



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

1  
2           **CHAIRMAN BRISÉ:** Moving on to number 5.

3           **MR. TRUEBLOOD:** Good morning, Commissioners.  
4 Frank Trueblood with the Commission staff.

5           Item 5 addresses Florida Public Utility's  
6 request to record a positive acquisition adjustment  
7 associated with FPUC's acquisition of Indiantown Gas  
8 Company.

9           Based on the cost savings and the benefits  
10 that the company -- I'm sorry -- and the savings the  
11 company feels it will realize, as well as the benefits  
12 that the former Indiantown Gas customers are receiving  
13 since the acquisition, staff recommends the Commission  
14 allow FPUC to record a positive acquisition adjustment  
15 to be amortized over 15 years.

16           Staff notes that even with approval today, the  
17 Commission reserves the right to review these savings  
18 and benefits in the company's next rate case and, if  
19 warranted, may adjust or remove the acquisition  
20 adjustment in the future.

21           Representatives from the company and OPC are  
22 present to address the Commission, and staff is  
23 available to answer any questions.

24           **CHAIRMAN BRISÉ:** Thank you very much.  
25 Commissioners?

1 Commissioner Balbis.

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

3 I have a few questions for staff. On page  
4 6 of the recommendation in the third paragraph you  
5 discuss in looking at the five factors that we need to  
6 look at in approving a positive acquisition adjustment,  
7 you try to quantify the savings associated with the  
8 acquisition. And in that third paragraph you mention  
9 a -- two contracts; a three-year O&M agreement at  
10 \$50,000 per year, and also a consulting agreement at  
11 \$100,000 per year. And it's my understanding that  
12 agreement has not been renewed or has expired; is that  
13 correct?

14 **MR. MAUREY:** That's correct. The, the  
15 consulting agreement has expired. The O&M agreement is  
16 still in place.

17 **COMMISSIONER BALBIS:** Okay. And then in table  
18 1-3 where you calculate the net savings or costs on page  
19 11, was that \$100,000 that is not continuing, was that  
20 accounted for in this table?

21 **MR. MAUREY:** It's not recognized in this  
22 table, no.

23 **COMMISSIONER BALBIS:** Okay. And, and my  
24 concern is that if we can accurately reflect the  
25 expected savings associated with the acquisition in

1 order to support a positive acquisition adjustment, I  
2 think it would be more appropriate. And I'm not sure --  
3 I assume the other Commissioners have the table that  
4 staff put together, basically including that \$100,000 in  
5 anticipated savings.

6 **MS. CHRISTENSEN:** Commissioners, if I may  
7 address that. This is part of the reason -- Patty  
8 Christensen with the Office of Public Counsel.

9 **CHAIRMAN BRISÉ:** Sure. Go right ahead.

10 **MS. CHRISTENSEN:** And Ms. Vandiver is also  
11 with me.

12 That was part of the reason we asked to speak  
13 today. We had asked the company to create a table that  
14 included the nonrenewal of those two contracts, the 150  
15 and the \$350,000 contract, and what impact that would  
16 have on the cumulative savings and when that would take  
17 effect, which would reflect table 1-3. And I'm not sure  
18 if that's the schedule that staff handed out, but we do  
19 have a copy of that available. And if we can ask to  
20 hand that out.

21 And we also shared your concern, Commissioner  
22 Balbis, that those, according to table 1-3, the  
23 cumulative savings were not going to show up until the  
24 year about 2021. And so that's why we asked for this  
25 table to be drafted by the company. And it shows with

1 the elimination of those contracts that the cumulative  
2 savings to customers would be effective -- there would  
3 be net benefit to the customers showing 2014.

4 And we also had another issue that we wish to  
5 address in the drafting of the recommendation when the  
6 time is appropriate. Thank you.

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

8 Ms. Keating?

9 **MS. KEATING:** I just wanted to point out that  
10 Ms. Christensen is correct; we did prepare this at OPC's  
11 request. But I wanted to note the footnote here. We  
12 would caution, particularly with regard to the contract  
13 that is not yet terminated, the company really can't  
14 guarantee that those are exactly the savings that would  
15 show up upon termination of that contract. It is  
16 entirely possible that internal O&M costs may increase  
17 that could offset some of those potential savings.

18 We do agree that we think that savings will  
19 likely show up ahead of the schedule shown on page 11,  
20 but we just wanted to caution, particularly with regard  
21 to the contract that is not yet terminated, that some of  
22 those savings may be offset.

23 **CHAIRMAN BRISÉ:** Okay. The floor is yours.

