pending the final outcome of the formal  
19 review.

20           I have had a few years in the business world  
21 in working with various types of public organizations,  
22 and it seems to me that the process when you have some  
23 type of a rate increase is to study, analyze your  
24 findings, make a report of them to your public and  
25 then if they -- an adjustment is necessary in terms of

1 a rate increase because that's what we're talking  
2 about right now, due to whatever reason that it is,  
3 then it's made. But we, as consumers, are being asked  
4 to carry the financial burden of Florida Power.  
5 That's money out of my pocket and out of the pocket of  
6 the state because it's costing us, as taxpayers, to  
7 have you here today, and at the other meetings that  
8 you'll be attending. I object to this whole process.  
9 Somebody, it appears to me most of you, are not doing  
10 your job and yet we, as consumers and taxpayers, are  
11 carrying the burden of it.

12           No oversight report -- and I hate to say  
13 this because you all look like nice people -- I had  
14 the delight of meeting Julia Johnson when I came in.  
15 She greeted me very graciously. But, frankly, I have  
16 a feeling that these hearings are a farce and that we  
17 will not be hearing anything in the near future as to  
18 what this is all about.

19           According to the Orlando Sentinel there's  
20 legislation pending at the federal level in terms of  
21 the national federal law, in terms of buying -- which  
22 we do not have the option to buy electricity from any  
23 other source than the provider that we have at the  
24 moment, but there is federal legislation pending that  
25 there's a possibility that this will be a reality in

1 the year 2000.

2 Florida Power, I will be among the first to  
3 be out there looking for another source for the  
4 electricity for my home and my computer so that I can  
5 work. (Applause)

6 MR. SHERVE: Mr. William Van Rijn.

7

- - - - -

8

WILLIAM H. VAN RIJN

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

12

DIRECT STATEMENT

13

14 WITNESS VAN RIJN: Good evening. Madam  
15 Chairman, Commissioners, my name is William Van Rijn.  
16 It is spelled capital V-A-N, space, capital R-I-J-N.  
17 I live at 6723 Giant Oak Lane, Apartment 232, Orlando,  
18 Florida 32810.

19

20 I come to you tonight because, quite  
21 frankly, I'm a bit confused. You see, Florida Power,  
22 the experience that I've had at least, seems to be a  
23 pretty efficient organization.

24

25 See, back in August when I got married we  
moved from Pine Hills to Lockhart, and in the process  
of moving and getting the household set up, we missed  
a bill. I think it was like the first or second one.

1 We were six days late with it. We ran it up here to  
2 Winter Park, paid it. About a week later I got a  
3 letter and an ensuing phone call to Florida Power  
4 which basically said that since you had such a credit  
5 rating we didn't bother to collect a deposit from you,  
6 and it's not very copacetic to be a few days late with  
7 the payment if we don't have a deposit because it  
8 makes the stockholders very nervous. Apparently  
9 people are running off and not paying their bill.

10 So they told me, "We'll let it slide this  
11 time but if it happens again when you drop your  
12 payment off, add about \$180 for the deposit."

13 Now, that seems to be a pretty efficient  
14 organization that they can keep track of that within  
15 one week I'm being notified of it. Well, if accounts  
16 receivable can be that efficient, why can't nuclear  
17 operations be that efficient, or at least as 80% of  
18 that?

19 This plant has been down since September  
20 2nd, 1996, correct? Yeah, 1996? There seems to be no  
21 contingency fund for capital improvements. I don't  
22 know whether or not there's one mandated or if not,  
23 there should be one mandated. The Florida Department  
24 of Insurance has a fund established that insurance  
25 companies are required to put so much money in reserve



1 so that God forbid if they happen to get hit with a  
2 massive loss, disaster, something where they have to  
3 pay out on a whole bunch of claims at once, they have  
4 some reserve money there to pay for it. Why doesn't  
5 Florida Power have some reserve money so that if the  
6 generator malfunctions or whatever the situation is,  
7 they can just pull into that fund and get the plant  
8 operational and get it back on line, so that we don't  
9 have to make -- you know, get hit with a rate  
10 increase?

11 My rate increase has been about \$8 to \$10 a  
12 month which is not that big of a deal. However, I  
13 have neighbors who that is a big deal. That's a meal  
14 for them. They're on fixed incomes. They can't  
15 afford to get hit with \$8 to \$10 a month because they  
16 only have about \$800 a month coming in Social Security  
17 and that's all they've got to work with. So, you  
18 know, when people talk about, you know, it's only  
19 four, five, six, eight, ten bucks, that's a lot of  
20 money to people who have no other source of income.  
21 They are disabled and have nothing else to work from.

22 I'm curious as to why it's taking so long to  
23 get this plant operational. The NRC comes in, they  
24 write a blazing report. Florida Power has countered  
25 with the fact that they're the ones that found the

1 problems. They brought it to the NRC's attention and  
2 that the NRC just basically documented what they  
3 found. If they found it, why couldn't it get fixed?  
4 I mean, why is it down so long?

5 COMMISSIONER GARCIA: Maybe we can have the  
6 Company answer specifically why it takes that long,  
7 because it's sometimes good for them to understand the  
8 complexities involved with a nuclear plant.

9 WITNESS VAN RIJN: I mean, I understand  
10 nuclear is not something, you know, to play games with  
11 and that obviously we want to make sure --

12 COMMISSIONER GARCIA: Let him give you -- it  
13 won't be as thorough as it could be because --

14 WITNESS VAN RIJN: Right.

15 COMMISSIONER GARCIA: He should give you  
16 understanding of it.

17 MR. FOREHAND: Bill, the nuclear power  
18 plant, obviously, is a very complex issue. It is not  
19 like other fossil fuel power plants. There are a  
20 number of wide ranges of safety provisions that are  
21 put in place for a nuclear plant which make the  
22 operation of it as well as the design and the studies  
23 of those designs very complex issues. It is not easy  
24 to do that overnight, and it is a very lengthy  
25 cumbersome process to make certain that all the

1 safeguards are in place to meet the Nuclear Regulatory  
2 Commission requirements.

3           And part of our job right now, besides  
4 getting the plant operational, is to make absolutely  
5 certain that it is a safely operating plant which it  
6 always has been. And that's one thing that the NRC  
7 has never said, that it was an unsafe plant. We have  
8 operated it safely. But it is a very complex issue,  
9 and much different than our other power plants.

10           **WITNESS VAN RIJN:** Is there any possibility  
11 Florida Power might offer an opportunity for the  
12 public to come in and see firsthand what the situation  
13 is and why it's taking so long at the power plant?

14           **MR. FOREHAND:** We occasionally are able to  
15 accommodate some folks for a tour of that plant, but  
16 the security requirements there are very, very  
17 stringent. It is, again, not like any other operating  
18 environment we have, and it's just not feasible to  
19 take a large group of folks through that. I think  
20 that's one of the jobs that the Public Service  
21 Commission and Public Counsel are able to fulfill with  
22 us because, again, of those security considerations.

23           **WITNESS VAN RIJN:** Do you maintain a reserve  
24 fund to handle these kinds of capital improvements,  
25 God forbid Plant No. 2 goes down, something breaks on

1 there?

2           **MR. FOREHAND:** We do not maintain a reserve  
3 fund for covering that type of an event with a nuclear  
4 plant or any other power plants. We do maintain  
5 reserve funds for storm damage, major hurricane  
6 damage. We also maintain reserve funds to pay for the  
7 eventual decommissioning of the nuclear power plant.  
8 We also put funds aside to pay for the dismantlement  
9 of all of our fossil fuel plants as well. This type  
10 of an issue on the capital side is generally taken  
11 care of either through internal or external financing.

12           **WITNESS VAN RIJN:** Okay. I thank you.

13           **CHAIRMAN JOHNSON:** Thank you. Any other  
14 questions? Thank you.

15           Let me just interject here, that Mr. Van  
16 Rijn was one of the customers that did want to hear  
17 from the Company, hear your presentation because he  
18 had a lot of questions and was curious as to what you  
19 were doing to rectify the situation and when the  
20 system might be on line. But we did want to  
21 accommodate those customers that stated that they  
22 wanted to make their presentations first.

23           We may have additional customers that would  
24 like to hear the presentations from the Company, and I  
25 understand that Public Counsel also had some brief

1 comments to make. Perhaps -- I don't know where we  
2 are in the witness list and how many more witnesses we  
3 have, but we may ask those remaining because I know  
4 Mr. Van Rijn did want to hear those presentations.  
5 Are there other customers that would like to hear the  
6 presentations or would you rather go ahead and finish  
7 your testimony before hearing from the Company and the  
8 other parties? A show of hands if you'd want to hear  
9 their presentation.

10           Okay. And I'll just do this by a majority  
11 rule. A show of hands for those that do not want to  
12 hear the presentation. (Audience complies.)

13           It looks as if we have more here that would  
14 like to hear.

15           Thank you, Mr. Van Rijn. What we could do  
16 then, given the fact -- and I think the Company saw  
17 that -- I'm certain that none of the customers want  
18 you to take all day, so to the extent that you could  
19 limit those comments but be as efficient and effective  
20 in your comments as possible, I think that would help  
21 with some of the questions that you might get. Or it  
22 may even help the customers formulate more questions  
23 that they may want to have us address.

24           So with that, we'll then go ahead and allow  
25 the Company to make its presentation. And, again, I

1 am cautioning you to not take up too much time. And  
2 then Public Counsel has already stated that he, too,  
3 had some comments but that he could be brief.

4 **MR. FOREHAND:** Everybody.

5 **UNIDENTIFIED SPEAKER:** The way you're  
6 putting the question --

7 **CHAIRMAN JOHNSON:** Sir, and that's probably  
8 Mr. Egan, right? If you could come forward, because  
9 the court reporter -- whatever you say needs to be  
10 taken up by the court reporter and, frankly, I can't  
11 hear you either.

12 **WITNESS EGAN:** I think the way you put the  
13 question the people didn't understand it. I didn't  
14 understand it. I think if you say -- you know, just  
15 keep it simple. Who wants to hear the customers talk?  
16 Who wants to hear the public utility talk? And that  
17 way everybody would understand what you said. I'm not  
18 trying to tell you how to speak English, but I didn't  
19 understand you. I raised my hand for the wrong thing.  
20 See, I don't want to listen to them. I want to hear  
21 what the people got to say.

22 **CHAIRMAN JOHNSON:** Okay. So we know one  
23 vote and we know that you were confused. Perhaps some  
24 other people were confused, also, so let me ask the  
25 question again: Are there witnesses here that would

1 like to hear the Company's explanation as to the cause  
2 of the outage and what they are doing to fix the  
3 outage, and it's my understanding that their  
4 presentation will be five minutes, and would also like  
5 to hear from Public Counsel with respect to their  
6 position as to what is happening, what is the process  
7 of the investigation, and their interpretation as to  
8 the outage.

9           Are there customers here that would like to  
10 hear that information? And if so, if you could raise  
11 your hand. (Audience complies.) Looks like the same  
12 people except for Mr. Egan. Okay. Are there  
13 customers who do not want to hear the five-minute  
14 presentations? We're going to go ahead. It will be  
15 ten minutes and I know that there are some that just  
16 want to hear from the customers. I think the Company  
17 recognizes that. We'll try to get those comments out.  
18 And even those that have testified, if this would  
19 cause you to have additional questions at the end of  
20 the testimony, we'll entertain those also. Okay.  
21 With that if you could begin.

22           **MR. FOREHAND:** Thanks, Chairman Johnson. We  
23 did anticipate that concern and I promise to be very,  
24 very brief tonight.

25           Again, I'm Wayne Forehand, Vice President of

1 Energy Distribution with Florida Power. We appreciate  
2 the opportunity to present the information to you  
3 tonight about our company and about the situation out  
4 at the Crystal River Nuclear Plant. I realize because  
5 of the time constraints we will try to move very  
6 quickly through that information.

7 Florida Power employees are mindful of the  
8 fact that our residential rates currently the highest  
9 in the state. Despite being in that position, Florida  
10 Power's rates are also among the lowest in the nation  
11 and below the national average for electricity. Even  
12 on an average, we're about a penny a kilowatt-hour  
13 higher now than our neighbors utilities. We also  
14 realize that pennies add up and we're sensitive to the  
15 impact that that's having on our customers.

