

1
2 BEFORE THE
3 FLORIDA PUBLIC SERVICE COMMISSION

4 In the Matter of:

DOCKET NO. 130140-EI

5 PETITION FOR RATE INCREASE
6 BY GULF POWER COMPANY.
7 _____/

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10
11 PROCEEDINGS: PENSACOLA SERVICE HEARING

12 COMMISSIONERS
13 PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
14 COMMISSIONER LISA POLAK EDGAR
15 COMMISSIONER ART GRAHAM
16 COMMISSIONER EDUARDO E. BALBIS
17 COMMISSIONER JULIE I. BROWN

18 DATE: Tuesday, September 3, 2013

19 TIME: Commenced at 4:00 p.m. C.S.T.
20 Concluded at 5:02 p.m. C.S.T.

21 PLACE: Pensacola State College
22 Hagler Auditorium
23 1000 College Boulevard
24 Pensacola, Florida 32504

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

1 APPEARANCES:

2 JEFFREY A. STONE, ESQUIRE, Beggs & Lane, Post
3 Office Box 12950, Pensacola, Florida 32591-2950,
4 appearing on behalf of Gulf Power Company.

5 J.R. KELLY, PUBLIC COUNSEL, Office of Public
6 Counsel, c/o The Florida Legislature, 111 W. Madison
7 Street, Room 812, Tallahassee, Florida 32393-1400,
8 appearing on behalf the Citizens of the State of
9 Florida.

10 SUZANNE BROWNLESS and KELLEY CORBARI,
11 ESQUIRES, FPSC General Counsel's Office, 2540 Shumard
12 Oak Boulevard, Tallahassee, Florida 32399-0850,
13 appearing on behalf of the Florida Public Service
14 Commission Staff.

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I N D E X

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NUMBER:

I.D.

2 (Composite) Affidavit, customer notice, and proof of publication for Pensacola and Panama City service hearings

13

P R O C E E D I N G S

1
2 **CHAIRMAN BRISÉ:** All right. Good afternoon,
3 everyone. My name is Ronald Brisé, and I have the
4 pleasure and privilege of chairing Florida's Public
5 Service Commission. And this afternoon we are here for
6 service hearings for Docket Number 130140-EI involving a
7 petition by Gulf Power. So at this time I'll ask my
8 fellow Commissioners to introduce themselves, and we'll
9 start from my left.

10 **COMMISSIONER BROWN:** Thank you, Mr. Chairman.
11 Good evening. My name is Julie Brown, and I'm
12 a Public Service Commission Commissioner, and I'm happy
13 to be here this evening, and I'm looking forward to
14 hearing your comments.

15 **COMMISSIONER GRAHAM:** Good evening. My name
16 is Art Graham.

17 **COMMISSIONER EDGAR:** Hello. Lisa Edgar, glad
18 to be here.

19 **COMMISSIONER BALBIS:** Good evening. My name
20 is Eduardo Balbis, and I'm glad to see everyone here. I
21 look forward to your testimony on this Gulf Power
22 petition -- (Microphone squelch) -- and I'll finish on
23 that.

24 Thank you.

25 **CHAIRMAN BRISÉ:** All right. (Microphone

1 squelch.) Let's see if we have that worked out.

2 At this time we're going to ask staff counsel
3 to read the notice, please.

4 **MS. BROWNLESS:** Thank you.

5 By notice this time and place has been set for
6 a customer service hearing in Docket Number 130140-EI,
7 petition for increase in rates by Gulf Power Company.

8 **CHAIRMAN BRISÉ:** Thank you very much. At this
9 time we're going to take appearances.

10 **MR. STONE:** Mr. Chairman, I'm -- I don't know
11 if my mike is working, but I'm Jeffrey A. Stone of the
12 law firm Beggs and Lane, and I'm here on behalf of Gulf
13 Power Company.

14 **CHAIRMAN BRISÉ:** Thank you and welcome.

15 **MR. KELLY:** Good evening, Commissioners and
16 consumers. I'm J.R. Kelly with the Office of Public
17 Counsel, and we represent the Gulf Power Company
18 consumers.

19 **CHAIRMAN BRISÉ:** Good evening and thank you.

20 Any other intervenors that are here? Seeing
21 none --

22 **MS. BROWNLESS:** Thank you. My name is Suzanne
23 Brownless, and I'm here on behalf of the Florida Public
24 Service Commission Staff, and with me is Kelley Corbari.

25 **CHAIRMAN BRISÉ:** All right. Thank you.

1 Before we begin, we're going to ask you to
2 turn off or silence or mute your telecommunication
3 devices so that we can show mutual respect for one
4 another in this process.

5 So let me thank you for being here this
6 afternoon. And thank you, counsel, for your
7 participation here. We are here to hear from you, the
8 customers. And we want to hear everything you have to
9 say, good, bad, indifferent, ugly, whatever it is that
10 is on your mind. And we will use this information as
11 the process moves forward so that we can make a decision
12 at the appropriate time.

13 If you have billing issues or other issues you
14 can address our staff or the company staff. They have
15 their appropriate staff here to address those issues
16 this evening. Your participation here, as we've stated
17 before, is extremely important. And what you say before
18 us will impact our thoughts just as every other piece of
19 information that becomes part of the record.

20 If for some reason you have friends that were
21 unable to be here today, you can suggest to them that
22 they can go on-line and provide testimony that way.
23 They may also take one of these special report
24 documents. And in the rear there is a place for
25 comments, and individuals may make comments that way and

1 they may mail them to us at the Commission, as well.

2 We know that everyone is not always
3 comfortable coming up front. And so if you are here
4 this afternoon and you feel uncomfortable or just don't
5 feel like speaking, you are free to fill out the
6 comments on the comment card that's included in this
7 package and make it available to us. And that, too,
8 will be included in the record.

9 We are going to limit your comments.
10 Generally, we do about three minutes per individual, and
11 that way you have an opportunity to express what's on
12 your mind, and you can expect questions from the
13 Commissioners. And if there is clarification that is
14 needed, you may have some questions, some clarifying
15 questions from the Office of Public Counsel or from the
16 company, as well.

17 Oh, I misread that. The Prehearing Officer
18 preferred five minutes, so we're going to go ahead and
19 do what she asked us to do. So we'll do the five
20 minutes for your comments.

21 Just so that you know, what you say here is
22 being transcribed. We have our court reporter that is
23 here with us this afternoon, and she will put down
24 everything that you say, so please speak clearly. We
25 also will need that you provide your address and your

1 name clearly so that it can be clear on the record who
2 you are and what your testimony is.

3 I'll see if there is anything else that I'm
4 missing, in general, here. But as we stated before, we
5 definitely want to hear from you. That's truly why we
6 are here, and we are very interested in hearing what
7 your thoughts and comments are.

8 Before I move forward, I want to thank a few
9 people who are here with us from the Commission. Very
10 often you see our faces, but there's about 200 people,
11 290-plus people who really make the organization what it
12 is, and some of them are here with us this afternoon,
13 and we want to thank them for their presence.

14 So we have Ms. Brownless, which you heard from
15 before. We have Mr. Willis, all right, who's on this
16 case. We also have Mr. Maurey who is here. We have Tom
17 Ballinger who is also associated with this case. We
18 have Mr. Dean who is here, as well. We have Mr. Baez
19 who is there. I know I'm missing at least two people.
20 We have Mr. Durbin who certainly has helped you as you
21 came in, and you signed in and so forth, and he helped
22 set up the room for us. We also have Ms. Cindy Muir who
23 is responsible for all of our outreach and public
24 information.

25 At the table -- I am having a memory lapse --

1 **MS. CORBARI:** Kelley Corbari.

2 **CHAIRMAN BRISÉ:** All right, Ms. Kelley
3 Corbari. And we have one of our newer persons --

4 **MR. WILLIS:** Maria Carbonell.

5 **CHAIRMAN BRISÉ:** Ms. Maria Carbonell, who's
6 here with us, as well.

7 So these people are here to also hear what you
8 have to say. And if there are questions that arise
9 during the process, some of those questions may be
10 answered by them. Because some of the questions we
11 cannot answer, because we are eventually going to be
12 dealing with the case in a different phase.

13 You may ask what happens after here? Well,
14 after this phase, what happens, we will have a technical
15 hearing in Tallahassee. And at that technical hearing,
16 all the evidence will be presented to the Commissioners,
17 and then ultimately there will be a recommendation that
18 comes before the Commission, and the Commission will
19 make a decision based upon the recommendation that is
20 presented to us by our staff.

21 And it's always good to have some former
22 chairperson sitting next to you, so I'm trying to look
23 to both of them. Am I missing anything?

24 All right. It doesn't seem like I'm missing
25 anything. You'd think I'd know this, this is my last

1 leg as Chairman, so you'd think I would know this.

2 (Audience laughter.)

3 **CHAIRMAN BRISÉ:** So we are going to ask that
4 as you come up, Mr. Kelly is going to call you forward,
5 and we have a row of four seats down there. He's going
6 to call you by twos, so that when you come up, the next
7 person to come up and sit there for efficiency so that
8 you are able to hear and we're able to hear what you
9 have to say. Before you come up to do your testimony,
10 I'm going to -- at some point I'm going to swear
11 everyone in who's going to testify, and at that point
12 we'll able to hear from you.