24 **COMMISSIONER BALBIS:** And I have a question  
25 then or clarification from the Office of Public Counsel.

1 So this table here has both the \$100,000 consulting  
2 agreement and the \$50,000 O&M agreement; is that  
3 correct? Or I could ask the utilities.

4 **MS. CHRISTENSEN:** Yeah. The utility prepared  
5 it. I believe it contains the -- I think it contains  
6 both of those contracts not being renewed. But for  
7 clarification, I would ask the company because they can  
8 tell you exactly when they put those nonrenewals into  
9 the chart. I think it reflects both and that's what we  
10 had asked them to do.

11 **SPEAKER:** That's correct. If you'll note,  
12 there's a separate line item for the savings expiration  
13 of the contracts with a star footnoting. We have  
14 reflected the consulting agreement expiring July 31st,  
15 2013, and the O&M agreement expiring July 2014.

16 **CHAIRMAN BRISÉ:** Okay.

17 **COMMISSIONER BALBIS:** Mr. Chairman, let me  
18 just tell you where my thoughts are on this. We have to  
19 look at five factors in considering a positive  
20 acquisition adjustment. And all of those factors really  
21 are a benefit to the customers, whether it's increased  
22 quality of service, lower operating costs, ability to  
23 attract capital, overall cost of capital, and managerial  
24 experience. And I want to make sure that we're  
25 accurately reflecting all the savings that customers are

1 getting from this.

2 And in looking at what staff has put together,  
3 which simply had the \$100,000 contract which was, which  
4 has expired and not the full, excuse me, \$150,000, but  
5 just the \$100,000, the result is that the customers will  
6 be realizing the savings in 2014, which is just a few  
7 weeks away.

8 And this Commission, I believe it was December  
9 of 2011, when considering and approving a positive  
10 acquisition adjustment for, I believe it was Chesapeake  
11 Utilities, one of the concerns that I had that was  
12 really alleviated in that case was that with that  
13 adjustment, even with that adjustment the savings  
14 associated with it would kick in in January, in that  
15 case, 2012. So -- which alleviated my concerns that  
16 customers do get a benefit from the acquisition since we  
17 do not have merger authority.

18 I want to make sure that we're accurately  
19 reflecting the savings to the customers so that we can  
20 decide whether or not that it's a benefit and the  
21 acquisition adjustment is appropriate. I think the  
22 \$100,000 -- it's not the full \$150,000, and I understand  
23 that -- I agree with the utility. Maybe you're not sure  
24 of what the savings will be. But I think the \$100,000  
25 is a little closer to what the benefits will be. And

1 with that, I see that the customers will realize savings  
2 just in the next few weeks in 2014. So I'd like to hear  
3 from -- if my other colleagues have any comments on it.

4 **CHAIRMAN BRISÉ:** All right. Commissioners,  
5 any comments?

6 Commissioner Graham.

7 **COMMISSIONER GRAHAM:** Well, I just don't have  
8 the other chart that Commissioner Balbis is talking  
9 about. I don't know if --

10 **MR. MAUREY:** We'll have a copy of the analyses  
11 he's referring to passed out now.

12 **COMMISSIONER BROWN:** Can you also have it  
13 provided by email?

14 **CHAIRMAN BRISÉ:** Okay. We'll work on that and  
15 make sure that you have that.

16 I think someone is going to send that to you  
17 right now. Hitting send.

18 **COMMISSIONER BROWN:** Thank you.

19 **CHAIRMAN BRISÉ:** All right.

20 **COMMISSIONER EDGAR:** While you're passing that  
21 out, if you have an extra, I'll take it too, because the  
22 one I have up here is much smaller print. Thank you.

23 **CHAIRMAN BRISÉ:** Commissioner Edgar.

24 **COMMISSIONER EDGAR:** Thank you.

25 Mr. Chairman, while, while this has been just



1 passed out and we're taking a moment to look at it --  
2 and I did have it and this is a little easier to read,  
3 so thank you for that.

4 Commissioner Balbis, could you point me again,  
5 now that I do have it in bigger print, where it is in  
6 particular or what it is you're trying to draw our  
7 attention to?

8 **COMMISSIONER BALBIS:** Sure. And maybe the  
9 best way to start is page 11 on the recommendation on  
10 table 1-3. And staff put together, or the utility, I'm  
11 not sure who, a table of the net costs and benefits.  
12 And according to that table, it isn't until 2021 for the  
13 cumulative savings or costs, which is the last column,  
14 for customers to realize a savings associated with the  
15 acquisition.