16 Part of the situation or the reason that  
17 you're electric bill is temporarily higher now is the  
18 situation at our Crystal River Nuclear Plant. We shut  
19 the plant down last September to fix a broken pipe.  
20 At the same time we determined that a portion of the  
21 wide safety margin that we have and that we must  
22 maintain at the plant had been used up by a  
23 combination of several operational and equipment  
24 changes made over the last several years.

25 As I said earlier the safe operation of our



1 nuclear power plant has never been questioned. The  
2 Nuclear Regulatory Commission requires operators of  
3 nuclear plants to guard against hypothetical emergency  
4 situations, some of which might occur only once in 11  
5 billion years. I had the opportunity to share with  
6 Bill Van Rijn earlier the complexities involved in  
7 just that one issue.

8 Florida Power must restore this extra margin  
9 of safety. Some of the modifications we're making are  
10 just like the modifications that have been made at  
11 other nuclear plants throughout the country. And in  
12 making the modifications, Florida Power and its  
13 customers are benefiting from the experience of those  
14 other utilities who have now gone before us, and we do  
15 expect to return the Crystal River plant to full  
16 service by the end of this year.

17 You may have heard that the NRC fined  
18 Florida Power for several violations at the Crystal  
19 River plant. That is correct. It did and we're not  
20 proud of that, because we take very seriously our  
21 obligation to the NRC. But we're proud to say that  
22 we've taken steps to see that the violations don't  
23 occur in the future.

24 Let me try to clear up some confusion. The  
25 fines and violations have nothing to do with why the

1 plant is temporarily out of service. If it weren't  
2 for the broken pipe and it weren't for that change in  
3 the safety margin that I discussed earlier, we could  
4 have continued operating the plant despite those  
5 violations. We shut the plant down to fix the pipe  
6 and we kept it shut down to make the required  
7 modifications on the plant.

8 Florida Power is paying for the cost of  
9 those modification which may total now as high as  
10 \$145 million. I wish we did have the funds set aside  
11 to take care of that, but we do not plan to seek  
12 recovery of those additional costs through an increase  
13 in customer rates.

14 Florida Power's customers as of last April  
15 began paying an extra \$2.22 per thousand  
16 kilowatt-hours because of the outage at Crystal River.  
17 Now, I know that may be lower than what you've heard  
18 or led to believe, but that's the fact. The portion  
19 of the cost for replacement fuel that the Public  
20 Service Commission is allowing us to collect from  
21 customers has temporarily added \$2.22 to the average  
22 bill, which comes to about \$27 a year. As a reminder,  
23 Florida Power makes no profit on the fuel component  
24 and it is a straight passthrough.

25 Other factors unrelated to the Crystal River

1 outage and beyond the Company's control, including a  
2 tax increase and higher than expected oil and natural  
3 gas prices, have added another \$1.67 to the average  
4 bill. We realize, however, that higher bills, no  
5 matter how they occur, are not popular. No one wants  
6 to pay more for electricity than is absolutely  
7 necessary. And for our part, Florida Power employees  
8 are dedicated to reducing the cost of generating and  
9 distributing electric power, both now and in the  
10 future.

11           For instance, you may have heard recently  
12 about our Hienz Energy Complex in Polk County which is  
13 under construction. When it goes into service next  
14 year, that power plant will be the most efficient  
15 generating plan in the southeastern United States.

16           In another area of the Company we're  
17 currently installing computer terminals in our service  
18 vehicles of our service personnel. This direct link  
19 with our customer phone representatives will allow  
20 realtime information for our customers and also will  
21 reduce costs through a better and more efficient  
22 routing system.

23           For now, however, we're, working to get the  
24 Crystal River plant back on line. That cost is an  
25 investment in our ability to meet the growing electric

1 needs for a very unique service territory that we have  
2 here in the state. We're also working to maintain the  
3 trust and confidence level of the millions of people  
4 that we serve and those of you in this room. Several  
5 customer service associates are here with us today.  
6 They'll be glad to answer any personal billing or  
7 service-related issues that you may have.

8           In closing, let me just repeat that we are  
9 very grateful to have this opportunity. I have a  
10 brochure that is on the table, I think, as you came in  
11 the door. Hopefully, you have been able to get one or  
12 can pick up one later. It provides more detail about  
13 the Crystal River plant, and we obviously would  
14 welcome the opportunity to hear directly from any of  
15 you today.

16           Thanks, Madam Chairman, and hopefully that  
17 was quick enough.

18           **COMMISSIONER GARCIA:** If you have any  
19 questions for the Company, why don't we do that when  
20 you come up and speak? That way it will be easier and  
21 we can keep the procedure.

22           **CHAIRMAN JOHNSON:** Ma'am, if you did not  
23 fill out one of these sheets. Okay. You did not?

24           **UNIDENTIFIED SPEAKER:** No, I have just one  
25 question.

1           **CHAIRMAN JOHNSON:** Yes, ma'am. You'll have  
2 to ask that -- because we have a court reporter, we'll  
3 have to wait until you're called and we'll have to do  
4 it in a formal way. I apologize for that, but that  
5 works best for this process.

6           **UNIDENTIFIED SPEAKER:** Thank you.

7           Public Counsel.

8           **MR. SHERVE:** Thank you, Madam Chairman.  
9 I'll be very brief.

10           One thing that I want to make very clear,  
11 the underrecovery caused by the nuclear outage is  
12 \$70 million up through March. That is what is  
13 represented as 2.22 on your bills. They had that  
14 running for a full 12 months rather than the normal  
15 six months, but they still get \$70 million if it  
16 continues the way it is right now. That does not even  
17 cover the underrecovery that is being caused right now  
18 since March because the plant is down.

19           By the time the plant comes up, if it comes  
20 up at the end of the year, the full recovery or full  
21 cost for fuel, underrecovered, because of the nuclear  
22 outage, would be \$170 million. So you can look for an  
23 additional \$100 million or top of the 70 that is  
24 represented by 2.22 over 12 months, so we're talking  
25 about a continual increase there.

1 I want to make it very clear that the  
2 145 million that was mentioned a minute ago that was  
3 not going to be asked has nothing to do with the  
4 \$170 million; that is a totally separate figure. That  
5 is expenses and capital improvements put into the  
6 plant for modifications or repairs. The Company has  
7 not said they will not ask you for the \$170 million.  
8 That is what we're here about tonight.

9 I'll be very brief. I think this outage is  
10 the Company's fault. I think it started in 1987.  
11 They made modifications that were not thought out;  
12 that were poor decisions. They made additional  
13 modifications to change some of those in 1990 and once  
14 again in 1996. The modifications that are being made  
15 now are now reversing the 1987 modifications. This is  
16 not something where a worker accidentally dropped a  
17 wrench, some type of an accident like that. These are  
18 company management decisions that were made, and the  
19 public, the people, the customers, should not have to  
20 pay the additional cost incurred by Florida Power.  
21 Thank you. (Applause)

22 CHAIRMAN JOHNSON: Thank you very much. I  
23 believe then we can go back to our witness list.

24 MR. SHERVE: I'd like to call Senator Crist.

25 CHAIRMAN JOHNSON: Senator Charlie Crist.

1 Thank you. Senator Crist, I don't think I had the  
2 opportunity to swear you in earlier.

3 (Witness sworn)

4 - - - - -

5 **CHARLIE CRIST**

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

9 **DIRECT STATEMENT**

10 **WITNESS CRIST:** Thank you, Madam Chairman,  
11 Commissioners, Public Counsel. My name is Charlie  
12 Crist. I'm a state senator from the Tampa Bay area.  
13 I'm a public servant and I'm a customer of Florida  
14 Power. I appreciate the opportunity to speak before  
15 the Commission, and I appreciate the comments by  
16 counsel.

17 I think we're dealing with a difficult  
18 situation here. And back in February Florida Power  
19 Corporation was granted a rate increase of almost  
20 \$90 million, \$88 million. My understanding is it's a  
21 one-year rate increase granted by the Commission. I  
22 also understand through reviewing testimony that there  
23 wasn't a comfortable feeling about a justification for  
24 granting that increase. I find that rather  
25 disconcerting.

1           As a result thereof, I filed an injunction  
2 in the Pinellas Circuit Court to enjoin the increase  
3 for Florida Power. The Circuit Court dismissed it,  
4 and so I've appealed it to the Florida Supreme Court  
5 where it now sits on appeal.

6           I think looking at what has happened with  
7 Florida Power is real important, and I think Public  
8 Counsel said it very well. We have a Company here  
9 that has the highest rates of any major utility in the  
10 state thrust upon its customers. Those rates were  
11 increased by almost \$90 million by this Commission  
12 granting the rate increase.

13           The citizens who are subject to those  
14 increases have no choice of where to go if they don't  
15 feel that that increase is justified. They can't go  
16 to the power company across the street like you can go  
17 to a restaurant across the street. There's no open  
18 competition, as we know, in utilities. They are  
19 granted a government monopoly. This is not free  
20 enterprise. This is a government enterprise granted  
21 by government, which makes it extremely important that  
22 the Public Service Commission look out for the  
23 interest of the public, because they are, frankly, at  
24 your mercy. If you don't stand up for them, they  
25 don't have another opportunity to make a different



1 choice about what's happening to them.

2 Florida Power has announced that they have  
3 an additional 110 to \$145 million problem with the  
4 nuclear plant, and the gentlemen has represented to us  
5 today that they do not plan to seek recovery of this  
6 \$145 million from the customers. I'm pleased that  
7 they don't plan to do that. I hope that that plan is  
8 not altered in the future. Because, frankly, the  
9 citizens don't deserve to have to pay for it, and I  
10 think they don't deserve to have to pay the rate  
11 increase that's already been thrust upon them.

12 As I think has been reviewed many, many  
13 times, this rate increase already granted means  
14 additional \$4, \$5 per customer, on average, per month,  
15 about \$50 average per year. I heard one of the  
16 earlier witnesses testify that if you consider the  
17 impact that that might have on some people maybe it  
18 wouldn't be that extraordinary. But the impact that  
19 it could have, particularly on residents of the state  
20 of Florida, particularly taking into account a  
21 significant senior population that we have, many of  
22 them on a fixed income, it can be a significant  
23 hindrance and hardship upon them.

24 I'm not sure what the status is of the  
25 independent investigation of the Commission in order

1 to try to find out if there's proper justification for  
2 the \$88 million rate increase. Maybe you can address  
3 that later.

4           But it would seem to me that at a minimum we  
5 would have a good justification before this power  
6 company, this powerful corporate monopoly, has an  
7 opportunity to bring about this increase upon citizens  
8 who have no choice otherwise.

9           What is a little bit disturbing is that  
10 literally within 24 hours after the rate increase was  
11 granted, Florida Power granted an increased stock  
12 dividend to their shareholders. That doesn't sit well  
13 with the customers, and I represent a lot of those  
14 customers, probably about 400,000 of them. And what  
15 also is disconcerting is the fact that additional  
16 compensations are brought about to people who are in  
17 management, leadership of the company in addition to  
18 huge bonuses in the neighborhood of \$700,000, salaries  
19 in excess of \$1.5 million while the average citizen is  
20 again subjected to these rate increases.

21           This is a company that not only is involved  
22 with the delivery of power, which, frankly, is why  
23 they are granted a government monopoly, but through  
24 their parent corporation, have been involved in a  
25 multitude of different endeavors, including pleasure

1 boat and marina activities, real estate ventures, the  
2 insurance industry, one of which I recently read in  
3 the newspaper went belly up. It strikes me that maybe  
4 part of what the Commission has the opportunity to  
5 look into is whether or not the structure of how this  
6 whole corporation is set up takes their focus on their  
7 main mission. And, frankly, their main mission, the  
8 reason they are granted a monopoly is to deliver power  
9 to their customers as efficiently as is possible. And  
10 it strikes me that possibly they have been diverted  
11 from their main mission at hand. And I think that's  
12 worthy of inquiry.

13 I have in my possession a copy of a document  
14 titled "Motion for Order Precluding Florida Power from  
15 Supplementing Its Prefiled Direct Testimony Addressing  
16 the Fuel Cost Effects of the Extended Outage at the  
17 Crystal River No. 3 Nuclear Plant." On Page 4 of that  
18 document, Paragraph 10, and I think this is important  
19 because I think it goes to the issue of management  
20 ability of the Company.