13 So you have probably heard enough from me. At
14 this point I'm going to go ahead and ask that we go into
15 opening statements, and at this point we're going to go
16 into opening statements. We have eight minutes for the
17 company, which the company can use as much of the eight
18 minutes up front, and then they will have whatever
19 balance is available after Mr. Kelly uses his eight
20 minutes to address whatever concerns may have been
21 brought up during the presentation.

22 **MR. STONE:** Thank you, Mr. Chairman.

23 Before we begin our remarks, I have some
24 preliminary matters I need to take care of. First, I'd
25 like to introduce Gary Sammons; he is Gulf's District

1 Manager here in the Pensacola District, and he has a
2 staff of customer service representatives. Also here is
3 Mr. Ed Taylor, our customer service manager from the
4 Fort Walton Beach District, and they are here to help
5 customers that have any individual issues. If they have
6 anything they want to present to the company, if they'll
7 contact Mr. Sammons, we'll make sure they get them to
8 our staff, which is in the room next door.

9 Also, I have distributed to each of the
10 Commissioners, and Mr. Kelly, and Ms. Brownless a copy
11 of the original affidavit. The court reporter has the
12 original and one copy of an affidavit that is
13 demonstrating our compliance with the various
14 notification rules. The affidavit is from our corporate
15 communications manager, Mr. Jeffery S. Rogers, and it
16 has three exhibits attached to it, as well.

17 The first exhibit deals with the case synopsis
18 that was approved by the staff for distribution, and the
19 affidavit details what has been done with that synopsis.
20 The second exhibit, Exhibit B, is the customer notice.
21 Again, approved by your staff, and the affidavit details
22 how we distributed that customer notice through the
23 mail.

24 And then finally, the last piece, Exhibit C
25 are the two affidavits from the various newspapers in

1 which we published the staff-approved display ad
2 noticing this service hearing and the one in Panama City
3 tomorrow.

4 And with that, I'd like to have that affidavit
5 marked as a hearing exhibit for this proceeding. I
6 believe Ms. Brownless has told me that that would be
7 Hearing Exhibit 2.

8 **CHAIRMAN BRISÉ:** Yes, it's marked as Hearing
9 Exhibit 2. Thank you.

10 (Exhibit 2 marked for identification.)

11 **MR. STONE:** And that concludes my preliminary
12 matters. When the Commission is ready, Mr. Conley will
13 be delivering the remarks on behalf of the company.

14 **CHAIRMAN BRISÉ:** Okay. Let me explain this
15 process before we move forward. We have this little
16 device, and there is one on the desk. And so long as
17 the light is green, and this is for everyone who's
18 testifying, so long as the light is green, you are
19 a-okay to go. When it turns yellow, you might, just
20 like when you are driving a car, you might be cautious
21 about the time. And when it turns red, you have
22 exceeded your time. So the idea is that you're cautious
23 of that, and you recognize that, and we will move
24 forward within that fashion.

25 **MR. STONE:** And if you are ready, I'd like to

1 introduce Stan Conley, the President of Gulf Power
2 Company.

3 **CHAIRMAN BRISÉ:** Sure. Thank you.

4 **MR. CONLEY:** Mr. Chairman and Commissioners,
5 welcome to Pensacola. Thank you for coming.

6 To our customers in the room, thank you for
7 coming, as well.

8 As Jeff mentioned, my name is Stan Conley.
9 I'm the President of Gulf Power Company. I hope very
10 sincerely not to threaten the eight-minute mark with my
11 opening comments, okay, because this meeting really is
12 for our customers, and it is for you to offer comments
13 to the Commissioners and the staff about our pending
14 rate case.

15 But to our customers in the room, I'd like to
16 make a few comments. You know, some people look at
17 electric utilities, and indeed Gulf Power Company, and
18 say we simply and basically have an obligation to serve
19 customers through either your home or your business.
20 And we do have that obligation. We set our power poles,
21 we string our power lines, we put our transformers in
22 place so that all of us can have service when you need
23 it, reliable electric service when you need it.

24 And, trust me, we don't take that obligation
25 lightly. I'd tell you, in our estimation, it's far more

1 accurate to say we look at you as customers. We don't
2 just look at you as ratepayers. We look at you as
3 partners in the community. And, frankly, we consider it
4 a privilege to serve you. We work hard every day trying
5 to provide reliable electric service to your home or
6 business, and to provide outstanding customer service.
7 And we really value the relationships we have built with
8 you all across Northwest Florida, and right here in
9 Pensacola over the 87 years we have been in service.
10 And I can assure you, over the long run, we are going to
11 continue to work hard to do that.

12 You know, while there is really never a good
13 time to ask for a price increase, and we know that's the
14 case in this matter, but right now Gulf Power Company is
15 in the midst of our largest power grid construction
16 program in our company's history. And that really is
17 largely what this request is about, that large
18 investment. But before I give you some examples and
19 talk about that large investment, I want to assure you
20 that we work equally as hard, day in and day out, to try
21 to hold costs down or find opportunities to reduce costs
22 where possible. And let me give you an example.

23 Much like many of us who drove here today in a
24 vehicle, you have to provide maintenance on your
25 vehicle, change the oil periodically after you've driven

1 a certain number of miles. We think about the
2 maintenance on our power plants in a similar way. We
3 should do that maintenance only after it runs for a
4 certain period of time. And in the last couple of years
5 those plants have not run as much. And, therefore, we
6 have extended the maintenance cycles, thus reducing the
7 cost to maintain those plants. And we have built those
8 cost reductions into these proposed rates that we are
9 asking for in this proceeding.

10 And, by the way, we really do work hard to
11 preserve our system to keep it in good shape. For
12 instance, our power grid system, we want to make sure
13 that our poles are safe. We want to make sure those
14 wires in the air are free of limbs and trees so that
15 when our linemen and women come to your home or your
16 business, we can get your lights back on quickly and
17 they can work safely, and we'll continue to work hard to
18 do that.

19 Let me, again, assure you that regardless of
20 the outcome of this process, we are going to keep
21 looking for ways to hold costs down or find ways to be
22 more efficient as we go forward. But to speak
23 specifically to those large new grid investments that we
24 are making in this case, this is a long-term business.
25 We have to think five, ten, thirty years ahead to ensure

1 that the electricity you need is there when you need it.
2 And because of that, we are making some major
3 investments today to ensure we can do that for the long
4 run.

5 Examples of those investments. We are
6 replacing or refurbishing equipment in our substations.
7 We are refurbishing or replacing old transmission lines,
8 and in some cases building new transmission lines
9 associated with serving electricity in areas where our
10 power plants are, and we are going to have to change the
11 operations of those plants due to new federal
12 environmental regulations.

13 These grid construction projects are
14 absolutely necessary to maintain service on our grid.
15 They are critical to serving you now and into the
16 future, and they just simply can't be delayed. Delaying
17 these investments or shutting down a part of our
18 business is really not feasible; it's not an option.
19 And we can't delay maintenance on these facilities
20 either until reliability suffers.

21 Now, clearly electricity prices have an impact
22 on all of you in this room, us included. And, again,
23 there is no good time to ask for a price increase. And
24 we recognize there are some of our customers that are on
25 fixed income, and we are still recovering from a long

1 recession that has impacted the entire United States and
2 did not spare Northwest Florida during that recession.

3 We know any increase can be difficult, and
4 that's why we were so pleased last year to be able to
5 provide a decrease, a decrease related to our fuel costs
6 that put our overall costs today below where they were
7 in January of 2009. Requesting an increase in rates,
8 again, is not a decision we take lightly, I assure you.
9 And we would not be here today if making these
10 investments were not necessary at this time.

11 So in closing, on behalf of all my teammates
12 at Gulf Power Company, some of which are here today, as
13 you have heard, we say we're going to remain committed
14 to serving you through reliable electric service and
15 outstanding customer service for the long-term and being
16 good stewards in the community. We live and work here,
17 too, and we want to do everything we can to make this an
18 even better place to live and work going forward.

19 Please be assured that every person on this
20 team -- from me, to the line person in the bucket truck,
21 to the customer service rep on the other end of the
22 phone -- are all equally committed to serving you in an
23 exceptional fashion for the long-term. In fact, some of
24 my teammates are here today. We mentioned Gary has got
25 a team here today. We would be happy to sit with you

1 and talk about any specific issues you have. We would
2 really like an opportunity to address the issues you
3 have, if we could, while you are here today with us.

4 So, again, Commissioners, thank you for the
5 opportunity to speak. To our customers, thanks for
6 being here, and we look forward to hearing from you.

7 **CHAIRMAN BRISÉ:** Thank you. You have about
8 two minutes in balance.

9 Mr. Kelly.

10 **MR. KELLY:** I have to pull the mike down a
11 little bit.