16 And then if you look at the net costs, which  
17 is the third column, it's not until 2016. And that  
18 didn't include the \$100,000 or \$150,000. So looking at  
19 what staff put together with the \$100,000 savings which  
20 has expired and will be a savings to customers, if you  
21 look at the 2014 column, going to the cumulative  
22 savings, which is the last row, you see that's when  
23 there's an overall savings to customers is in 2014,  
24 which is just a few weeks away. And if you look at the  
25 net annualized savings, 2013.

1           So I think that accounting for that benefit of  
2 not having that contract more accurately depicts the  
3 overall savings to customers and gives me comfort that  
4 having that positive acquisition adjustment is going to  
5 result in an overall benefit to customers.

6           **CHAIRMAN BRISÉ:** All right. Okay.

7           **MS. CHRISTENSEN:** Commissioner, there was  
8 another item.

9           **CHAIRMAN BRISÉ:** Yes. Let us, let us finish  
10 with this, with this item first.

11          **MS. CHRISTENSEN:** Okay.

12          **CHAIRMAN BRISÉ:** Thank you.

13          Does the company wish to be heard?

14          **COMMISSIONER BROWN:** Mr. Chairman?

15          **CHAIRMAN BRISÉ:** Yes, Commissioner Brown.

16          **COMMISSIONER BROWN:** Thank you. I would like  
17 to have Mr. Maurey or Ms. Banks respond to some of these  
18 concerns.

19          **CHAIRMAN BRISÉ:** Mr. Maurey.

20          **COMMISSIONER BROWN:** Please.

21          **MR. MAUREY:** I'm not sure of the question. Is

22 --

23          **COMMISSIONER BROWN:** I thought I was being  
24 pretty clear.

25          The concerns that are being addressed by

1 Commissioner Balbis, I'd like you to respond to them,  
2 and Office of Public Counsel.

3 **MR. MAUREY:** Yes, ma'am. When staff did its  
4 analysis, it was based on audited materials for 2011 and  
5 2012 where staff knew the costs and the savings, and  
6 that is the analysis that's reflected on page 11.

7 Now in 2013 the \$100,000 consulting agreement  
8 contract expired. It was not renewed. We did not know  
9 that until much later, so it's not reflected in this  
10 analysis. The company's representation that the  
11 \$100,000 is gone, it's appropriate to incorporate that  
12 into the analysis, and the savings are greater than were  
13 represented in the initial staff recommendation. We,  
14 we're in agreement with Commissioner Balbis' comments.

15 **COMMISSIONER BROWN:** Good. Thank you.

16 **MR. MAUREY:** And we can reflect that in the  
17 order.

18 **COMMISSIONER BROWN:** Very good.

19 **CHAIRMAN BRISÉ:** Okay. Ms. Keating.

20 **MS. KEATING:** I'm hesitant to even say  
21 anything, but we are somewhat more comfortable with  
22 staff's chart in view of the fact that that contract has  
23 terminated. But, I mean, there's still some possibility  
24 that there may be some offsetting costs that could  
25 slightly impact those savings. I just wanted to add

1 that word of caution.

2 But again to note, as staff has noted, that,  
3 you know, the cost savings really shouldn't be looked at  
4 in isolation. I mean, there are going to be long-term  
5 benefits for the customers, and the Commission is always  
6 going to have the chance to go back and look at this  
7 again in the next rate case and to monitor the savings  
8 through the company's surveillance reports. Thank you.

9 **CHAIRMAN BRISÉ:** Thank you. Commissioners,  
10 any other issues that you would wish to address before  
11 we go to OPC?

12 Okay. Ms. Christensen.

13 **MS. CHRISTENSEN:** Thank you, Mr. Chairman.  
14 Ours is another hopefully just minor issue that we would  
15 like to address.

16 On page 4 of the recommendation, starting at  
17 line 2 in the first paragraph, it reads that the  
18 purchase price, which exceeds the book value by  
19 \$745,800, includes a non-compete agreement of 450,000,  
20 and then says, comma, a three-year operation and  
21 maintenance, O&M agreement of \$150,000 and a three-year  
22 consulting agreement of \$300,000. And then it goes on  
23 in the next sentence to say the company clarified in a  
24 response to staff data request that the consulting and  
25 O&M agreements were not included in the calculation of

1 the purchase premium.