21 The latest NRC, which I presume stands for  
22 Nuclear Regulatory Commission, systematic assessment  
23 of licensee performance report dated October 20, 1996,  
24 gave FPC, presumably Florida Power Corporation, a 2  
25 rating in three categories and a 1 rating in another.

1 These ratings resulted from performance in the  
2 functional area of maintenance remaining at a good  
3 level while plant support declined from superior to  
4 good; and operation and engineering declined from good  
5 to acceptable. And I think this is the pertinent part  
6 that comes now. The cover letter to the systematic  
7 assessment of licensee performance report signed by  
8 the NRC's regional administrator stated that, and it's  
9 quoted, "Several significant performance deficiencies  
10 in the middle of the review period, from September 17,  
11 '95 through October 5, 1996, highlighted weak  
12 management involvement in the day-to-day operations;  
13 weak vertical communications; and weak interfaces  
14 between engineering operations and maintenance."

15 I think it's pretty clear that we have a  
16 company that has a problem managing itself very well.  
17 And unfortunately to date the people who have borne  
18 the brunt of that poor management have been the  
19 customers. The innocent customers who have nowhere  
20 else to go. That's why I wanted to speak before you  
21 and that's why I think it's important for you to hear  
22 from these people. You are the Public Service  
23 Commission. The Public Service Commission, and set up  
24 by the Constitution of the State of Florida. And I  
25 would just implore you to look over the public. Thank

1 you very much.

2 CHAIRMAN JOHNSON: Thank you. (Applause)

3 Senator.

4 WITNESS CRIST: Uh-huh.

5 CHAIRMAN JOHNSON: Any questions for the  
6 Senator?

7 I did want to thank the Senator for coming  
8 out tonight. And I don't know if you in the audience  
9 are aware of this, but early on in this process,  
10 particularly after we instigated the investigation,  
11 the Senator wrote a letter to me personally concerning  
12 whether or not the customers would have an opportunity  
13 to testify before the Commission before we made a  
14 decision on this particular case. I think he's shown  
15 his commitment in that effort and also driving several  
16 hours from his district to participate and to make  
17 sure that customers had the opportunity to play a part  
18 in this process.

19 And, Senator, we do hear you and we hear the  
20 other customers. And with that, thank you very much.

21 WITNESS CRIST: Thank you very much.

22 MR. SHERVE: Thank you, Senator Crist.

23 Jeff Manula.

24 CHAIRMAN JOHNSON: Could you repeat that  
25 one?

1           **MR. SHERVE:** Jeff -- I believe it's  
2 M-A-N-U-L-A, 1130 Park North Place.

3           **COMMISSIONER KIESLING:** He's outside. He  
4 left.

5           **MR. SHERVE:** Thank you. M. Y. Finfrock.

6           - - - - -

7                           **MILDRED YATES FINFROCK**  
8 was called as a witness on behalf of the Citizens of  
9 the State of Florida and, having been duly sworn,  
10 testified as follows:

11   **DIRECT STATEMENT**

12           **WITNESS FINFROCK:** I had one question of  
13 you.

14           **CHAIRMAN JOHNSON:** Ma'am, I'm sorry. Again  
15 it's the procedure, but could you state your name and  
16 your address.

17           **WITNESS FINFROCK:** Mildred Yates Finfrock.  
18 I have been a resident of Winter Park since 1938.

19           **COMMISSIONER GARCIA:** How do you spell that  
20 last name, ma'am?

21           **WITNESS FINFROCK:** "F" as in Frank, "R" as  
22 in Robert, O-C-K, Finfrock.

23                           In 1938 also my father bought land on the  
24 Homassassa River, the first mile on the south side,  
25 before Crystal River was built. So I have been

1 interested in Citrus County because I have many  
2 friends and some family left over there on the river.

3           And it seems to me as the years have gone by  
4 you have had several outages, more than just this one.  
5 I am concerned for the safety of all of the people in  
6 Citrus County and your continued outages that you've  
7 had and the problems you've had with your plants.

8           My family has been in private enterprise in  
9 various phases of productive business and we have  
10 hired many people in many branches of my family. And  
11 I do know we've all had a pride in our business and an  
12 appreciation of our workers, and a knowledge of how to  
13 prevent accidents.

14           And it seems to me that from the top to the  
15 bottom for Florida Power it would be helpful if you  
16 had better supervision of your plant -- of your people  
17 who are at the plant, or more interest from the powers  
18 that be at the top to look down. Not so much  
19 paperwork, but the instilling of pride in their work.

20           That was my question. And I agree, the  
21 senator did a beautiful job.

22           Yours is a different business from the  
23 regular person -- from the people who are responsible  
24 for making their payroll met each week.

25           That's all.

1 MR. SHERVE: Thank you.

2 CHAIRMAN JOHNSON: Thank you very much.

3 WITNESS FINFROCK: Can you tell me how many  
4 outages you have had since you opened?

5 MR. FOREHAND: Ms. Finfrock, I probably  
6 can't quote that number. Ron, I don't know, do you  
7 know the number of outages since we have been on line?  
8 It's been about 21 years now so we have had a few.

9 WITNESS FINFROCK: I'd like to know. My  
10 address you have. 1065. I'm over in the Winter Park  
11 Towers.

12 One other thing. Asplundh was always very  
13 fine as long as they trimmed trees. And they also  
14 knew what was their's on the backside. And I never  
15 objected to their trimming the trees because I knew  
16 that my fruit trees -- I had many, many, many of them,  
17 different kinds, because I believe and growing food --  
18 I knew that some of my fruit trees were encroaching  
19 upon the power company lines and they were always  
20 helpful. Thank you very much.

21 CHAIRMAN JOHNSON: Thank you, ma'am. We  
22 will make sure that we get you the answer to your  
23 question. I'm certain that the Company will follow  
24 up, and our Staff members will also follow up to make  
25 sure we get those questions answered. Thank you for



1 your testimony.

2 MR. SHERVE: Thank you. Lorraine Roy.

3 - - - - -

4 LORRAINE ROY

5 was called as a witness on behalf of the Citizens of

6 the State of Florida and, having been duly sworn,

7 testified as follows:

8 DIRECT STATEMENT

9 WITNESS ROY: Hello. My name is Lorraine  
10 Roy, 336 Scottsdale Square, Winter Park.

11 CHAIRMAN JOHNSON: I'm sorry, that last  
12 name? Roy?

13 WITNESS ROY: Roy. R-O-Y.

14 I don't really have testimony. Am I allowed  
15 to ask you questions?

16 CHAIRMAN JOHNSON: Certainly.

17 WITNESS ROY: Okay. What is the mission of  
18 the Public Service Commission?

19 CHAIRMAN JOHNSON: And I'll answer as many  
20 of those as I can, but to protect the public interest  
21 and the regulation of public utilities.

22 WITNESS ROY: How does the decision to allow  
23 Florida Power to raise the rates relate to this  
24 mission?

25 CHAIRMAN JOHNSON: I think it's in our

1 general regulatory authority. You may need to  
2 rephrase your question because I don't know -- I don't  
3 really understand it. Could you repeat? Or rephrase  
4 it for me.

5 WITNESS ROY: How is it that you found it  
6 necessary that our rates be raised to pay for this?

7 CHAIRMAN JOHNSON: I think looking -- let me  
8 give you little more background, and I think the  
9 information in the paper also explains it.

10 But the process that we use is a fuel cost  
11 recovery process. Now, when the company comes in and  
12 shows us that there is a change in fuel prices, we  
13 have to look at that particular information and make a  
14 determination as to the cost.

15 Now, in this process what we did was we  
16 looked at those costs and everyone knows that the  
17 plant is down and they are incurring costs. And we  
18 made a determination based upon those costs, but it's  
19 a preliminary determination.

20 The process is we look at the cost, we make  
21 a preliminary determination. Six months later we  
22 continue our evaluation and our investigation. Then  
23 we make a determination as to the prudence of those  
24 costs. And every six months that's the process that  
25 we go through.

1           The process is set up in that way --  
2 sometimes fuel costs go up and then that means that  
3 your rates would go up. Sometimes fuel costs go down  
4 and that means there's an automatic process for your  
5 rates to go down.

6           Ours is to -- in fact, when we did this fuel  
7 cost recovery, of the four companies, three of the  
8 companies, I believe, had decreases and that happens.  
9 But I know the issue here is generally even -- I'm  
10 sure you've all had increases before, but generally  
11 it's 25 cents, 75 cents, and it's up and down, and  
12 that's why on our bill it's a separate fuel cost  
13 recovery section.

14           Now, in this instance, and I think the  
15 reason why this one is of concern to us, and I'm  
16 certain of concern to you, we talk in terms of \$2.22  
17 but that's a lot of money. We understand that that's  
18 a lot of money. That's why we're here tonight.  
19 That's why we opened a separate investigation docket.  
20 We've got to balance all of this. We've got to look  
21 at the interest of the Company and we have to look at  
22 the interest of the consumers. We have to do what is  
23 best for the public interest. We need to keep our  
24 companies running so that they can accommodate you and  
25 give you your service. But we have to serve as a

1 surrogate for competition. We can't allow them to  
2 unjustly increase your rates. And that's why we're  
3 investigating this process, and that's why we're in  
4 this process.

5           And to me, looking at that again, we're  
6 regulating the utilities and we're trying to protect  
7 the public interest.

8           **WITNESS ROY:** Okay. But you're not sure  
9 that this was really justified yet because from what I  
10 understand your report is not done?

11           **COMMISSIONER CLARK:** Right now we're doing a  
12 prudency review.

13           **WITNESS ROY:** But I'm paying for it already.

14           **COMMISSIONER CLARK:** That's right. And  
15 those monies are subject to refund.

16           **WITNESS ROY:** Is there an interest rate?

17           **COMMISSIONER CLARK:** Yes. And you will --  
18 and the interest is also subject to refund.

19           **WITNESS ROY:** I could probably do better on  
20 the market, I'll bet.

21           So you're making investment decisions for me  
22 because you don't know that this is justified. But  
23 I'm not going to ask you about that.

24           This blue paper says that the increase was  
25 3.89 per thousand kilowatt-hours but the fuel

1 adjustment charge -- only \$2.22 is attributable to the  
2 fuel; what is the other \$1.67. What is it?

3           **CHAIRMAN JOHNSON:** Some of it -- they are  
4 energy conservation. Others are they have these  
5 contracts, preexisting contracts, and some of the  
6 recovery is based on that. And I'm not sure if we  
7 delineated that, but we could give you blow-by-blow as  
8 to all of the different elements in the fuel cost  
9 recovery.

10           It's not just this plant. In all of the  
11 other companies that come in, it's not just the pure  
12 fuel cost, but there are other issues that we look at  
13 that influence the fuel cost.

14           And when you look at this, the cost and  
15 these monies don't include any profit for the company.  
16 This is a direct passthrough of costs and they have to  
17 demonstrate what those costs indeed are. But it's not  
18 something that they are earning a rate of return on.  
19 It's not something that they are earning profits on.  
20 These are just expenses that occur and this is a  
21 process every six months we go through, we look at it;  
22 if fuel costs go down, then you get a refund. If fuel  
23 costs go up, then you will be charged more. But  
24 that's the fluid nature of this particular process.

25           **WITNESS ROY:** So can you get me something

1 that tells me what this other \$1.67 concerns?

2 CHAIRMAN JOHNSON: Certainly. In fact, do  
3 you want to address that now; do you want to give her  
4 something in writing?

5 MS. BASS: Either way.

6 CHAIRMAN JOHNSON: Do you want the  
7 information now?

8 WITNESS ROY: Do you have it right off the  
9 top of your head? I don't want to take up everybody's  
10 time.

11 CHAIRMAN JOHNSON: We'll send it to you.

12 COMMISSIONER KIESLING: Why don't you give  
13 us a quick breakdown because others may have that same  
14 question.

15 MS. BASS: I'll try to give you a breakdown  
16 of it.

17 Of the \$3.89 increase, \$2.74 is associated  
18 with fluctuations in fuel cost. That's for all of the  
19 plants for the utility, not just the nuclear unit. So  
20 there's a breakdown even more of that \$2.74 where  
21 \$2.22 is directly attributable to the outage at  
22 Crystal River and the replacement fuel cost associated  
23 with that outage.