12 Commissioners, consumers, thank you for being
13 here tonight. I appreciate those of you that are here
14 today. It's a very sparse crowd, and, unfortunately, I
15 think the weather has had a lot to do with it, and I'm
16 sorry that we couldn't have better weather. Over the
17 last few weeks I've received quite a number of calls and
18 e-mails from Gulf customers that are very concerned
19 about this requested rate increase, but thank you for
20 the ones of you that are here today and plan to speak.

21 I'm with the Office of Public Counsel. And
22 for those of you that are not familiar with our office,
23 we represent you, the consumer. We are not part of the
24 Public Service Commission. We are funded separately by
25 the legislature. And we have one mission under the

1 statute, and that is to represent the consumer.

2 We are here today, basically, because Gulf has
3 filed a petition for a rate increase. They are asking
4 for a \$74 million annual increase. That is a
5 14.1 percent increase over the current base rates. They
6 are then asking for an additional \$16 million that would
7 go into effect on July 1 of 2015. Together that
8 represents a 17.2 percent increase over current base
9 rates. And many of you will recall just some 18 months
10 ago the Commission awarded Gulf a \$68 million rate
11 increase, and a very healthy 10.25 percent return on
12 their equity. And not two years have passed, and
13 unfortunately we are back here again today.

14 Our office has intervened. We are going to
15 represent you in this matter, and we will contest all
16 the issues and all the increases that we feel the
17 evidence does not support any increase.

18 And let me state right up front, as I always
19 do, what this case is not about. It is not about
20 personalities. Mr. Conley has put together a very, very
21 good team at Gulf Power; we don't dispute that. They
22 are a good corporate citizen; we don't dispute that.
23 They do a lot for their company, the consumers, and they
24 do a lot for their surrounding service areas. That's
25 not what this case is about.

1 The bottom line is this: Gulf is required to
2 provide safe, adequate, and reliable service to you, the
3 consumer. In return, they're allowed to recoup or
4 recover their operating expenses, and they are given the
5 opportunity to earn a fair and reasonable, fair and
6 reasonable return on their investment and nothing more.
7 And our job is going to be to argue to the Commission
8 that they keep to that standard when they rule on this
9 case for Gulf.

10 We have hired several nationally recognized
11 experts that will be representing you in this matter in
12 the areas of accounting, cost of capital, engineering,
13 and depreciation. At this time we are reviewing all the
14 documents, we are conducting discovery, and we will be
15 formulating our opinions and our positions that will be
16 due to be filed with the Commission in October. But I
17 will point out several areas that we are taking a very
18 close look at.

19 Number one, excess profit. Gulf is asking for
20 an 11.5 percent return on equity after-tax profit.
21 Bottom line is we do not believe that is reasonable. We
22 believe it is excessive, and we will definitely be
23 contesting that. As I mentioned, just a year and a half
24 ago Gulf was awarded 10.25 percent, and here they are
25 asking for 125 basis points above that.

1 We are also reviewing certain operating and
2 maintenance expenses that we want to make sure that what
3 Gulf is asking for that they are justified, especially
4 in light of the economy today. Because, as Mr. Conley
5 said, folks are still rebounding from the terrible
6 recession that we've experienced over the last few
7 years.

8 We are looking very carefully at depreciation
9 issues. We have an expert out of Texas, and he has
10 already identified some areas that we will be contesting
11 in this case.

12 Another area is sales forecasts. Gulf
13 indicates that they have missed the mark in their last
14 rate case. We want to make sure in this case that they
15 don't miss the mark on the other side of the coin.

16 Now, as Chairman Brisé mentioned, the most
17 important thing tonight, this is your hearing. This is
18 not the PSC's hearing. This is not Gulf's hearing.
19 This is not my hearing. This is you, the consumers'
20 hearing.

21 I have got a few people that are signed up to
22 speak, but I want to hear really from each and every one
23 of you, as does each of the Commissioners. It is so, so
24 vitally important that you participate and come up here
25 and speak. You do not have to be a learned speaker.

1 Speak from the heart. Be honest. If you have something
2 good to say, say it. If you have something that
3 troubles you, say it. This Commission wants to hear
4 from you, and it is vitally important that they do so.

5 So please take this opportunity and
6 participate tonight. And, again, for those of you that
7 are here, I really appreciate you braving the weather to
8 come here. Thank you.

9 **CHAIRMAN BRISÉ:** Thank you, Mr. Kelly. I
10 don't know if the company has anything else.

11 **MR. STONE:** In the interest of the time, we'll
12 dispense with the remainder of our time.

13 **CHAIRMAN BRISÉ:** All right. Thank you very
14 much.

15 Okay. At this time we are going to ask
16 everyone who is interested in speaking this afternoon to
17 stand with me as I'm going to swear you in.

18 (Witnesses sworn collectively.)

19 **CHAIRMAN BRISÉ:** Thank you.

20 All right. Mr. Kelly, if you would call the
21 first two individuals.

22 **MR. KELLY:** The first speaker is Stephen Roam,
23 who will be followed by William Ribbing.

24 **STEPHEN ROME**

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

1 testified as follows:

2 **DIRECT STATEMENT**

3 **MR. ROME:** Good afternoon. My name is Stephen
4 Rome. I'm a volunteer advocate for AARP. I live at
5 3840 Yesteroaks Drive in Pensacola, Florida. The zip,
6 32504.

7 I agree that Gulf Power's endeavors have been
8 commendable, but there are a few reasons I find this
9 particular rate increase proposal troubling. First, the
10 base rate increase may not sound like too much to some
11 people, but to those who may be working two, three, or
12 four different jobs to make ends meet, or those who have
13 no job and can't get one, or to those seniors on a fixed
14 income, it could mean a choice of electricity, or food
15 on the table, or medicine, or health care. I'm here
16 today to speak for those customers in dire straits who
17 can't be here in person to speak to you.

18 Second, in 2012 the Public Service Commission
19 approved a base rate increase for Gulf Power in the
20 amount of \$64 million effective April 11th, 2012, and a
21 step increase of an additional \$4 million effective
22 January 1st, 2013. Once again, the company is
23 requesting that the Commission approve a two-step rate
24 hike that would increase the total bill for an average
25 customer buying 1,000-kilowatt hours from the current

1 price of \$118.88 to \$127.82, or a 7.5 increase in 2004.
2 Then in 2005 (sic) rates would again increase by an
3 additional \$1.99, or 1.7 percent. How long will this
4 Commission continue to approve base rate increases year
5 after year after year after year at the expense of
6 captive customers?

7 My final cause for concern and the crux of
8 this entire rate request is that Gulf Power wants a
9 profit margin of 11.5 percent return on equity; 11.5
10 percent when the rest of us are lucky to get 1 percent
11 on our CDs.

12 In closing, I believe that instead of being
13 buried in a base rate increase during a time that even
14 Gulf Power acknowledges as a, quote, slower than
15 expected economic recovery from severe nationwide
16 economic recession, unquote, customers should not be
17 burdened while the company continues to earn a rate of
18 return on equity that exceeds ten times what the average
19 investor can expect on their money.

20 Thank you for this opportunity to address you.

21 **CHAIRMAN BRISÉ:** Thank you, Mr. Rome.

22 Are there any questions for Mr. Rome?

23 Sure. Commissioner Brown.

24 **COMMISSIONER BROWN:** Just a question.

25 Mr. Rome, I just wanted to clarify. Are you

1 speaking on behalf of AARP?

2 **MR. ROME:** Yes, ma'am, I am.

3 **COMMISSIONER BROWN:** Thank you.

4 **CHAIRMAN BRISÉ:** Mr. Rome, there's another
5 question for you.

6 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.
7 Mr. Rome, as a representative of AARP, do you
8 know approximately how many members in Gulf's service
9 territory are members of AARP?

10 **MR. ROME:** I don't know in Gulf Power area's
11 how many are AARP members, but statewide we have about
12 3.7 million members.

13 **COMMISSIONER BALBIS:** Okay. Thank you.

14 **MR. ROME:** Are there any other questions
15 before I leave? Thank you.

16 **CHAIRMAN BRISÉ:** All right. Seeing none,
17 thank you for your testimony this afternoon.

18 **MR. KELLY:** After Mr. Ribbing will be Chester
19 Holland.

20 **WILLIAM W. RIBBING**

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

23 **DIRECT STATEMENT**

24 **MR. RIBBING:** My name is William Ribbing. I'm
25 just a private individual, like everyone else. I'm

1 appalled at the rate increase that they have asked
2 for --

3 **CHAIRMAN BRISÉ:** Before you testify, will you
4 provide your address.

5 **MR. RIBBING:** Yes.

6 **CHAIRMAN BRISÉ:** Thank you.

7 **MR. RIBBING:** I live here in Pensacola, 3205
8 East Olive Road, Apartment 106.

9 My concern is that the rate increase that they
10 have asked for is actually greater than what they were
11 given not even a year ago. They are asking us to keep
12 digging in our pockets, digging in our pockets, and
13 taking more and more. We don't make that much money as
14 retirees. I say most of us in this area are retirees.
15 Our incomes are fixed. We don't have the money to just
16 keep pouring into their pockets.

17 The rates aren't going to give us any more
18 better service. It's not going to increase anything for
19 us, and it's not going to benefit us. I would like the
20 Public Service Commission to take into consideration we,
21 the people, not just them, corporations.