24 There's a \$1.42 increase in energy  
25 conservation programs. There was a 10-cent increase

1 in the gross receipts tax, and there was a 37-cent  
2 decrease in what we call capacity cost recovery  
3 clause, which is the contracts that Chairman Johnson  
4 was referring to. These are contracts that Florida  
5 Power has with co-generators to purchase power from  
6 them. There was a decrease in that. So if you add  
7 all of those up, you will arrive at \$3.89.

8 WITNESS ROY: Okay.

9 CHAIRMAN JOHNSON: We have your address.  
10 We'll make sure and send that to you. I see you still  
11 seem a little -- it's a lot of information.

12 MR. SHREVE: I think one thing should be  
13 pointed out, and I don't disagree with anything that  
14 was said.

15 Routinely the Company makes a projection for  
16 the six months and that's the increase they receive.  
17 In this case, the Company has not made a projection  
18 for that amount caused by Crystal River 3 so they are  
19 not collecting that at all yet. What they are  
20 collecting for the 2.22, which would have normally  
21 been over six months and would have been 4.44 is what  
22 is being collected. So there's still an accumulation  
23 of money or expenses that they are going to be asking  
24 for later. So we're not even caught up yet and won't  
25 be until they start asking for that amount. They

1 haven't requested the full amount yet. This is up  
2 through March.

3 WITNESS ROY: Okay. Did you have some kind  
4 of deadline in mind or some kind of deadline you had  
5 to meet to make this decision?

6 CHAIRMAN JOHNSON: We're going to vote  
7 this -- I think August 5th is when we will vote.

8 WITNESS ROY: How is it that I'm paying this  
9 already if -- what kind of deadline were you on when  
10 you made the decision, what was it, February?

11 CHAIRMAN JOHNSON: Uh-huh.

12 WITNESS ROY: What was the deadline?

13 CHAIRMAN JOHNSON: If I understand your  
14 question --

15 WITNESS ROY: You don't have a report yet to  
16 base this on -- I'm guessing -- or maybe it was just  
17 finished. I read in the paper where it was just  
18 finished. So what were you basing your decision on?  
19 And why was it made so quickly?

20 CHAIRMAN JOHNSON: Well, it wasn't made  
21 quickly. Our original decision in February was based  
22 upon the evidence that was in the record on cost. Now  
23 what you may be confusing is the investigation that  
24 we're holding now. Now we're looking at the cause of  
25 the outage. We're trying to look at the prudence of



1 management's decision. Now we will -- in terms of a  
2 report -- our Staff is in the process of conducting  
3 depositions and discovery and getting information from  
4 the Company. The Company is putting together their  
5 witnesses and we're in the process of reviewing that.

6 Now what will happen is that we will hold a  
7 hearing. It will be a two-day hearing and it will be  
8 held in Tallahassee. After which point in time the  
9 Staff will make a recommendation to the Commissioners.  
10 The Commissioners will have -- after we receive that  
11 recommendation, we will have a open meeting where we  
12 debate and discuss with our Staff members their  
13 findings after which point in time we will vote on  
14 this particular issue.

15 And then if we decide that there was not any  
16 problems with management that caused the outage, then  
17 the rates will stay in place. If we decide that there  
18 was a problem with respect to the actions of  
19 management, then the rates will be reduced and they  
20 will be refunded. The amounts will be refunded.

21 WITNESS ROY: Okay. So then the  
22 shareholders get stuck paying for it instead of me,  
23 who is the captive audience here.

24 Like other people have pointed out, I can't  
25 calling up Orlando Utilities and say, "Well, I'm sick

1 of Florida Power. And I think I'm getting ripped  
2 off." If I walk into K-Mart, think prices are too  
3 high, I can go to Wal-Mart and the shareholders of  
4 K-Mart is going to take the hit.

5 This time I don't think they took a hit. 24  
6 hours after you increased the rates, they give a  
7 dividend increase? I wish I owned the utility.

8 This doesn't seem very prudent for the  
9 Public Service Commission to be increasing.

10 COMMISSIONER CLARK: Let me respond to that  
11 because I have been doing this for a while.

12 What the three Commissioners dealt with was  
13 a projection of what the fuel costs were going to be,  
14 and because Crystal River was not operating, that  
15 meant that there was an increase in other fossil fuels  
16 to produce electricity.

17 There is no doubt that there is that  
18 increase in cost of fuel. And that's the decision  
19 they made. But they were concerned about the reason  
20 Crystal River could not be operating and we had to  
21 increase that fuel cost.

22 And what we're looking at for you is whether  
23 or not there was mismanagement such that we ought to  
24 adjust the fuel adjustment back down and let them meet  
25 that expense.

1           But the fuel adjustment takes place twice a  
2 year and it is a direct passthrough; there's no  
3 increase for earning on the investment. It's a  
4 dollar-for-dollar passthrough. And we routinely  
5 project and then true up.

6           And what we're really going through now is  
7 getting a basis for trueing it up because the three  
8 Commissioners were concerned about what was causing  
9 that outage, and that's what we're here about now.  
10 But you will see your fuel adjustment will go up and  
11 down every six months.

12           That is what we're trying to figure out here  
13 is did they make a mistake operating that plant such  
14 it shouldn't have been off line but for their mistake?  
15 If that's the case, then we'll go back and adjust that  
16 fuel adjustment. But this has gone on since the early  
17 1970s. So that's what we're doing here.

18           **WITNESS ROY:** Okay. I want Florida Power to  
19 know that I will remember this when we can chose  
20 companies.

21           But I'd also like to address a question to  
22 you. Do you do safety inspections? And why wasn't  
23 this pipe found in such a timely manner that you could  
24 replace the before it was a problem?

25           **CHAIRMAN JOHNSON:** You can go ahead and

1 answer that.

2           **MR. FOREHAND:** The pipe obviously broke  
3 while the plant was operating.

4           We had just completed a refueling outage  
5 where a number of safety issues are addressed,  
6 inspections are done of the equipment. Nothing showed  
7 up at that point. But it is like any piece of moving  
8 machinery, it is not always possible to tell  
9 externally whether something is about to break because  
10 we obviously change those things out whenever we have  
11 an outage on the plant.

12           **WITNESS ROY:** Thank you.

13           **MR. SHERVE:** Matthew Feil.

14           - - - - -

15           **MATTHEW FEIL**

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

19           **DIRECT STATEMENT**

20           **WITNESS FEIL:** My name is Matthew Feil. I  
21 live at 849 Dunbar Drive in Winter Springs. It's in  
22 Seminole County. I'm a customer of Florida Power.

23           For the sake of being brief, seeing that we  
24 have been here for several hours now it seems, I will  
25 only state a few things for the record.

1           First, I don't have any problems with the  
2 quality of service that I get from Florida Power  
3 Corporation; have had no problems with the billing, no  
4 problems with power outages, and on those instances  
5 where we have had power outages it's been quickly  
6 restored with no problems.

7           Secondly, I don't think that my present  
8 bills are unreasonable if, as Florida Power states,  
9 the rates for Florida Power Corp are superior compared  
10 to the rates for other electric utilities in the  
11 nation. I think that speaks volumes as to whether or  
12 not the rates are, in fact, reasonable, and I don't  
13 think that they are unreasonable.

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

15           **CHAIRMAN JOHNSON:** Thank you very much. Any  
16 questions? Seeing none.

17                           - - - - -

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

22                           **DIRECT STATEMENT**

23                           **WITNESS KAUFMAN:** Thank you, Commissioners.  
24 My name is Aaron, A-A-R-O-N, K-A-U-F-M-A-N, 346  
25 Praerie Dune Way, three words; Orlando 32828.

1           **COMMISSIONER GARCIA:** Excuse me, I missed  
2 your last name.

3           **WITNESS KAUFMAN:** Kaufman, K-A-U-F-M-A-N.

4           Being a court reporter myself, I have worked  
5 with Mr. Shreve on the Southern States case, and it  
6 will be a sad day for the state of Florida when he  
7 retires, because without his voice up there in  
8 Tallahassee the consumers would really be in trouble.  
9 And having gone through that case I realize what a  
10 dog-and-pony show these kind of things are.

11           The utility on one side moans and groans  
12 about the cost to do this, this and that. You'll have  
13 Mr. Shreve on the other side who's, you know,  
14 fine-tuning the numbers and really is the only  
15 objective voice because he has no -- he gets no gain  
16 on what goes on in this proceeding. He's paid, he's  
17 there to represent us; he has no financial gain.

18           So not that I would say that the utilities  
19 tend to inflate the numbers, but we all know in good  
20 accounting principles how things are magically taken  
21 charges against to justify a loss. And the public has  
22 no idea all that -- I'll say the machinations that go  
23 on. All they are concerned about is they see a bill;  
24 they see it go up.

25           Now, I've never had any problem with Florida

1 Power. They have been the only electrical company I  
2 have ever had since I rented and owned a house. The  
3 service was always good. But the first time that I  
4 noticed something was up was about two years ago,  
5 maybe it was -- Mr. Shreve can correct me -- is when  
6 they sought a rate adjustment on the load management  
7 issue, which was, you know, you have your house and  
8 you get a little box, and you get a reduction in your  
9 bill by having this box if you give them the  
10 permission to shut you down, your power, during peak  
11 hours.

12 Well, when I was living in my apartment I  
13 had some very hot summer evenings but it was worth the  
14 \$10 or \$12 a month that I was saving. Then I come to  
15 find out that Florida Power decided that unless you  
16 were using a thousand kilowatts every month, that you  
17 didn't deserve the load management reduction. So my  
18 load management reduction went from \$12 a month to \$3.

19 And I wrote the Commission and I expressed  
20 my concern about that considering that probably a lot  
21 of senior citizens don't use a thousand kilowatts a  
22 month -- maybe they do -- but I thought I was supposed  
23 to be conserving energy and not spending it. So for  
24 me to get any savings, I would have had to increase my  
25 usage by 200 to 300 kilowatts a month so I could save

1 \$8 more, which doesn't make a whole lot of sense.

2 Now as we're going through this exercise,  
3 people don't mind 25-cent, 50-cent rate increases but  
4 they blow something by them as \$4 a month when it's  
5 never happened -- in my seven years, eight years as  
6 Florida Power customer I've never had a \$4 -- I've  
7 never had more than that 70-cent increase in my bill.  
8 That's where people are mad at.

9 I'm not going to dispute what they're  
10 saying. They're going to say their plant is running  
11 to peak performance. The NRC, which is a government  
12 agency, which we all know government agencies can  
13 overreact or underreact. The NRC is talking that this  
14 is the next Three Mile Island. So we don't know who  
15 is right. But that's irrelevant because I take both  
16 with a grain of salt.

17 I've worked with the EPA and they do the  
18 same. They'll always scream the worst, you know, when  
19 they always say you've got to spend \$100 when a dollar  
20 could fix the problem.

21 But evidently the public isn't concerned  
22 about that. What we're concerned about is you have a  
23 procedure, and people don't understand that procedure  
24 in general, and you've kind of limitedly explained it.  
25 But it's different when Florida Power comes to you and



1 says, "We want to have an 80-cent rate increase and  
2 we'll justify it six months down the road." And when  
3 they ask, "We want a \$4 increase and we'll justify it  
4 six months down the road," people don't understand  
5 this kind of system. Because what it looks like to us  
6 is the old ask-high-and-we'll-get-low. That's what  
7 all of the government agencies do when they go for  
8 their budgeting process; they spent \$150 million last  
9 year, they asked for 250 knowing they really only want  
10 200 million.

11           That's a factor we see in this, too. We  
12 don't have access to their books, we don't have access  
13 to the way they run their corporation. We just depend  
14 on them to run their corporation efficiently. And  
15 that's the difference here. Efficiently. If this was  
16 a free enterprise for profit mode, they could charge  
17 anything they want to -- if it was free enterprise.  
18 If they don't get the customers that's fine.

19           Their profit structure is not allowed to be  
20 the same as their nonutility entities. They can make  
21 80% profit on their real estate investments but when  
22 it comes to this utility, you're responsible to see  
23 they don't make 80% profits. I don't know what the  
24 law is saying if there is a profit level that they  
25 have.