22 I cut off quite a bit of what I wanted to say,
23 but I do have one objection, too, and that's taking in
24 with the water service, and I have already addressed
25 that in another communication.

1 Thank you for your time.

2 **CHAIRMAN BRISÉ:** Thank you very much, Mr.
3 Ribbing.

4 Are there any questions for Mr. Ribbing?

5 All right. Seeing none, thank you for your
6 testimony this afternoon.

7 **MR. KELLY:** After Mr. Holland is Linda
8 Kennedy.

9 **CHESTER HOLLAND**

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

12 **DIRECT STATEMENT**

13 **MR. HOLLAND:** Thank you for letting me speak
14 to y'all. I went to a meeting they had --

15 **CHAIRMAN BRISÉ:** Before you continue, will you
16 provide your name and address.

17 **MR. HOLLAND:** I'm sorry.

18 **CHAIRMAN BRISÉ:** No problem.

19 **MR. HOLLAND:** I'm a little nervous. I'm
20 talkative when I get nervous.

21 **CHAIRMAN BRISÉ:** That's all right.

22 **MR. HOLLAND:** My name is Chester Holland. My
23 address is 5950 Frank Reeder Road, Pensacola, Florida.
24 I live out in the good old home estate of Beulah.

25 The last meeting they had was over on Tahar

1 Street (phonetic), and I just went to it because I never
2 went to one before. I was curious. I came by it from a
3 little card I got from AARP, which I'm a AARP member.

4 After going to it and hearing all the lies,
5 and I repeat, all the lies that I knew of for a fact
6 that Gulf Power had said, and I personally have
7 requested a number of times for them to come out and
8 replace a power pole. This power pole, come to find
9 out, they said belonged to AT&T. I asked them, I said,
10 well, if it belongs to them, why are y'all putting your
11 electricity lines on those poles?

12 That pole has been out there before my house
13 was built in 1972. That's a long time. And if I
14 remember right, they quoted last meeting, back in '11,
15 they replaced the poles with a new service, or something
16 of that nature, every three to five years. Well, I have
17 two trees growing up in one of the power poles, and it
18 takes a good ten years for them to get that tall. They
19 are almost at the top of the main line, and I have
20 called them twice. I called them last week for one
21 time.

22 And the guy said, let me look. So he looked
23 on the Google map, you know, and he looked down, and
24 that map is probably about ten years old to begin with.
25 You can't tell what's really happening in that length of

1 time. They need to come out and personally inspect.

2 But, nevertheless, that power pole is still
3 there. It's the only one in the area probably within a
4 50-mile radius that has got cleats up and down the pole.
5 And they just -- service, there is no service out there.
6 I found out from last week talking with the guy that's
7 supposed to be out today, he didn't come yet, so I said
8 I'm coming here. He's supposed to have been there today
9 to look at that power pole. Those limbs growing up in
10 the top line, which it's a stinger line, the top line.
11 And I tell you what, if the power ever goes out out
12 there, and my neighbor down the street ever finds out
13 what's really happening, they won't ever forget that
14 woman's name. I promise you that.

15 So I have no faith in Gulf Power. My
16 neighborhood -- from the last meeting they had, I was so
17 bent out of shape about the whole thing, and I took it
18 upon myself on the back of this little brochure, where
19 you've got the petition on there, I took it upon myself
20 to see if I could get people -- because it went through
21 my mind, I said there's a lot of people that probably
22 didn't know about it. And I was right, there's a lot of
23 people that don't know about stuff like this. They are
24 not familiar with the process.

25 So I took it upon myself. I personally made

1 and paid for out of my own pocket, at the time I could
2 afford it, a little over 5,000 petitions. I personally
3 issued every one out in Escambia County, because that's
4 how much I am dearly dissatisfied with Gulf Power,
5 because they do not do what they say they do. That's
6 all I've got to say.

7 **CHAIRMAN BRISÉ:** Thank you, Mr. Holland.

8 Are there any questions for Mr. Holland?

9 Commissioner Balbis.

10 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

11 Mr. Holland, I have a few questions for you.

12 You indicated that you had 5,000 signatures for a
13 petition?

14 **MR. HOLLAND:** That's right.

15 **COMMISSIONER BALBIS:** What did the petition
16 say?

17 **MR. HOLLAND:** Just like y'all would have right
18 here. I took and I asked the lady at the time that was
19 at the meeting, I asked her could I get some petitions,
20 she said we don't have none. So I had that one. I
21 asked her would it be okay if I made copies of it. So I
22 personally made copies of this petition on white paper,
23 and a lot of them had on the center above the comment
24 column, I had wrote in my address or something of that
25 nature, I can't remember, because it has been a couple

1 of years ago, but I issued all of those out. And a lot
2 of people done that.

3 I met a guy at the fairgrounds back in 2011,
4 and he was telling me of some problems he was having
5 with Gulf Power running over his fence line and his
6 cattle got out. And he had to wind up calling the
7 police officer a number of times to get them to fix
8 something they should have fixed to begin with. It's a
9 shame to have to go to that extent to get Gulf Power to
10 do their job.

11 **COMMISSIONER BALBIS:** Okay. And the last
12 question. You mentioned this utility pole that's owned
13 by AT&T that Gulf Power --

14 **MR. HOLLAND:** They refused to come out there
15 and do something about it. And that pole --

16 **COMMISSIONER BALBIS:** Were you requesting them
17 to replace the pole, or just cut the trees around the
18 line?

19 **MR. HOLLAND:** Yes. Well, look at it this way.
20 The pole has been there since '72. Not many pieces of
21 lumber that's exposed to the atmosphere is going to last
22 that long. That's 30, 40, 43 years, 42 years, 41,
23 something like that. That's a long time for a pole to
24 be in the ground.

25 **COMMISSIONER BALBIS:** Okay. Thank you.

1 **MR. HOLLAND:** When they first said that they
2 would replace it in three to five years, it didn't
3 happen.

4 **CHAIRMAN BRISÉ:** All right. Any further
5 questions for Mr. Holland?

6 All right. Seeing none, thank you for your
7 testimony today.

8 **MR. HOLLAND:** Thank you.

9 **MR. KELLY:** After Ms. Kennedy is Mary
10 Gutierrez.

11 **LINDA YOUNG KENNEDY**

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

14 **DIRECT STATEMENT**

15 **MS. KENNEDY:** Hi. I'm Linda Young Kennedy. I
16 live at 410 South 1st Street in Warrington, or
17 Pensacola, Florida. You see the sign at the front door
18 that said that it would not be as cool in here as it
19 could be because the electricity was messed up because
20 of the lightning? Do you think it could be any colder?
21 I'm freezing. (Laughter.)

22 But I'm older. I'm 73 years old. My daddy
23 worked for Gulf Power. I married a Navy pilot and went
24 around the world. I was in Japan during Vietnam when my
25 husband served. I lived in Italy. I have successful

1 children.

2 At this point in time I also live on a budget.
3 And it is -- it's very nice, I own a little stock in
4 Southern Company, and I get 4.1 percent interest, which
5 is very generous compared to everything else that's
6 financially being done. You don't even get 1 percent on
7 a CD. And it is a business, and I understand they have
8 to make money, and I understand that they have to keep
9 things up-to-date and make a profit and all of that.

10 Recently, they had a program called -- you
11 could get a programmable thermostat that you could tell
12 it when you wanted it to be cold, or hot, or have the
13 water on or off. You paid so much a month for that. So
14 if it lowered your bill, you kind of made nothing
15 because you were paying for this monthly fee for the
16 thermostat.

17 I mentioned that a couple of times in some of
18 my phone calls, and they finally dropped that. Now you
19 get the thermostat and you can get it programmed for
20 free. So your little bit of profit on your bill stays
21 with you. Sort of like grass; you pay to grow it, and
22 then you pay to cut it down.

23 So as AARP said, and he said, I think,
24 3,000,000 people or something. I'm an AARP person. And
25 Social Security said the other day if my husband died,

1 he's 80 years old, that I would start -- with a widow's
2 bump, I would have \$944.50 a month to live on. That's
3 kind of tight. Gulf Power used to have, back when we
4 were growing up, a program, I don't know if it was an
5 official program, but two other companies in Florida, I
6 don't know if it's Florida Light and Power or who they
7 are, but they have a program that is called -- if you
8 use less than 1,000 kilowatt hours per month you get a
9 cheaper rate.

10 It seems like that's a pretty good program,
11 especially if you happen to be a widow and you're on a
12 limited income. It's called using your brain. You
13 don't need a computer programmed thermostat, or a cell
14 phone, or tweet, or any of these other things, you just
15 use your brain. You get up in the morning and you know
16 you are going to be gone for four or five hours, so you
17 put the thermostat up to 78, or whatever.

18 And when you're alone and you live and, you
19 know, I don't wash my hair every day like most of the
20 young people do, because that's -- get in the shower and
21 wash your hair, that's the thing to do. So I don't need
22 so much hot water. I turn my hot water heater off,
23 which is insulated in a little closet, right beside my
24 kitchen in a little two-foot square porch thing that's
25 enclosed. I reach in there and turn it on, at 5:00

1 o'clock when I finish working in the yard, go take my
2 bath and turn it off. You know, I usually sometimes
3 forget or whatever.