1           And I'm not against them -- I understand  
2 you're caught between a rock and a hard place.  
3 They're not going to go out of business if you don't  
4 give them this rate increase. And if they are on that  
5 shaky of a financial level, where they couldn't stave  
6 off this increase for six months, they've really got a  
7 problem.

8           So as we --

9           **COMMISSIONER GARCIA:** I want you to  
10 understand that we here are not between a rock and a  
11 hard place. That's why this proceeding is going on.  
12 So we can really look at the numbers, look at it in a  
13 objective way. So Mr. Shreve can make his case, which  
14 he will, and which I agree with you he does a  
15 wonderful job for the citizens of the state -- so that  
16 the company can give their input and then we'll make  
17 the decision.

18           The way that it is set up is so we're not in  
19 a difficult place when we make this decision. We may  
20 have to make a difficult decision because we have to  
21 balance and look at a lot of different things. But in  
22 the end we're going to try to make the decision which  
23 is best to the public of Florida.

24           **WITNESS KAUFMAN:** What the public is most  
25 interested in is that why this -- they just don't

1 understand how they can just be granted, because of  
2 their own documentation which comes from them, a \$4  
3 rate increase just off the bat and then they have to  
4 justify it later. So what? Maybe they only get the  
5 \$3 increase, maybe they only get the two and a half.  
6 The public doesn't care. They don't see that side of  
7 the equation. What they want to know is why does the  
8 proof come after the pudding, so to speak.

9           And if it is -- and if the justification for  
10 the increase is Crystal River -- and you've got all of  
11 this documentation that Crystal River has been poorly  
12 run, then I think the onus is on them before they  
13 are granted the rate increase, not afterwards, to  
14 justify it. That's where the public is having the  
15 problem. It seems like they get the increase before  
16 the justification. And all we're looking for is prove  
17 it first, then get your rate increase.

18           Like Mr. Shreve said, we haven't seen the  
19 end of this, because I remember how nuclear, you know,  
20 plants were, you know -- the big thing is if we don't  
21 have this nuclear plant our rates would be twice as  
22 high. But if that was the case, why did this get to  
23 this situation?

24           So all I ask is that you roll back this  
25 increase substantially and make them prove it first

1 and then come back later. And if they prove it then  
2 there's nothing else we can do about it.

3 See, we don't elect you; you're appointed by  
4 the Governor. And we can't fight your decision. So  
5 we look to you -- and that's all we're asking. I'm  
6 not going to make personal attacks on anybody on  
7 either side because I know how the game is played.

8 That's all we ask. Roll this back until  
9 they prove it. Not the other way around. Thank you.  
10 (Applause).

11 **CHAIRMAN JOHNSON:** Thank you. Any  
12 questions?

13 **COMMISSIONER DEASON:** Mr. Kaufman, I  
14 appreciate your comments. I know they are sincere,  
15 and you've expressed some very serious concerns and I  
16 appreciate that.

17 And I get from your testimony that --  
18 obvious the premise is that there has been an increase  
19 without justification. And I agree with you that  
20 if -- that that is inappropriate to happen. But let  
21 me say that -- and I think Commissioner Clark tried to  
22 allude to this earlier -- we're basically involved in  
23 a two-step process.

24 There was evidence in the record when the  
25 decision was made in February. The evidence was that

1 there were increased costs, purchased power costs,  
2 increased fuel costs to generate electricity at other  
3 plants while the nuclear plant was off line. Those  
4 costs were documented, those costs were audited. That  
5 information was in the record. I agree that's a  
6 question of the sufficiency of the reason why the  
7 plant was off. There was not evidence in the record  
8 on that and that's what you're objecting to and I  
9 completely understand that. That's the process we're  
10 involved in now is to get that information.

11 I understand you're concerned about having  
12 to pay the replacement fuel cost before the outage is  
13 reviewed. I understand that. The only consolation to  
14 that is that that money is subject to refund -- I know  
15 you've heard that a dozen times tonight, too -- and  
16 that there is interest associated with that, and I  
17 think you fully understand that. But that is the  
18 procedure we follow in fuel adjustment.

19 Perhaps that procedure needs to be changed.  
20 But what we've done in this case has not been  
21 different from what has been done every six months  
22 probably for the last 15, 20 years.

23 **WITNESS KAUFMAN:** Since the oil --

24 **CHAIRMAN JOHNSON:** The problem is -- and you  
25 make this point very well, too, is that this time it's

1 \$4, not the 50 or 70 cents up or down. I understand  
2 and I appreciate your bringing those points out. It  
3 is a difficult situation.

4           **WITNESS KAUFMAN:** That's my point. There  
5 should have been a phase-in, if anything. That's  
6 what --

7           **COMMISSIONER GARCIA:** Mr. Kaufman, if I can  
8 just dovetail to what the Commissioner is saying.

9           What the panel did was basically add up  
10 the -- take the information the Company had given on  
11 the fuel cost increase. This is a separate proceeding  
12 that we're going into to see if that is justified.  
13 But the reason, like you stated phasing in, is  
14 precisely why these fuel adjustments occur every six  
15 months. We're trying to make sure, in this particular  
16 aspect of your rates, that you don't take a bigger  
17 hit.

18           If you'll notice when they stated the  
19 history of when fuel adjustment began, they began in  
20 the early '70s. That's not a coincident; that's  
21 exactly when the Arab oil embargo began, and it  
22 created all sorts of fluctuations with rates and with  
23 the ability to generate electricity. And that's why  
24 we kept this thing. And it's also to avoid a big hit  
25 on your rates.

1           Clearly, I don't argue with you that this is  
2 a big hit, but what could have been a worse hit later  
3 on, and that's part of the reason that you do these  
4 fuel adjustments.

5           **WITNESS KAUFMAN:** That's why I agree with  
6 the gentlemen about the contingency funds, this is  
7 exactly what we've seen in the insurance industry for  
8 homeowners insurance. Everybody's homeowners  
9 insurance has -- mine has gone up 150% because the  
10 insurance companies were not required to keep  
11 contingency funds, they were allowed to underfund.  
12 And that's what your job is. You're allowed to keep  
13 them in business so they don't underfund their company  
14 and then go bankrupt; and then again you have got it  
15 on the other side. And I realize that is as fine  
16 line.

17           **COMMISSIONER GARCIA:** And what you don't  
18 understand, if they did something wrong and -- which  
19 is what most of you are speaking about, they are not  
20 going to get this money.

21           **WITNESS KAUFMAN:** I understand that.

22           **COMMISSIONER GARCIA:** So even -- if they had  
23 a contingency fund, it doesn't make or break this  
24 company. In the end if they did something wrong  
25 they've got to eat it. It's not like they will be

1 able to hit us for it.

2 WITNESS KAUFMAN: No, I understand. Sure.

3 CHAIRMAN JOHNSON: You raised one other  
4 point with respect with -- well, if we were going to  
5 do something like this, it should be phased in.

6 The money is here. The period of recovery  
7 has been extended. Now, as Public Counsel said,  
8 that's kind of good news/bad news because there could  
9 possibly be a situation where the Company comes in and  
10 there are dollars right now that they have not asked  
11 for.

12 So this is a long extended process. But for  
13 this first phase, the monies have been extended over a  
14 12-month recovery period so that the impact would not  
15 be greater than it is now.

16 WITNESS KAUFMAN: Well, see, you have a  
17 public perception problem. The public doesn't care  
18 about that. All they see is the \$4 increase, boom.  
19 And they wonder why they weren't increased -- if this  
20 was so bad, why wasn't this increase applied for a  
21 year ago? Why now? And why hasn't it been? So  
22 that's what you have to get over. I mean you have  
23 been raked over the coals in the Sentinel, and I don't  
24 agree with everything they say either.

25 I'm just saying you've got a problem, and



1 you have a public relations problem, and you brought  
2 it on yourselves. And what they did and what they  
3 asked for has no relevance. You have to decide -- you  
4 had to decide whether it was fair. And you didn't  
5 cushion it. You just let them come, blam, here it is.  
6 Fine. So that's what -- you have to take care of  
7 that. I don't.

8           So that's going to be your public relations  
9 nightmare for the next six months. And they are going  
10 to spend \$10 million to prove it and the state of  
11 Florida is going to have to spend \$5 million to  
12 disprove it. So that's just the way the game is  
13 played and hopefully it will work out right. Thank  
14 you.

15           **COMMISSIONER DEASON:** Mr. Shreve's budget is  
16 not 5 million, though.

17           **MR. SHEREVE:** I wish we could spend 5 million  
18 on it.

19           **CHAIRMAN JOHNSON:** We're ready for the next  
20 witness.

21           **MR. SHEREVE:** George McClure.  
22  
23  
24  
25

**GEORGE MCCLURE**

1  
2 was called as a witness on behalf of the Citizens of  
3 the State of Florida and, having been duly sworn,  
4 testified as follows:

**DIRECT STATEMENT**

5  
6 **WITNESS MCCLURE:** My name is George F.  
7 McClure, 1730 Shiloh, S-H-I-L-O-H, Lane. I live in  
8 Winter Park, Florida 32789.

9 To prepare for this hearing I exercised some  
10 due diligence, which I hope put me in the same class  
11 as the Public Service Commission.

12 I sent off for the Annual Report, the 10K,  
13 10Q and Proxy Statement and I found it interesting  
14 reading. I also looked into rates of return to  
15 shareholders, what other utilities pay their executive  
16 officers, and I found that Florida Power really has a  
17 pretty good thing going.

18 I would like to ask one question at the  
19 outset of the Public Service Commission, and that is:  
20 what is the return on investment you allow for  
21 regulated utilities?

22 **COMMISSIONER DEASON:** It varies from company  
23 to company, depending on -- when they ask for a rate  
24 increase, that's usually when the determination is  
25 made. And it's based upon financial information that

1 is obtained at that time. And it's usually a range  
2 where they're allowed to earn within the range. I'm  
3 not for sure -- I think this Company is in the range  
4 of 11 to 13% return on equity, and their overall  
5 return, when you factor in income tax credits, debt  
6 and things of that nature would be slightly lower.  
7 But the return on stockholders' investment is in the  
8 range of 11 to 13%.

9           WITNESS McCLURE: Presumably that would also  
10 depend in part on what kind of feedback you're getting  
11 as to the kind of job they are doing. If they are  
12 doing a good job, managing effectively, they are at  
13 the upper end of that range; and if they are not doing  
14 so good, they get pulled down; is that true?

15           COMMISSIONER DEASON: Yes. We receive  
16 testimony, and if an adjustment needs to be made for  
17 either superior or inferior management performance,  
18 there can be an adjustment made to the authorized  
19 return on equity. I think that has been upheld by the  
20 Florida Supreme Court.

21           WITNESS McCLURE: I have a statement, which  
22 I'll give to the court reporter at the end.

23           I think the Florida Public Service  
24 Commission should reconsider the approval of the  
25 request by Florida Power to pass along to its

1 customers the costs associated with the outage at  
2 Crystal River No. 3 nuclear plant.

3 I couldn't tell from the information  
4 available to me whether the Commission really  
5 exercised due diligence in granting that request  
6 initially. I notice in the Annual Report, which  
7 covers up to the end of last year, the Company was  
8 confident, and said so in print, that the Florida  
9 Public Service Commission would grant that increase.  
10 So they were optimistic. I didn't even know it was in  
11 the wind until the Sentinel started running editorials  
12 about it.

13 We're paying the extra 2.22, you've  
14 mentioned, per thousand kilowatt-hours fuel  
15 adjustment, plus the \$1.67 passthrough per month  
16 starting April 1st; the fuel adjustment will change, I  
17 understand, October 1st to a value to be determined  
18 later.

19 Florida Power acknowledges in their Annual  
20 Report they made management changes to ensure that  
21 violations of Nuclear Regulatory Commission  
22 regulations which occurred during the period from 1994  
23 to 1996 do not recur.

24 In addition, the NRC is not allowing the  
25 operation of CR-3 until modification to its emergency

1 safeguard system is completed.

2           Based on a continuation of Florida Power's  
3 1996 sale of 33.5 trillion kilowatt-hours of power,  
4 the above charges of 3.87 imposed for six months will  
5 produce \$65 million in revenue for Florida Power.