4 I have not paid more than -- for use of more
5 than 1,000 kilowatt hours in the last three months.
6 This month it was right at 1,000, but it was 32 days, I
7 think, or 31 days. So there were two added days. But
8 my rate is still the same rate as the high roller that
9 lives in the big house that works and is a corporate
10 leader, or whatever, a lawyer. And so I know what being
11 extravagant can do.

12 I mean, I have been to Paris and I've spent a
13 lot of money doing things, taking trips and all like
14 that, but you come to a period in time where you have to
15 get down. Am I on the yellow one?

16 **CHAIRMAN BRISÉ:** Yes, ma'am.

17 **MS. KENNEDY:** Okay. So all I'm saying is I
18 think that they should look at reestablishing that
19 program. They could limit it to a certain budget or
20 something, because it would help people. And I think
21 with paying the high interest that they are paying on
22 the stock, which I like, I think that the stockholders
23 could suffer a little bit like the payers of the utility
24 that they are getting. So that's all I have to say.

25 **CHAIRMAN BRISÉ:** Thank you, Ms. Kennedy. Are

1 there any questions?

2 **MS. KENNEDY:** Any questions?

3 **CHAIRMAN BRISÉ:** All right.

4 **MS. KENNEDY:** I have a question. Do any of
5 you up there know about this program of use less than
6 1,000 kilowatt hours and you get a cheaper rate?

7 **CHAIRMAN BRISÉ:** I'm aware. My parents are on
8 it with another utility.

9 **MS. KENNEDY:** Really? That's in this state?

10 **CHAIRMAN BRISÉ:** Yes.

11 **MS. KENNEDY:** I see. Anybody else know of it
12 of you eight? You, sir? Sir, this sir, do you?

13 **MR. KELLY:** No, ma'am.

14 **MS. KENNEDY:** Okay.

15 **CHAIRMAN BRISÉ:** Thank you, Ms. Kennedy, for
16 your testimony this afternoon.

17 All right. Mr. Kelly.

18 **MR. KELLY:** After Ms. Gutierrez is Shirley
19 McCraw.

20 **MARY GUTIERREZ**

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

23 **DIRECT STATEMENT**

24 **MS. GUTIERREZ:** Hello. My name is Mary
25 Gutierrez, and that is actually G-U-T-I-E-R-R-E-Z. I

1 live at 3393 Two Sisters Way, Pensacola 32505. And I
2 will keep this short and sweet.

3 I am opposed to any additional rate increases
4 at this time, including the step increase for 2015 that
5 is being proposed. Specifically, I'm opposed because it
6 is not -- the burden should not fall to the ratepayers
7 or consumers to make up for any shortfallings that Gulf
8 Power might have had in their initial proposal that they
9 received for rate increases in 2012. And that's it in a
10 nutshell for me.

11 **CHAIRMAN BRISÉ:** Okay. Thank you, Ms.
12 Gutierrez.

13 Are there any questions for Ms. Gutierrez?

14 Thank you for your testimony this afternoon.

15 **MR. KELLY:** After Ms. McCraw is Dave Hoxeng.

16 **SHIRLEY MCCRAW**

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

19 **DIRECT STATEMENT**

20 **MS. MCCRAW:** My name is Shirley McCraw, and I
21 live at 1595 West Bush Street in Pensacola, Florida
22 32534.

23 And I'm a total electric person. I'm on a
24 fixed income. And as years have gone by and the rates
25 have gone up, I have had to cut back on things. And it

1 has got to the point now that in the wintertime I wear a
2 coat in the house, and in the summertime I can't turn on
3 the air conditioner. And my hot water heater gets
4 turned on if I'm going to take a bath, which I try to
5 limit to three days a week.

6 Okay. So I am opposed to any increases, and
7 there's nothing else on my income that I can cut out. I
8 know people will see -- people will see me with a cell
9 phone. This phone my daughters gave me. I do not make
10 calls on it. They have numbers in here that I punch if
11 I need to get ahold of one of them. And if I go
12 somewhere I tell them, and then I can punch that number
13 and tell them when I get home. Other than that, I don't
14 have any of these extravagant things that people have
15 today.

16 I guess that's about it. I am opposed to
17 this. And the way I was brought up is if you can't
18 afford something, you do without it, and this is what I
19 do. Thank you.

20 **CHAIRMAN BRISÉ:** Thank you, Ms. McCraw. Are
21 there any questions?

22 Thank you for your testimony this afternoon.

23 **DAVE HOXENG**

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

DIRECT STATEMENT

1
2 **MR. HOXENG:** Good afternoon. My name is Dave
3 Hoxeng, and my address is 7251 Plantation, 32504.

4 Thank you all for coming to Pensacola today.
5 The last time that actually I was in this auditorium, I
6 was speaking with the Commission from Tallahassee when
7 y'all came to ask about how things have gone post-Ivan
8 with AT&T and BellSouth. And that day I rose to speak
9 about my great disappointment in the lack of local
10 management that the telephone company had here in
11 Pensacola. They moved everybody to Jacksonville and
12 Miami and they just don't care about us anymore. And
13 you know what, it has only gotten worse. The technical
14 people here are still good, but the leadership of AT&T
15 is just hyper-stovepiped, I guess we'd say.

16 My wife and I, Mary, own Radio 1620 and
17 CatCountry 98.7, two locally operated radio stations,
18 and I guess I'm the first commercial customer to talk
19 today. And I want to talk about two things. First of
20 all, as a customer, I noticed on this green sheet y'all
21 handed out today it says that in accordance with Florida
22 Statutes, the PSC will also consider Gulf's quality of
23 service and other matters.

24 Well, I don't know what the other matters are,
25 but I can tell you that Gulf offers excellent service.

1 The leadership team here, I've lived here 11 years, has
2 done a great job. Of course, the post-Ivan disaster was
3 something that Gulf Power really rose to the occasion,
4 brought in a tremendous amount of extra help and did a
5 fabulous job. The best of all the utilities, as a
6 matter of fact. Those were extraordinary times, but
7 let's talk about the ordinary times.

8 My experience with Gulf is that -- I'm a large
9 user, I spend on electricity about fifty to sixty
10 thousand dollars a year, so my electric bill is very
11 important to me. But it is also important that I have
12 reliable power, high quality power, power that is free
13 of harmonics, power that has good power regulation, and
14 Gulf Power has delivered on that.

15 And I'll give you one brief example of a
16 problem I had, which I was very pleased with their
17 service. We were getting knocked off a few months ago
18 in one of our studios at 1:35 in the afternoon almost
19 every day. And the UP (phonetic) serving our studio was
20 tripping offline, and we replaced it and it didn't make
21 a difference. So we suspected that we had a power
22 problem. And the technical people from Gulf Power came
23 out and put a monitor on the line and found out that it
24 was a problem in our building, which they then gave us
25 the direction on how to fix it. And I appreciate that

1 kind of service, so I'm a very happy customer.

2 The second thing I'd like to talk about is
3 from my perspective as a community leader very involved
4 in economic development. I have spent thousands of
5 hours in the last decade working towards economic
6 development in Santa Rosa County and in Escambia County.
7 To me economic development is about jobs, bringing good
8 jobs to our community, because that's how we're going to
9 lift the whole community up. Rising job opportunities
10 raises the economy of Pensacola and Santa Rosa County.

11 Gulf Power has been an excellent partner in
12 that. They have invested a lot of their leadership time
13 in helping us win new business and bringing in new jobs
14 to our community. But I'd also like to talk about from
15 a technical perspective. A project that I have been
16 involved with for a number of years or was involved with
17 was the new Whiting Aviation Park, which is a new
18 industrial park which will bring hundreds of really
19 high-paying jobs into Santa Rosa County. Right now it's
20 just scrub.

21 But the technical people from Gulf Power
22 invested a lot of time helping us figure out exactly the
23 infrastructure we were going to do to try to come up
24 with an affordable way to expand this virgin land to
25 create these jobs in the future. And I have nothing but

1 great things to say about their people, because they
2 were able to help us come up with a great plan. We have
3 still got to pay for it, because you guys require us to
4 pay for it. There are some other places that the
5 utilities can subsidize that sort of thing, but not in
6 Florida apparently. But the planning was excellent and
7 I appreciate it.

8 Anybody have any questions?

9 **CHAIRMAN BRISÉ:** Commissioners?

10 Commissioner Balbis.

11 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

12 I have a question for -- Mr. Hoxeng, is that
13 correct?

14 **MR. HOXENG:** Yes, sir.

15 **COMMISSIONER BALBIS:** I appreciate your
16 testimony here today, and you indicated that Gulf Power
17 has excellent customer service. And in this Commission
18 in 2011, in fact, in 2011 and another step increase in
19 2012, appropriated a significant amount of additional
20 dollars for customer service, additional personnel and
21 additional facilities to house those personnel.

22 Do you feel that Gulf Power's customer service
23 has improved because of that or since that time, or has
24 there been excellent customer service over a certain
25 period of years?