6           This is conservative since the Company also  
7 acknowledges that its retail electric power sales are  
8 growing at 2.9% per year, which they acknowledge is  
9 both a problem and a good thing. It's a problem in  
10 that Mr. Forehand has to expand his distribution to  
11 cover new customers, but it's good because the Company  
12 is a good investment; the shareholders certainly think  
13 so.

14           Florida Power Corporation stated on May 12th  
15 that it estimates additional operations and  
16 maintenance expenditures for nuclear facilities of \$80  
17 million to \$100 million in 1997, and additional  
18 capital expenditures for CR-3 of 40 to 55 million.  
19 That's in a press release I pulled off the web this  
20 afternoon.

21           Florida Progress Corporation, the parent  
22 company, recently raised its dividend, as did FPL  
23 Group and TECO Energy in Tampa, two other publically  
24 owned Florida Power Companies that you regulate. I  
25 didn't look at Gulf Power because they are owned by

1 Southern Company and it's too hard to separate them  
2 out, so I only looked at these three.

3 Florida Power, or Florida Progress, stopped  
4 yields 6.9% as of about a week ago compared with 4.2%  
5 for FPL and 4.8% for TECO. So I'd say to Lorraine Roy  
6 that she ought to ask that her refund, if it's going  
7 to come back, be invested in Florida Power stock so  
8 she gets a 6.9% return. That would be pretty nice.

9 Publicly held companies compensate their  
10 executives well to reward them for good performance.  
11 However, the base salary of Florida Progress' CEO rose  
12 14% this year to \$673,000 for a company with  
13 \$3.1 billion in sales. This compares with 860,000 for  
14 FPL, which is 87% larger at \$5.8 billion in sales, and  
15 525,000 --

16 COMMISSIONER CLARK: Mr. McClure, can I ask  
17 you a question? Was that FPL or was that --

18 WITNESS McCLURE: FPL Group. Florida Power  
19 and Light. The parent holding company.

20 COMMISSIONER CLARK: So I just wanted to  
21 make sure the comparison.

22 WITNESS McCLURE: And the figures I got for  
23 salaries are in the current issue of Forbes, what has  
24 the executive compensation survey for the 500 largest  
25 companies, and includes Mr. Broadhead for the FPL

1 Group.

2 COMMISSIONER CLARK: Okay.

3 WITNESS McCLURE: California Power and Light  
4 is comparable to Florida Power at \$525,000 at  
5 \$3.1 billion in sales. Duke Power, their CEO got  
6 695,000 for \$5 billion in sales. But both CPL and  
7 Duke have more nuclear generating plants than Florida  
8 Power does.

9 It's not clear that the ratepayer should be  
10 shouldering the major part of the added expense caused  
11 by CR-3 being off line until the end of the year, when  
12 the shareholder has a dividend return nearly 44%  
13 higher than from TECO shareholders -- investments --  
14 in other words, if a shareholder, if he buys TECO he  
15 doesn't get as much as he does if he buys Florida  
16 Power; it is 64% higher than the shareholder gets in  
17 FPL.

18 The president of Florida Progress  
19 Corporation and the new CEOs, effective the 1st of  
20 June, according to the press release I saw on the web,  
21 received a salary of \$536,00 in 1996, up 21.8% from  
22 1995. With salary bonuses and long-term compensation  
23 payouts the Chairman of Florida Progress received  
24 \$1.7 million, and the president received \$1.2 million  
25 in 1996. The bonuses increased by 30% in a year when

1 the nuclear plant was in serious trouble. It's not  
2 clear what performance these bonuses were rewarding.

3 A shareholder proposal to limit executive  
4 salary increases to 3% per year was put on the agenda  
5 for the annual meeting on April the 17th. There was a  
6 proviso that shareholders would have to agree if the  
7 increase was going to be higher than 3%. Not  
8 surprisingly, management opposed the proposal.

9 On another front, in Washington, in the  
10 House of Representatives, there is a House Resolution  
11 687, the Income Equity Act, which was introduced in  
12 the Congress by Representative Martin Sabo of Minnesota,  
13 on February 11th. The purpose of that bill would be  
14 to cap the deductibility for IRS purposes of executive  
15 compensation at 25 times worker pay, which leads me to  
16 ask another question, which is: How would the Florida  
17 Public Service Commission look at that if such a law  
18 way were in effect and compensation higher than 25  
19 times worker pay was not an allowable expense for the  
20 IRS? Would it be an allowable expense as far as the  
21 Public Service Commission is concerned? I don't know  
22 and maybe you don't either.

23 But that completes my statement. Thank you  
24 very much.

25 **CHAIRMAN JOHNSON:** Mr. McClure, you said you



1 wanted to file your written comments with the  
2 Commission.

3           **WITNESS McCLURE:** Yes, I do. Who should I  
4 hand it to?

5           **CHAIRMAN JOHNSON:** You could hand them  
6 through Jack and we'll make sure that -- we'll put  
7 those on the correspondence side of our record.

8           **WITNESS McCLURE:** I appreciate that. Thank  
9 you.

10           **COMMISSIONER DEASON:** Mr. McClure, you made  
11 a comment about the interest rate. And just for your  
12 information, the interest rate the Commission uses is  
13 the 30-day commercial paper rate as reported in the  
14 Wall Street Journal. We have -- through experience we  
15 have found that to be a fairly reasonable rate of  
16 return. That works both ways: If there's an  
17 underrecovery the company gets interest on the  
18 underrecovery; if there's an overrecovery, then the  
19 ratepayers get that at the same rate, either way, up  
20 or down.

21           **WITNESS McCLURE:** In terms of service, my  
22 service has been pretty good, although I do have  
23 aerial distribution, so we're subject to outages with  
24 storms in Winter Park.

25           And Ms. McIlvane earlier was talking about

1 her problems as writer, her computer goes out. Well so  
2 does mine. We call it "Florida flicker and flash"  
3 around my neighborhood. But I just invested in a  
4 couple of UPSs: One for the computer and one for the  
5 fax machine. And that pretty well takes care of it  
6 for through outages.

7 **CHAIRMAN JOHNSON:** Thank you, Mr. McClure.

8 **MR. SHEREVE:** Ms. Ortenzi. O-R-T-E-N-Z-I.

9 **CHAIRMAN JOHNSON:** We'll call the next  
10 witness.

11 **MR. SHEREVE:** Bob Freeman.

12 **BOB FREEMAN**

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

16 **DIRECT STATEMENT**

17 **WITNESS FREEMAN:** I'm Robert H. Freeman, 640  
18 East Plant Street, Winter Garden, Florida; F-R  
19 double-E M-A-N. I'm not Bob Freeman, the county  
20 commissioner.

21 I'm probably unique in that I was born,  
22 raised and I've operated a business at the same  
23 location for almost 50 years.

24 As a citrus grower I purchase half of my  
25 power from Sunter Electric Corporation in Lake County.

1 In Orange County I purchase half of my power from  
2 Florida Power.

3 I'll just simply say to the Public Service  
4 Commission then, and let me say to you we appreciate  
5 you. You have a tremendous job to do.

6 But Florida Power enjoys a tremendous growth  
7 of sales that few other utilities can relate to.  
8 Their growth is twice the national average. And there  
9 are utility companies all over the United States that  
10 would just do anything to have some of the growth that  
11 Florida Power is so fortunate to have.

12 However, it appears that with the rapid  
13 growth that Florida Power is faced with, it does tend  
14 to make a number of problems.

15 Crystal River plant is without question  
16 their worst problem. I'll simply say that in 1994-95  
17 there was a tremendous zest to downsize with Florida  
18 Power. I saw it in the field here in Orange and Lake  
19 County. I simply ask you to question, with that zeal  
20 to downsize, did it not have a detrimental effect upon  
21 Crystal River?

22 Really none of us in the public can really  
23 say a great deal about Crystal River because as  
24 security has always demanded, and correctly so, we  
25 should not have the free reign to visit that plant and

1 observe on firsthand.

2 I'll just say that should customers pay for  
3 mismanagement if there was mismanagement? I think  
4 this is the question that you have to answer. I'm not  
5 real sure that the public can answer that. But I  
6 plead to you, I plead to you to look for  
7 mismanagement.

8 And if I represent anyone here tonight, it's  
9 probably the retired people; it's probably the people  
10 on a fixed income. And I'll simply say to you that if  
11 it was beyond the regular scheme of doing sound  
12 business, if there was mismanagement at Crystal River,  
13 the customers should not have to pay the fuel rate  
14 increase. And I'll also emphasize they issue not have  
15 to pay this \$147 million.

16 I'll ask one other question. I guess it's a  
17 fear on my part. What if Crystal River becomes to be  
18 a stranded asset for Florida Power? And I look  
19 Florida Power right in the eye: What if Crystal River  
20 becomes to be a stranded asset? Then I'll look at the  
21 Commission and say what would you do with a stranded  
22 asset? And I'm sure I'd be in front of you again  
23 saying that we, the customers, cannot pay for stranded  
24 assets. That should be the burden of the stockholder.  
25 That should be the burden of the stockholder.

1           I'll simply say to you that Florida Power  
2 has done a tremendous job in cutting operation and  
3 maintenance expenditures over the last three years.

4           I'm in the citrus business. I work on  
5 budgets, and try to -- and I know the way that cost  
6 has gone up. And yet I have great difficulty knowing  
7 that they operate with a 5% and 6% growth factor when  
8 I see all of the new business going in for them. And  
9 in 1994 they spent \$412 million on maintenance and  
10 spent no more money than that in 1996. That's a  
11 phenomenal -- that's a phenomenal record of rollback  
12 I'll say to Florida Power.

13           I guess I'm a conservationist. I have  
14 energy busters in my house, office. I have  
15 conservation tracks in my office, but yet I have been  
16 a little concerned that energy conservation has really  
17 rolled back with Florida Power.

18           In 1994 they spent over \$100 million; in  
19 1996 it was down to 62 million. I really feel that we  
20 have to continue to educate the public, the younger  
21 people, to conserve energy.

22           And this is really not a part of true cost  
23 to Florida Power in that they recoup this money. Did  
24 I say it correctly?

25           I will simply say to you that when I look at

1 the net income -- and this is the after-tax dollar --  
2 and when I realize that Florida Power, year in and  
3 year out, after tax, earns better than \$200 million,  
4 I'll say that's a fine business. And yet if I have  
5 any problems with Florida Power -- I'm complimentary to  
6 the personnel, I'm complimentary to their service. But  
7 I will say to Florida Power you probably do have a  
8 management problem, and it possibly starts at the top.  
9 Maybe the buck does stop with the Board.

10 I agree fully with some of the comments  
11 that's been made earlier, that it had a detrimental  
12 effect when the Chairman of the Board credited  
13 himself -- my figures show a 12½ increase -- when  
14 employees in that particular time were not getting a  
15 salary increase.

16 Yet I'll simply say that you have a  
17 challenge. I urge you to study it hard. Hopefully  
18 come up with the right decision. And yet \$4 a month  
19 may not be a burden on a lot of people, but for people  
20 on fixed incomes it is a significant amount.

21 I just want to touch on another problem.  
22 And I don't live in Winter Park and Orlando and  
23 downtown areas that are largely serviced with 69 kVs  
24 and 44 kVs, I represent an area that is serviced by 23  
25 kV lines. Sometimes the lines are five, ten miles

1 long.

2           And Chairman Johnson, I know you're from  
3 Lake County, and I'll simply say to you when I ride in  
4 Lake County today I can tell a line that is owned by  
5 Sumter Electric because the base of every pole is  
6 clean and there's no growth and I don't have to worry  
7 about that growth getting up into transformers and  
8 causing outage. And on the other side of the road,  
9 when I see at least 50% of the poles, sometimes 75% of  
10 the poles, with trees at the base of power poles, I  
11 become concerned.

12           Some of your Florida Power people know that  
13 I enjoy taking pictures, and I don't know who I should  
14 give these pictures to, but when it comes to rural  
15 lines, I don't like to see tree trimmers snip at  
16 growth and creates sucker growth and cut trees  
17 V-shaped at the base of poles. I'll just pass these  
18 pictures to Mr. Shreve.

19           **CHAIRMAN JOHNSON:** Thank you. (Hands  
20 pictures to Mr. Shreve.)

21           One day we're going to have a hurricane come  
22 across Central Florida and my concern is that the  
23 rural areas of Florida Power have just as good of --  
24 that we don't do without power just as much as the  
25 rural electric corporations of Florida.

1 I'm probably a very unique person. I have  
2 had the occasion to spend time under Peace River  
3 lines, Sumter Electric lines, most of the power  
4 companies in the Panhandle, even Alabama Power and  
5 Georgia Power. And I'll just say to you, you need to  
6 work on your rural lines. They don't measure up to  
7 all of the other power companies.

8 I understand that you've settled your union  
9 strike with your employees. I wish you well there.  
10 They were quite concerned. And the reason they were  
11 concerned was the points that have been touched on  
12 earlier.

13 When the stockholders grant themselves so  
14 much return, when your corporate heads pay themselves  
15 so much money, that people that work on the lines  
16 become deeply concerned. I know you have  
17 co-generators that are unhappy with you. I hope you  
18 can resolve that problem.

19 We need Florida Power. We need Florida  
20 Power to produce us cheap, good, efficient energy;  
21 deliver it to us in a economic way, and do it at a  
22 rate comparable to all of the other utility companies,  
23 not only here in Florida, but across the southeastern  
24 United States. Thank you.

25 **CHAIRMAN JOHNSON:** Thank you very much, sir.



1 Mr. Friedman. We've a couple of questions for you.

2 COMMISSIONER DEASON: I have a question.

3 The problem with the rural distribution lines that you  
4 have indicated, is that something that has occurred  
5 recently as a result of downsizing, or is this  
6 something that has a longer history than that?

7 WITNESS FREEMAN: Those pictures were taken  
8 in the last two weeks, but I'll have to say -- I'll go  
9 on record saying I continuously battle to try to keep  
10 vines and trees out of 23 kV rural electric lines.

11 COMMISSIONER DEASON: Do you think it's a  
12 result of downsizing or is this a problem that has  
13 been at Florida Power even before the recent  
14 downsizing?

15 WITNESS FREEMAN: That's a hard question for  
16 me to answer.

17 COMMISSIONER DEASON: That's fine.

18 WITNESS FREEMAN: And I really have to say  
19 that that's a difficult question, me being on the  
20 outside to answer.

21 COMMISSIONER DEASON: That's fine. Thank  
22 you.

23 CHAIRMAN JOHNSON: Staff, did you have a  
24 question?

25 MR. ELIAS: Yes. We were wanting to know

1 exactly where those pictures were taken?

2           **WITNESS FREEMAN:** One was taken in Orange  
3 County, one was taken in Lake County.

4           **MR. ELIAS:** I meant as far as the specific  
5 section of road?

6           **WITNESS FREEMAN:** One was taken at Gotha,  
7 Florida, in Orange County, the one with the tree --  
8 with the power pole in the tree. The other one was  
9 taken at Clermont, Florida.

10           **MR. ELIAS:** Okay. I'm going to get a  
11 specific location from you so that we can make sure  
12 that it's taken care of.

13           **MR. FOREHAND:** Mr. Chairman, may I?

14           **CHAIRMAN JOHNSON:** Yes, sir.

15           **MR. FOREHAND:** Of course, I have to attest  
16 to Mr. Freeman's longevity in the county. He was my  
17 Sunday School teacher in my teenage years and I take  
18 him very seriously as a result of that.

19           Mr. Freeman, you'll be happy to know, I  
20 think, that over the course of the last nine months,  
21 roughly, we have significantly increased the  
22 commitment on our tree trimming program. This year  
23 we've added an additional \$3.5 million in tree  
24 trimming in for system-wide. Another piece of that is  
25 we have signed a long-term agreement with Ferrens as

1 our tree coordinator system-wide. And have made a  
2 commitment to maintain that funding level during the  
3 course of that six-year contract.

4 So we realize that we have some more work to  
5 do on the tree situation but I think we're headed in  
6 the right direction on that issue.

7 MR. SHREVE: Thank you.

8 CHAIRMAN JOHNSON: Thank you for your  
9 comments, sir.

10 MR. SHREVE: James Houser.

11 - - - - -

12 JAMES HOUSER

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

16 DIRECT STATEMENT

17 WITNESS HOUSER: My name is Jim Houser,  
18 spelled H-O-U-S-E-R. My address is 633 Dommerick  
19 Drive, Maitland, Florida 32751.

20 Chairman, members of the Commission,  
21 executives of Florida Power and Public Counsel, I hope  
22 to make my remarks the briefest you've heard this  
23 evening, and I see some grins on your faces. I want  
24 to talk about something a little bit different. I  
25 don't want to talk about the Crystal River outage. I

1 want to talk about everyday outage in the homes of the  
2 Florida Power customers.

3           A few years ago there was considerable  
4 unrest among the residents of Maitland. Florida Power  
5 at that time provided electricity to the lift stations  
6 that moved the sanitary sewage within our city.  
7 Electricity outages to those lift stations was  
8 excessive, and at times we were popping manhole covers  
9 and raw sewage was flowing into the streets. The  
10 citizens demanded that something be done.

11           The City appointed an Electric Power  
12 Committee made up of five residents. I chair that  
13 committee. The City supported that committee very  
14 well and gave us adequate funds to retain a competent  
15 independent consultant in the electrical field. That  
16 consultant was R. W. Beck.

17           We retained them and they did a voluminous  
18 study for us, and it's full of terms that I'm sure you  
19 are familiar with: SADI, SAPI and things like that.  
20 The SADI number I'd like to use as an example.

21           For the benefit of the public, SADI means  
22 system average interrupt duration index, or to say it  
23 in layman's terms, the average person is without  
24 electrical power so many minutes a year.

25           The R. W. Beck report to us had firm data

1 for the year 1995. That data showed that the  
2 nationwide SADI was 100 minutes. That meant that  
3 nationwide the average electrical customer was without  
4 power for 100 minutes.

5           It's interesting to note that OUC, Orlando  
6 Utilities, that same year had their average customer  
7 without power for 39 minutes. And that's just a few  
8 miles from Maitland. Maitland is Winter Park's  
9 neighbor to the north; Orlando is Winter Park's next  
10 neighbor to the south. OUC is 39 minutes; very close  
11 to the nationwide average of 100 minutes. Maitland  
12 had 200 minutes.

13           The outage durations in Maitland were five  
14 times greater than they were in Orlando, just a few  
15 miles south, and twice as long as the nation average.

16           We are now -- our committee is now  
17 collecting the data for 1996 and the data does not  
18 show significant differences from those numbers that I  
19 just quoted you.

20           That's quality of service and that is our  
21 concern. When you consider that against cost, I  
22 believe that Florida Power Corp is the highest priced  
23 independently owned utility, IOU, in the state of  
24 Florida. And I believe the quality of their service,  
25 at least in Maitland, is the poorest. I know that to

1 be a fact.

2 I would -- hope -- well, in our national  
3 economy we reward good management and efficient  
4 operation with profits. Those that are not efficient  
5 and do not have the best of management, they do not  
6 get the rewards. I think that's a fact of life in all  
7 but the regulated industries in our nation.

8 I ask of you two things: The one thing is  
9 that you consider the quality of service, the SADIs,  
10 the SAFIs, all those things; you consider the quality  
11 of service when you consider the cost that is being --  
12 or the price that is being asked for that service.

13 My second request, that you consider the  
14 consumers as much as you consider the stockholders.  
15 Thank you.

16 **CHAIRMAN JOHNSON:** Thank you, sir. Any  
17 questions?

18 **COMMISSIONER GARCIA:** Sir, can I ask you --  
19 I just want to ask you, obviously if you were working  
20 with a committee, did you speak to the Company? And  
21 did the Company address your concerns in terms of  
22 these outages?

23 **WITNESS HOUSER:** All of our meetings are  
24 held under the sunshine law.

25 **COMMISSIONER GARCIA:** Right.

1           **WITNESS HOUSER:** All of our meetings are  
2 public and representatives of Florida Power have been  
3 at every meeting. They have heard these words I've  
4 said. They've heard them before. They have a copy of  
5 the R. W. Beck report; the data that I quoted is in  
6 report.

7           **COMMISSIONER GARCIA:** Okay. But has the  
8 Company -- did you ever address the Company directly  
9 on these issues? Did you ever ask the Company to come  
10 to one of your meetings and has the Company ever given  
11 you a direct response?

12           **WITNESS HOUSER:** I think by the tenor of the  
13 meetings they knew exactly our concerns.

14           I know that in certain -- in one particular  
15 case, which was very interesting, we had a group of  
16 residents who lived near one of these lift stations  
17 with the frequent power outages. They asked Florida  
18 Power representatives to come to one of their meetings  
19 in a resident's home. Florida Power did show up and  
20 would you believe during that meeting that lift  
21 station suffered an outage.

22           **COMMISSIONER GARCIA:** Let me ask the Company  
23 then to give a response to the Commission on what  
24 precisely is going on in Maitland, Florida. If you  
25 can address his question right now that would be fine.

1 If not, I'd like it in writing and I'd like him to be  
2 copied on it.

3           **WITNESS HOUSER:** I will say this, Florida  
4 Power has done several things. They've intensified  
5 their tree trimming and with trees you get animals,  
6 squirrels, then you put squirrel cages or guards on  
7 those poles where there are transformers and which are  
8 in the proximity of trees. But that action was taken  
9 only after considerable unrest was evident.

10           **COMMISSIONER GARCIA:** All right. Thank you.

11           **MR. FOREHAND:** Commissioner Garcia, while  
12 we're certainly not a voting member of the committee,  
13 we consider ourselves being a participant in that  
14 process. And I believe Ken Cohen in the back of the  
15 room has been at the majority of those meetings, as  
16 well as some of our operations folks.

17           As Mr. Houser said, we have done a  
18 significant amount of work, particularly in the  
19 Dommerick Estates, as well as the City of Maitland  
20 overall. We do have have the balance of issues  
21 between Mr. Egan's concern with not cutting trees with  
22 the problem we have had in that area. We have done  
23 significant tree trimming, again particularly in the  
24 Dommerick Estates area. We think we're beginning to  
25 see the fruits of that labor pay out now this year --



1 well, at least until this week, had been doing a lot  
2 better. We did have a cable fail twice on a feeder  
3 this week. We have a work order out to replace that  
4 very quickly.

5 But predominantly the issue there is trees.  
6 We're also working with the City of Maitland to look  
7 at issues involving undergrounding for portions of the  
8 city.

9 WITNESS HOUSER: That undergrounding, of  
10 course, the economic cost would be borne by the City,  
11 not by Florida Power Corp.

12 COMMISSIONER CLARK: Mr. Houser, if you  
13 could meet with our Staff -- I'm right here -- and get  
14 a copy of that report because Mr. Forehand, 200  
15 minutes being out is not good service.

16 WITNESS HOUSER: Now that was 1995.

17 COMMISSIONER CLARK: You indicated 1996  
18 doesn't look good either.

19 WITNESS HOUSER: I don't know the benefits,  
20 the fruits of the tree trimming and the squirrel  
21 guards that they have done. I know what really needs  
22 to be done in Maitland, and that is significant  
23 undergrounding.

24 We are a heavily forested city. We're a  
25 beautiful little community. But with heavily forested

1 or heavily wooded, and most of the trees are old --  
2 every tree that falls or every branch that breaks, you  
3 know, out goes our power. And their maintenance  
4 station -- and I believe this to be the case, correct  
5 me if I'm wrong -- is in Oviedo, which is 20 or 30  
6 minutes away. So a truck dispatched from Oviedo to  
7 get to Maitland adds 30 minutes. If you look at the  
8 numbers on the duration of the average outage, you'll  
9 see that type of thing.

10 COMMISSIONER CLARK: I still think our  
11 Staff -- they should get a report perhaps from Florida  
12 Power Corporation and be kept abreast of what is being  
13 done to address the service.

14 CHAIRMAN JOHNSON: Thank you very much.  
15 We're going to take a break before we hear the next  
16 witness. Our court reporter has been going  
17 continuously for two and a half hours, and I know  
18 everyone wants to get home, but we've got to give her  
19 a break in order for her to be able to continue to  
20 record the testimony. So we're going to take a  
21 10-minute break.