1 **MR. HOXENG:** Well, I guess I would divide
2 customer service into two different ways. One is when
3 they answer the phone do they give you good response on
4 the phones in terms of the clerical people. And I have
5 never -- to me it has always been good service. The
6 thing that is more important to me, because I am a big
7 user, is having good technical service. And we have had
8 that here. So has it gotten better? For me it was
9 always good. I mean, at home I'm all electric, and I'm
10 looking at going on the plan that one of the other
11 people mentioned, which is a good energy savings plan,
12 but I don't have specific experience with that as yet.

13 **COMMISSIONER BALBIS:** Thank you.

14 **CHAIRMAN BRISÉ:** All right. Thank you.

15 Any further questions?

16 All right. Thank you, Mr. Hoxeng, for your
17 testimony.

18 **MR. HOXENG:** Thank you.

19 **CHAIRMAN BRISÉ:** Okay. It seems that no one
20 else signed up to speak. If you are here and you didn't
21 sign up and you think that you need to speak, feel free
22 to go to the back and sign up. If not, we want to
23 encourage you to use the green forms. Pick them up in
24 the rear and share them with your friends. Let people
25 know our website address so that they can participate

1 and provide their comments to us on-line.

2 If there are no other matters before us this
3 afternoon, we are going to adjourn this particular
4 customer service hearing. We will have another one
5 tomorrow morning in Panama City.

6 With that, we stand adjourned. Thank you for
7 your participation today.

8 * * * * *

9 **CHAIRMAN BRISÉ:** Okay. It seems that we have
10 one more person who wanted to speak and we missed that
11 in the transmission there, so we are going to go ahead
12 and go back on the record, reopen the record so that we
13 can hear from this customer.

14 **MS. CALLINS:** I won't take too much time.

15 **CHAIRMAN BRISÉ:** That's okay. That's all
16 right. Please state your name for the record.

17 **DAISY CALLINS**

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

20 **DIRECT STATEMENT**

21 **MS. CALLINS:** Good afternoon. My name is
22 Daisy Callins at 1530 East Call Street, Pensacola.

23 I won't say too much. I have been at this
24 address now about 40 years, and Gulf Power has been good
25 to me. Because I'm 84 years old, and I had to get a low

1 rate because I'm a widow, and I have been a widow since
2 2004. And they gave me a low rate so I can pay. And my
3 bill now is about 121.53, because, see, my husband died
4 in 2004, and I don't have -- I'm on a fixed income, so I
5 have to do that to pay my bills.

6 So I don't know about how this is going to go.
7 It might do good for some peoples, but I know it won't
8 be good for me. Because I pay my bills and I pay it on
9 time, but that high rate, I don't know how high they are
10 going, I don't know how I can, you know, go about that.

11 I have three sons. I do help with one, but
12 I'm mostly there for myself. So I don't know about how
13 we're going to do it if the bill goes up, because I can
14 only do whatever I can with the money that I have,
15 because I'm on a fixed income. So that's it for me.
16 Thank you for having me.

17 **CHAIRMAN BRISÉ:** Thank you, Ms. Collins.

18 Are there any questions for Ms. Collins?

19 **MS. CALLINS:** Callins. C-A-L-L-I-N-S,
20 Callins.

21 **CHAIRMAN BRISÉ:** Sorry about that.

22 **MS. CALLINS:** Thank you.

23 **CHAIRMAN BRISÉ:** All right. Before we close
24 the record again, is there anyone who wants to speak?

25 Okay. Going once, twice. All right. Once

1 again, thank you for your participation this afternoon.

2 We are adjourned.

3 (The service hearing adjourned at 5:02 p.m.

4 C.S.T.)

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1 STATE OF FLORIDA)

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2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

4
5 I, JANE FAUROT, RPR, Chief, Hearing Reporter
6 Services Section, FPSC Division of Commission Clerk, do
hereby certify that the foregoing proceeding was heard
at the time and place herein stated.

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

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

13 DATED THIS 17th day of September, 2013.

14
15 
16 _____

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


AFFIDAVIT

The undersigned ("Affiant"), being first duly sworn, deposes and says that:

1. Affiant is the Corporate Communications Manager for Gulf Power Company ("Gulf Power") and has personal knowledge of the facts stated herein.
2. Gulf Power, in order to provide the public with information regarding its request for rate increase before the Florida Public Service Commission ("Commission") in Docket 130140-EI, has provided information as detailed below in compliance with Section 25-22.0406 of the Florida Administrative Code, Commission Order No. PSC-13-0342-PCO-EI and the Notice of Customer Service Hearings issued August 16, 2013.
3. On July 12, 2013, Gulf Power mailed a copy of the Petition for Rate Increase to the chief executive officer of each county and municipality in the affected service area in compliance with Section 25-22.0406(2), Florida Administrative Code.
4. On July 12, 2013, Gulf Power placed copies of the Minimum Filing Requirements on file for public access and inspection at its corporate headquarters in Pensacola, Florida, and at its business offices in Pensacola, Ft. Walton Beach and Panama City, Florida, in compliance with Section 25-22.0406(3)(a), Florida Administrative Code.
5. On August 9, 2013, Gulf Power placed a Commission-approved Rate Case Synopsis on file for public access and inspection at its corporate headquarters in Pensacola, Florida, and at its business offices and the main public libraries in Pensacola, Ft. Walton Beach and Panama City, Florida, and mailed copies of the synopsis to the chief executive officers of each county and municipality in the affected service area in compliance with Sections 25-22.0406(4)(a) & (b), Florida Administrative Code. A copy of the synopsis is attached hereto and made a part hereof as Exhibit "A".
6. Between August 12 and August 23, 2013, a Commission-approved notice in the form of a separate, First Class mailing was sent to all of Gulf Power's customers at their billing address in compliance with Section 25-22.0406(5), Florida Administrative Code. A copy of the text of the notice is attached hereto and made a part hereof as Exhibit "B".
7. On August 20, 2013, Gulf Power published a Commission-approved display advertisement in the Pensacola News Journal and the Panama City News Herald which stated the date, time, location and purpose of the service hearings in compliance with Section 25-22.0406(6), Florida Administrative Code. Copies of the proof of publication as supplied from the respective publications are attached hereto and made a part hereof as Exhibit "C".

FURTHER AFFIANT SAYETH NOT.

This 30th day of August, 2013.



Jeffrey S. Rogers

Sworn to and subscribed before me this 30th day of August, 2013. Said person is personally known to me and/or produced a current driver's license as identification.

(Notary Seal Must be Affixed)



NOTARY PUBLIC



MELISSA A. DARNES
MY COMMISSION # EE 150873
EXPIRES: December 17, 2015
Bonded Thru Budget Notary Services

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 130140-EI



RATE CASE SYNOPSIS

I. PURPOSE

Pursuant to Rule 25-22.0406(4)(a), Gulf Power Company is providing a synopsis of its rate request.

II. COMPARISON OF THE PRESENT AND PROPOSED RATES FOR MAJOR SERVICES

Under Gulf's proposal, the following typical monthly bill increases would apply to the usage shown when the proposed new rates are put into effect on and after the first billing period in April, 2014.

A Residential Service monthly bill for 1,000 kWh would increase from \$118.88 under the current rates to \$127.82, a 7.5 percent increase.

A small commercial General Service monthly bill for 1,500 kWh would increase from \$181.69 under the current rates to \$191.17, a 5 percent increase.

A General Service Demand monthly bill for 25 kW and 11,000 kWh would increase from \$1,008 under the current rates to \$1,056, a 5 percent increase.

A Large Power Service monthly bill for 500 kW and 288,000 kWh would increase from \$23,714 under the current rates to \$25,421, a 7 percent increase.

A Large Power Service monthly bill for 658 kW and 288,000 kWh would increase from \$25,336 under the current rates to \$27,403, an 8 percent increase.

A Large Power Service monthly bill for 1,315 kW and 288,000 kWh would increase from \$32,081 under the current rates to \$35,645, an 11 percent increase.

A Large Power Service Time-of-Use monthly bill for 5,000 kW on-peak demand, 600,000 kWh on-peak energy, 5,000 kW max demand, and 1,800,000 kWh off-peak energy would increase from \$203,297 under the current rates to \$219,852, an 8 percent increase.

III. MAJOR RATE CASE ISSUES

The issues listed below are anticipated by Gulf Power Company (Gulf or the Company) to be areas considered; however, it is difficult to anticipate all the issues which may develop during a rate case.

1. What is the appropriate test year for setting base rates?
2. What is Gulf's test year rate base?
3. What is Gulf's test year cost of capital?
4. What is Gulf's test year net operating income?
5. What is the appropriate cost of service methodology?
6. What are the appropriate rate levels for each customer class?

Specific issues in this case will be identified in a prehearing order issued prior to the hearing.

IV. EXECUTIVE SUMMARY OF THE RATE CASE

Gulf Power is investing in our customers and communities through the largest power grid construction program in its history. Major capital investments have been and will be made to maintain our electric system, to strengthen and expand our existing infrastructure and to add new transmission lines. Part of the new transmission line construction is to help the Company comply with new federal environmental regulations that require plants to be shut down at regular intervals.

Gulf Power Company's Petition, new rate schedules, testimony, and Minimum Filing Requirements (MFRs) are filed pursuant to Section 366.06(3), Florida Statutes. Gulf seeks new base rates and charges which, based upon projected operations during the period January 2014 through December 2014 ("the test year"), would provide additional gross annual jurisdictional revenues of \$74.4 million. This amount represents a 5.9 percent increase in retail revenues from sales of electricity. This revenue increase would allow for an overall rate of return of 6.47 percent and a return on equity (ROE) of 11.5 percent (the midpoint). If the Florida Public Service Commission (FPSC or the Commission) finds that mandatory environmental compliance related transmission investments should be included in base rates rather than through an alternative cost recovery mechanism such as the Environmental Cost Recovery Clause, Gulf Power is also requesting an additional \$16.4 million increase to take effect in 2015.

If the request for rate increase is granted, the price for a residential customer buying 1,000 kilowatt hours of electricity in a month will increase in

April, 2014 by \$8.94 or 7.5% over the current price of \$118.88. In 2015, the price would increase an additional \$1.99 per month if the Commission does not allow recovery of the environmental compliance related transmission investments discussed above through a cost recovery clause. The increased revenues sought by the Company are necessary to maintain efficient, reliable service and the Company's financial integrity. Without rate relief, the overall jurisdictional return earned in the test year would be only 4.05 percent and the jurisdictional return on common equity will fall to 5.14 percent which is well below the level determined to be reasonable by the Commission in Gulf's last rate case.

V. DESCRIPTION OF THE RATEMAKING PROCESS AND TIME SCHEDULE

A. Who is involved in the utility ratemaking process?

Many participants are involved in a utility rate case. Here is a list of some of the main participants:

1. **FPSC Commissioners** - The FPSC is composed of five commissioners appointed by the Governor. All five commissioners may sit on a rate case, or the case may be assigned by the Chairman of the FPSC to a panel of specific commissioners. The commissioners assigned to the case will make final decisions on all of the issues in the case based on the evidence received.
2. **FPSC Staff** - The commissioners are assisted by a staff which includes: attorneys who advise on legal issues; engineers who inspect utility sites and equipment; accountants who audit the utility's books and records; consumer affairs specialists who review complaints against the utilities; and rate and financial analysts who study financial and rate issues.
3. **The Utility** - Utility officers and staff, including accountants, rate analysts, engineers and others, testify and provide information about the utility, its operations and its revenues and expenses. The utility may also employ outside consultants as expert witnesses.
4. **The Office of Public Counsel** - The Office of Public Counsel (OPC) is appointed by the Legislature to represent the citizens of

Florida in cases before the Commission. OPC has a staff of attorneys, accountants, rate analysts and financial analysts, and may employ outside consultants as expert witnesses. OPC participates in major rate cases, analyzes information filed by the utility, assists members of the public who wish to testify and provides expert witnesses on various issues in the case.

5. **Intervenors** - Other interested parties representing consumer groups, industrial groups, commercial organizations, government entities and others participate in the ratemaking proceedings. An intervenor is someone who has been granted permission to participate as a party in order to represent a specific interest or point of view in the rate case through a petition to the Commission. Each intervenor has equal opportunity with the other parties and FPSC staff to ask questions, present testimony and cross-examine witnesses.

- B. What is involved in the ratemaking process? What information is considered?

The ratemaking process involves months of analysis of volumes of information regarding all aspects of a utility's operations.

1. The rate case process begins when the utility writes a letter to the FPSC notifying the Commission of its proposed "test year" and filing date. The test year is a 12-month period for which utility operating data will be examined during the rate case. The letter

signals that the utility will likely ask for a rate increase. The “test year” letter starts a process that will likely continue over the next ten to fourteen months allowed under the Florida Statutes for the Commission to investigate the case.

2. Next, the utility files its formal request for a rate increase. This includes Minimum Filing Requirements (MFRs), which are required by the Commission's Rules. These MFRs contain hundreds of pages of figures and reports regarding the utility's expenses, investment and operations during the test year. The utility also files the testimony of its witnesses in support of the rate increase requested. The law requires that the utility carry the burden of proof and show why the requested increase is needed.
3. Before the ratemaking process is over, the Commission will try to gather all significant information about the utility. The FPSC staff, OPC and any other intervenors will typically ask for additional information as the case continues. This data provides details about the utility's supplies, expenses, taxes, construction expenditures, depreciation and other operating and financial matters that are crucial to making a decision in the case. The Commission's auditors will review the utility's books and records and file their report. Additional testimony may be filed by the utility, the FPSC staff, OPC and any other intervenors.

4. Hearings - a utility cannot change its prices (up or down) without authority from the Commission, and rate case procedures provide for public hearings as part of the Commission's decision-making process. These hearings are governed by rules similar to those used by courts. Witnesses are sworn and subject to cross-examination. The final decision made by the commissioners must be based upon information presented during the hearings.
 - a. The first hearings are scheduled in the local service area to hear from customers. At these "service hearings" customers may tell the Commission about any service related issues they have experienced. This information may lead to the identification of issues that the Commission will investigate further as part of the case.
 - b. After time for investigation of all information, the Commission will hold additional hearings for detailed review of all technical, legal, and financial issues in the case. These hearings may last for several days. Witnesses from all parties, including the utility, the FPSC staff, OPC and any other intervenors, present testimony and are cross-examined. Among the things the Commission looks for are expenditures that could be considered unnecessary or imprudent. Such expenditures would be disallowed for ratemaking purposes, which means ratepayers do not have

to pay for those costs. The hearings may be viewed online at the Commission's web site at:

www.floridapsc.com/agendas/audiovideo/index.aspx

- c. There are official transcripts of all hearings. Court reporters record the hearings, just like they do in a courtroom. These transcripts, and other official filings in this case, may be viewed online at the Commission's web site at:

www.florida/dockets/cms/ using the following Docket

Number: 130140.

5. After hearing, legal briefs are filed by the parties to summarize their positions. The Commission staff reviews the briefs and the record produced at hearing, and then produces a recommendation to the Commission that addresses each issue identified in the case.
6. The Commission then holds a Special Agenda Conference and votes on the issues, first on revenue requirements issues and then on rate issues. After the votes, Commission attorneys prepare a final order that reflects the Commission's votes and provides background for the case, the basis for each of the decisions reached, the new approved rates and the effective dates of the new rates. After the Commission order is issued, parties will have an opportunity to ask the Commission to reconsider its decision on the issues. After reconsideration, any party may appeal the final decision to the Florida Supreme Court.

GULF POWER COMPANY
2013 Retail Rate Case Schedule
(Docket No. 130140-EI)

Filing	July 12, 2013
Service Hearings	Pensacola Tuesday, September 3, 2013 4:00 p.m. CST Pensacola State College Hagler Auditorium 1000 College Boulevard <i>Note: Auditorium is at the corner of Underwood Avenue and N. 9th Avenue</i> Pensacola, Florida 32504
	Panama City Wednesday, September 4, 2013 10:00 a.m. CST Edgewater Beach Conference Center 11212 Front Beach Road Panama City Beach, FL 32407
Pre-hearing Conference	November 15, 2013 Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL
Hearing	December 9 – 13, 2013 Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL

**VI. GULF POWER LOCATIONS AT WHICH COMPLETE MFRs ARE
AVAILABLE FOR INSPECTION**

1. Panama City
1230 E. 15th Street
2. Pensacola
418 W. Garden Street
3. Milton
5120 Dogwood Drive
4. Ft Walton Beach
140 Hollywood Boulevard S.W.
5. Chipley
1195 Jackson Avenue
6. Defuniak Springs
1226 Circle Drive
7. Niceville
1057 E. John Sims Parkway
8. Crestview
1655 S. Ferdon Boulevard

NOTICE TO CUSTOMERS

On July 12, 2013, Gulf Power Company filed with the Florida Public Service Commission (FPSC) a request for approval to increase the Company's annual retail revenues. Currently, Gulf Power's total residential price (base rate plus all clause rates) is lower than it was in 2009. Gulf Power's proposed base rate request, if approved, would increase the total bill in April 2014 for a residential customer buying 1,000 kilowatt-hours by \$8.94 per month or 7.5 percent — from \$118.88 to \$127.82. The company is requesting an additional increase in 2015 for transmission investments caused by mandatory federal environmental compliance requirements.

This filing has been assigned Docket No. 130140-EI by the FPSC. The Office of Public Counsel (OPC) has intervened in this Docket. The duty of the OPC is to provide legal representation for the people of the state in proceedings before the commission. OPC representatives may be contacted prior to the hearing at 111 West Madison St., Room 812, Tallahassee FL 32399-1400, or by phone at 1-800-342-0222.

Gulf Power is investing in customers and communities through the largest power grid construction program in its history. Major investments have been made to maintain our electric system, to strengthen our existing infrastructure and to add new transmission lines.