22 (Brief recess taken.)

23 - - - - -

24 CHAIRMAN JOHNSON: Ladies and gentlemen,  
25 we're going to reconvene the hearing. Public Counsel,

1 if you could call your next witness.

2 MR. SHERVE: Mr. Toporek.

3 CHAIRMAN JOHNSON: And if you could come  
4 forward, sir.

5 I believe we have three or four witnesses  
6 left to testify and I'm wondering if the witnesses are  
7 here and if you have been sworn in?

8 MR. SHERVE: I don't believe you were sworn  
9 earlier, were you?

10 UNIDENTIFIED SPEAKER: Yes, sir.

11 MR. SHERVE: Claire Simon? Claire Simon?

12 (No response)

13 Robert Wilbur? Robert Wilbur? (No  
14 response)

15 CHAIRMAN JOHNSON: Oh, that's it. You were  
16 sworn in. Okay. Thank you, sir.

17 - - - - -

18 RON TOPOREK

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

22 DIRECT STATEMENT

23 WITNESS TOPOREK: Okay. My name is Ron  
24 Toporek. T-O-P-O-R-E-K, and my address is 805 Linton  
25 Avenue.

1           One of the -- I come not only as a customer,  
2 residential customer, I also represent the Pine Castle  
3 United Methodist Church.

4           We have sent a letter to Michele Kavello  
5 (ph) and Frank Rhineheart (ph). The letter was faxed  
6 to them last week.

7           Among the concerns that were expressed were  
8 the service. We've lost a file server and our Music  
9 Department lost quite a bit of data and information  
10 that we've not been able to recover.

11           We stated basically our concerns and they  
12 are your national account managers, is that not  
13 correct?

14           MR. MOGEE: Yes.

15           WITNESS TOPOREK: We stated our concerns to  
16 them feeling they were the best ones to voice this  
17 information to. And we even dealt with a Ms. Andrea  
18 Cooper about the specific problems that we had. And  
19 she was very nonresponsive. And then when we not only  
20 gave a report from the computer company but also  
21 showed her the history of the power fluctuations and  
22 problems, she wouldn't even take calls anymore. Very  
23 nonresponsive and not good PR for your company.

24           We not only want the service improved but  
25 we're paying over 7 cents a kilowatt-hour and we're a

1 600-kW load. That's not right. Out of 747 Methodist  
2 churches in the state of Florida we're at largest one  
3 and we're representative of those churches. And we're  
4 not pleased with our rates from Florida Power  
5 Corporation at this particular time.

6 We used -- in the month of September 1996 we  
7 used 133,000 and some change kilowatt-hours, and that  
8 does constitute -- even using your calculations, that  
9 constitutes about 600-kW load, which is a pretty good  
10 size load. It's into totalized area, five city  
11 blocks.

12 The circuitry, we've got only 30 meters  
13 there. At \$4 a pop that's going to cost us quite a  
14 bit. We've tried to get the circuitry rearranged  
15 where it's an intelligent design, and your engineers  
16 have been very uncooperative. So I ask you at this  
17 time what is the name of a person or persons that we  
18 are to contact and to work these details out, not only  
19 engineering-wise but account-wise?

20 MR. FOREHAND: Mr. Toporek, what is the  
21 approximate number of that? Linton Avenue, I'm not  
22 familiar with that address.

23 WITNESS TOPOREK: Pardon?

24 MR. FOREHAND: What area of town are you in?

25 WITNESS TOPOREK: I'm in Sky Lake North.

1 It's south, southwest of downtown, that way  
2 (Indicating). And the church, Pine Castle United  
3 Methodist Church is Orange Avenue, and it's between --  
4 it's just north of Sand Lake Road.

5 MR. FOREHAND: Mark, is that going to be in  
6 your area?

7 UNIDENTIFIED SPEAKER: Yes.

8 MR. FOREHAND: The gentlemen right in the  
9 back of the room, Mark Danna, will be able to help you  
10 out with that.

11 WITNESS TOPOREK: Would you spell his name,  
12 please?

13 MR. FOREHAND: Mark, M-A-R-K, Danna,  
14 D-A-N-N-A.

15 WITNESS TOPOREK: As far the billing with  
16 the right people right now, Frank Rhineheart, or is  
17 there someone better to deal with?

18 MR. FOREHAND: On the major account side I  
19 believe Frank would be the correct one.

20 WITNESS TOPOREK: And as far as all the  
21 church interests throughout the state that are in  
22 Florida Power Corp territory, is he still the right  
23 person to deal with?

24 MR. FOREHAND: I'm not certain of that. We  
25 need to check on that for you.

1           **WITNESS TOPOREK:** Okay. And one thing I  
2 wanted to mention, I'm sure the people that are left  
3 here probably realize, one of the neighboring utility  
4 companies that was mentioned earlier, they took over  
5 St. Cloud service territory, and the rates immediately  
6 dropped for 16,000 customers.

7           I do know that -- I do believe that a good  
8 portion of the bill for this \$88 million was unfairly  
9 put upon the residents, and your large industrial  
10 customers were not, let's say, commensurately  
11 penalized for this action that you have had at Crystal  
12 River. Is that not correct? I mean it's not an  
13 across-the-board rate, right?

14           **COMMISSIONER KIESLING:** Yeah, it is.

15           **WITNESS TOPOREK:** You might have that fellow  
16 there at \$10 and someone else may not have increased  
17 percentage-wise?

18           **MR. FOREHAND:** As a matter of fact, I doubt  
19 with the kind of load you're expressing, I doubt  
20 you're paying 7 cents a kilowatt-hour either. Our  
21 commercial and industrial rates are among the lowest  
22 in the state. But the fuel adjustment, yes, is  
23 applied across the board.

24           **WITNESS TOPOREK:** Because we sent all of the  
25 information over there to show the load and we have

1 been treated as 30 separate meters instead of, say,  
2 even five different matters for five city blocks.  
3 It's very unusual how you guys are treating the church  
4 so far. And I've come on board to try and help them,  
5 having just a little expertise in the area, and you're  
6 not treating them very fairly right now.

7           **MR. FOREHAND:** We'll be glad to try to work  
8 through that with you some more. The one concern  
9 probably that surfaces is that I suspect that if  
10 you're covering five city blocks now, that property  
11 was probably acquired over time, and it was a number  
12 of different properties that may have been put  
13 together to form the church compound at this point; is  
14 that correct?

15           **WITNESS TOPOREK:** It's had some growth.  
16           What I find particularly unimpressive is the  
17 problems with -- when there are problems -- and  
18 they've even proved it and had letters, they've gotten  
19 no response at all. And that's basically what their  
20 letter is stating, the third paragraph is very good at  
21 expressing that. They've gotten no response. And not  
22 only have they got this fellow back here that said 200  
23 minutes a year, that's probably in line with what  
24 we're dealing with at the church. As you know,  
25 churches usually get a time-of-day or rates that are



1 reflective of that. Most of their load is in an  
2 off-peak time. And you are not giving them those  
3 rates; you are ripping them off, sir.

4 MR. FOREHAND: Probably the difficulty we  
5 have, Mr. Toporek, is that you would need to be served  
6 under one meter the way the tariffs are established  
7 today. And if you have separate accounts, it's most  
8 likely that you are treated as, basically, a smaller  
9 load than you are if all of those accounts were  
10 together.

11 Generally it is the requirement of the owner  
12 of that property to consolidate into a single metering  
13 point or maybe one per block, as you were mentioning  
14 earlier. There may be some other options to that and  
15 we'd be glad to explore it. We may be able to do a  
16 primary metered account for that entire area. But I  
17 suspect because of the way the property is developed  
18 over the years it may have left you with a less than  
19 desirable set up on the metering point.

20 The difficulty is that there are some costs  
21 to do that, and that is a customer expense to be able  
22 to consolidate that metering. But we'll be glad to  
23 work through that issue some more with you.

24 COMMISSIONER KIESLING: Mr. Toporek -- I'm  
25 right here -- would you also talk to one of our

1 engineers who can help you work through this, and that  
2 way Florida Power can also report back to us on what  
3 they are doing to respond to these problems that  
4 you're having both for the outages and for the  
5 consolidation.

6           **WITNESS TOPOREK:** Okay. This is the  
7 engineer for the Commission.

8           **COMMISSIONER KIESLING:** Yes. Somebody over  
9 there since I can't see you because you're behind the  
10 curtain, see that gentleman right back there, if you  
11 would take some time to give him your name, let him  
12 get back in contact with you and get all of the  
13 details, the Commission will follow up to see what we  
14 can do to help resolve your problems. Thank you.

15           **WITNESS TOPOREK:** Be glad to.

16           The last question I had, your two CEOs make  
17 1.7 million and 1.2 million approximately, and you  
18 paid out quite a handsome amount in dividends. I  
19 guess it didn't occurred to you that that 88 million  
20 could have been divided amongst not only the people  
21 getting paid those dividends, but also in the rough  
22 times, usually the CEOs take a big hit and they can  
23 take a cut in pay as well. That's something you might  
24 want to consider to avoid these kind of rate hearings  
25 and to keep Ms. Johnson from having to be so busy.

1 Thank you.

2           **CHAIRMAN JOHNSON:** Thank you, sir. Any  
3 questions? Okay. Thank you very much. And again,  
4 before you leave, if you could get with the engineers  
5 we'll some if we can help with that issue.

6           **COMMISSIONER GARCIA:** Before we go on, just  
7 to mention -- and I'm certain it's here but I always  
8 like to do this -- when you do have problems with the  
9 company and you do not feel that the company is being  
10 responsive -- and I know we're dealing with a lot of  
11 ancillary issues that have nothing to do with the with  
12 basic issue, what we're here for -- there is a number  
13 on this blue sheet, it's a 1-800 number, at no cost to  
14 you. Once you've spoken to the Company, if you have  
15 not gotten a response, you can call us. They open up  
16 a case on this. If it's something that we regulate or  
17 that -- if it's a company we regulate, this goes for  
18 other services like your local phone service, call us  
19 up and it can make a difference, if you don't feel the  
20 company is being responsive. And they have to, under  
21 our rules, get back to us within a certain amount of  
22 time and that way you establish a record.

23           Thank you, Madam Chairman.

24           **CHAIRMAN JOHNSON:** Any other witnesses?

25           **MR. SHERVE:** None.

1           **CHAIRMAN JOHNSON:** Are there any other  
2 people in the audience this afternoon that did not  
3 sign up to speak that would like to speak this  
4 afternoon?

5           **COMMISSIONER KIESLING:** It's night.

6           **CHAIRMAN JOHNSON:** One of the Commissioners  
7 reminded it's night and maybe that's why no one else  
8 wants to speak.

9           I'd like to thank all of you for coming out  
10 and giving us your testimony. It will be an official  
11 part of our record and information we can use when we  
12 make our final decision.

13           Again, thank you again for participating in  
14 the hearing tonight.

15           With that we're adjourned.

16           (Thereupon, the hearing concluded at  
17 9:20 p.m.)

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1 STATE OF FLORIDA)  
2 : CERTIFICATE OF REPORTER  
3 COUNTY OF LEON )

4 I, JOY KELLY, CSR, RPR, Chief, Bureau of  
5 Reporting, Official Commission Reporter,

6 DO HEREBY CERTIFY that the Winter Park  
7 Service Hearing in Docket No. 970261-EI was heard by  
8 the Florida Public Service Commission at the time and  
9 place herein stated; it is further

10 CERTIFIED that I stenographically reported  
11 the said proceedings; that the same has been  
12 transcribed under my direct supervision; and that this  
13 transcript, consisting of 116 pages, constitutes a  
14 true transcription of my notes of said proceedings.

15 DATED this 23rd day of May, 1997.

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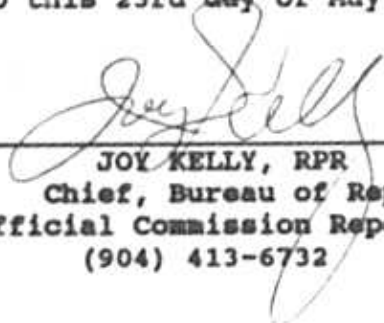
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