Part of the new transmission line construction is to help the company comply with new federal environmental regulations that will change the way we operate our plants and will require plants to be shut down at regular intervals. The new lines and equipment will be used to ensure voltage stability and reliable power flow.

From 2012 through 2015, we are investing \$750 million dollars on maintenance, improvements and key transmission projects. These improvements are necessary to continue to provide reliable service to customers.

The present rates will remain in effect until new rates become operative under Florida Law. Copies of the rate case filing, including proposed rate schedules, are available for inspection at your local Gulf Power office.

Company personnel are available at all Gulf Power offices to answer questions concerning this request. They may be contacted at the address or telephone number on your electricity bill, at GulfPower.com or through a local directory.

A copy of the Minimum Filing Requirements (MFRs) and a summary or synopsis of our rate request can be found at www.gulfpower.com/filing. Additionally, these documents are available for review during normal business hours at the following public libraries:

City of Fort Walton Beach Public Library
185 Miracle Strip Pkwy. SW
Fort Walton Beach, FL 32548

West Florida Regional Library
200 W Gregory St.
Pensacola, FL 32502

Northwest Florida Regional Library
898 W 11th St.
Panama City, FL 32401

The Florida Public Service Commission will hold two public customer service hearings. The purpose of the hearings is to allow members of the public to give testimony regarding the proposed rates and the quality of service provided by Gulf Power Company.

The hearings are scheduled as follows:
Tuesday, Sept. 3 at 4 p.m. CST
Pensacola State College, Hagler Auditorium
1000 College Blvd., Pensacola, FL 32504
(Note: Hagler Auditorium is at the corner of Underwood Avenue and Ninth Avenue.)

Wednesday, Sept. 4 at 10 a.m. CST
Edgewater Beach Conference Center, 11212 Front Beach Rd.
Panama City Beach, FL 32407

Persons who wish to present testimony are urged to appear at the beginning of the hearings. If no witnesses are present to testify at that time, the hearings may be adjourned early.

The rate case hearings are scheduled to be held in Tallahassee on Dec. 9 – 13, 2013.

For your information, we are providing contact information for the Florida Public Service Commission's Consumer Affairs Department.

Consumer Affairs Department
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
1-800-342-3552

The FPSC will also accept faxes and emails.
Fax number: 1-800-511-0809
Email address: contact@psc.state.fl.us

Current and proposed Rates

Rate Class	kW	kWh	Present Rate	2014 Proposed Rate
RS		1,000	\$118.88	\$127.82
GS		1,500	\$181.69	\$191.17
GSD	25	11,000	\$1,007.54	\$1,055.63
GSD	50	11,000	\$1,160.10	\$1,231.02
LP	500	288,000	\$23,713.83	\$25,421.48
LP	658	288,000	\$25,336.00	\$27,403.40
LP	1,315	288,000	\$32,081.32	\$35,644.69
LPT	5,000 Max	600,000 On	\$203,297.09	\$219,352.27
	5,000 On	1,800,000 Off		

Above prices include gross receipts tax.

Service Fees

Name	Present Charge	Proposed Charge
Connection of Initial Service – Residential	\$27.00	\$27.00
Connection of Initial Service – Non-Residential	\$27.00	\$50.00
Connection of Existing Service – Residential	\$27.00	\$27.00
Connection of Existing Service – Non-Residential	\$27.00	\$50.00
Restoration of Service (After Violation of Rules)	\$35.00	\$60.00
Restoration of Service After Hours (After Violation of Rules)	\$55.00	\$80.00
Restoration of Service at Pole (After Violation of Rules)	\$95.00	\$100.00
Premise Visit	\$20.00	\$30.00
Connection of Temporary Service	\$110.00	\$110.00
Investigation of Unauthorized Use	\$75.00	\$75.00
Returned Item Charge < \$50	\$25.00	\$25.00
Returned Item Charge >\$50 and < \$300	\$30.00	\$30.00
Returned Item Charge >\$300	\$40.00	\$40.00

Published Daily-Pensacola, Escambia County, FL

PROOF OF PUBLICATION

State of Florida

County of Escambia:

Before the undersigned authority personally appeared Anna Hammes who, on oath, says that she is a personal representative of the Pensacola News Journal, a daily newspaper published in Escambia County, Florida; that the attached copy of advertisement, being a Legal in the matter of:

Notice

Was published in said newspaper in the issue(s) of:

August 20, 2013

Affiant further says that the said Pensacola News Journal is a newspaper published in said Escambia County, Florida, and that the said newspaper has heretofore been published in said Escambia County, Florida, and has been entered as second class matter at the Post Office in said Escambia County, Florida, for a period of one year next preceding the first publication of the attached copy of advertisement; and affiant further says that she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.

Sworn to and subscribed before me this **20th Day of August, 2013**, by Anna Hammes, who is personally known to me.

Anna Hammes Affiant

Carol S. Corbin Notary Public

CAROL S. CORBIN
NOTARY PUBLIC - STATE OF FLORIDA
COMMISSION #EE847370
MY COMMISSION EXPIRES OCT. 29, 2016

<p style="text-align: center;">Notice</p> <p>The Florida Public Service Commission announces a customer service hearing to be held in the following docket, to which all interested persons and parties are invited to attend.</p> <p>Docket No. 130140-EI Request for rate increase by Gulf Power Company</p> <p>DATE AND TIME: Tuesday, September 3, 2013 4:00 p.m. CST</p> <p>PLACE: Pensacola State College Hagler Auditorium 1000 College Boulevard Pensacola, FL 32504</p> <p>The hearing will begin as scheduled and will continue until all witnesses have been heard. If no witnesses are present, the hearing may be adjourned. All persons desiring to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify.</p> <p>PURPOSE: To permit members of the public to give testimony regarding the rates and service of Gulf Power Company. All witnesses shall be subject to cross-examination at the conclusion of their testimony. Any person requiring accommodations at this hearing because of a physical impairment should call the Office of the Commission Clerk at (850) 413-6770 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771.</p> <p>Legal No 1606186 1T August 20, 2013</p>

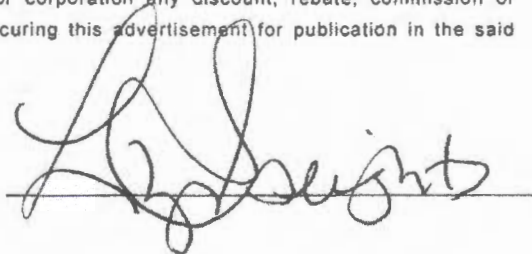
Halifax Media Group

PUBLISHERS OF THE NEWS HERALD
Panama City, Bay County, Florida
Published Daily

State of Florida County of Bay

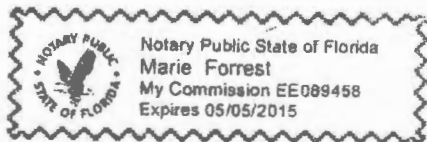
Before the undersigned authority appeared Lynda Speights, who on oath says that she is Legal Advertising Representative of The News Herald, a daily newspaper published at Panama City, in Bay County, Florida; that the attached copy of advertisement, being a Legal Advertisement # **92166** in the matter of **PUBLIC NOTICE - Gulf Power** in the Bay County Court, was published in said newspaper in the issue of **August 20, 2013.**

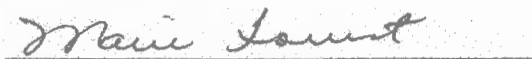
Affiant further says that The News Herald is a direct successor of the Panama City News and that this publication, together with its direct predecessor, has been continuously published in said Bay County, Florida, each day (except that the predecessor, Panama City News, was not published on Sundays), and that this publication together with its said predecessor, has been entered as periodicals matter at the post office in Panama City, in said Bay County, Florida, for a period of 1 year next preceding the first publication of the attached copy of advertisement; and affiant further says that he or she has neither paid nor promised any person, firm or corporation any discount, rebate, commission or refund for the purpose of securing this advertisement for publication in the said newspaper.



State of Florida
County of Bay

Sworn and subscribed before me this 20th day of August, A.D., 2013, by Lynda Speights, Legal Advertising Representative of The News Herald, who is personally known to me or has produced N/A as identification




Notary Public, State of Florida at Large

92166
PUBLIC NOTICE

The Florida Public Service Commission announces a customer service hearing to be held in the following docket, to which all interested persons and parties are invited to attend.

Docket No. 130149-E
Request for Rate Increase by Gulf Power Company

DATE AND TIME:
Wednesday, September 4, 2013, 10:00 a.m. CST

PLACE:
Edgewater Beach Conference Center
11212 Front Beach Rd
Panama City Beach, FL 32407

The hearing will begin as scheduled and will continue until all witnesses have been heard. If no witnesses are present, the hearing may be adjourned. All persons desiring to present testimony are urged to appear at the beginning of the hearing since the hearing may be adjourned early if no witnesses are present to testify.

PURPOSE: To permit members of the public to give testimony regarding the rates and services of Gulf Power Company. All witnesses shall be subject to cross-examination at the conclusion of their testimony. Any person requiring accommodations at this hearing because of a physical impairment should call the Office of the Commission Clerk at (850) 413-6778 at least 48 hours prior to the hearing. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771.