2           When we read those two sentences together, we  
3 thought it created confusion and -- because it's our  
4 understanding that the O&M, operation and maintenance  
5 agreements of 150,000 and the annual 100,000 or total  
6 300,000 consulting contract were not part of the  
7 purchase price. And the way that it reads, in our minds  
8 it created some confusion. And, you know, years from  
9 now when we're going back to do a rate case, it may  
10 create confusion in the future. We thought that that  
11 would best be eliminated by striking the sentence after  
12 the comma and eliminating the remainder of that sentence  
13 as well as the third sentence, and then there would not  
14 be confusion when the next rate case comes into play,  
15 what was part of the purchase price and what is subject  
16 to the Commission's review as to whether or not the cost  
17 savings actually met part of the purchase price.  
18 Because the O&M contracts, based on our understanding,  
19 are a completely separate issue.

20           And so that was -- I think it's hopefully a  
21 relatively minor issue, but I think it would save us  
22 some confusion in the future when we have to address  
23 that in a future rate case.

24           **CHAIRMAN BRISÉ:** Okay. Thank you. Let's hear  
25 from staff. And I don't know if the company has an

1 opinion on that. But, staff, let's go with you first.

2 **MR. MAUREY:** Perhaps this sentence could be  
3 more artfully worded. We believe it's factually correct  
4 and the second sentence clarifies the meaning, but we're  
5 at the Commission's pleasure on that.

6 **CHAIRMAN BRISÉ:** Okay. Ms. Keating.

7 **MS. KEATING:** We're comfortable with however  
8 the Commission prefers to word it.

9 **CHAIRMAN BRISÉ:** Okay. All right.  
10 Commissioners, any thoughts on, on that aspect that was  
11 brought up by the Office of Public Counsel?

12 Okay. All right. Commissioner Graham.

13 **COMMISSIONER GRAHAM:** No. I was just going to  
14 go back to Commissioner Balbis' chart. There's, there's  
15 really nothing that we need to do as far as amending  
16 this because that's all going to -- since the \$100,000  
17 is out, that's all going to fall out when we revise this  
18 chart; is that correct? Staff or Commissioner Balbis.

19 **MR. MAUREY:** That's correct. We would -- the  
20 order will reflect that the savings is higher than  
21 what's reflected in the current recommendation before  
22 you.

23 **COMMISSIONER GRAHAM:** Commissioner Balbis, so  
24 basically all we really have to do is move staff  
25 recommendation on this item.

1                   **COMMISSIONER BALBIS:** With the provision that  
2 that table, if it is revised to reflect the \$100,000 and  
3 shown in the order.

4                   **COMMISSIONER GRAHAM:** Second.

5                   **CHAIRMAN BRISÉ:** All right. Let's -- I'm not  
6 sure that that was a motion, so let's make sure we're  
7 where we ought to be.

8                   Okay. Commissioner Balbis, let me recognize  
9 you for a motion.

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

11                  I move that we approve staff's recommendation  
12 with the revisions to table 1-3 to reflect the \$100,000  
13 savings associated with the contract expiration, and  
14 also with the clarification of the sentence that the  
15 Office of Public Counsel brought up concerning the book  
16 value and the purchase price.

17                  **CHAIRMAN BRISÉ:** Okay. There's a motion. Is  
18 there a second?

19                  **COMMISSIONER GRAHAM:** Second.

20                  **CHAIRMAN BRISÉ:** Okay. It's been moved and  
21 seconded. Further discussion. Any further discussion?

22                  Okay. All in favor, say aye.

23                  (Vote taken.)

24                  (Agenda item concluded.)

25                                   \* \* \* \* \*

1 STATE OF FLORIDA )  
2 COUNTY OF LEON )

CERTIFICATE OF REPORTER

3  
4 I, LINDA BOLES, CRR, RPR, Official Commission  
5 Reporter, do hereby certify that the foregoing  
6 proceeding was heard at the time and place herein  
7 stated.

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

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

18 DATED THIS 19<sup>th</sup> day of December,  
19 2013.

20  
21  
22  
23  
24  
25  
Linda Boles

LINDA BOLES, CRR, RPR  
FPSC Official Commission Reporters  
(850) 413-6734



FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN DIVISION  
 CALCULATION OF ACQUISITION PREMIUM  
 REVENUE REQUIREMENTS AND COMPARISON  
 TO OPERATING SAVINGS

Revised Exhibit (CM-4)

Revised Exhibit (CM-4)  
 PROFORMA  
 Page 2 of 2

			2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2022	2023	2024	
	\$ 745,800	Average Premium	\$ 735,447	\$ 700,223	\$ 650,503	\$ 600,783	\$ 551,063	\$ 501,343	\$ 451,623	\$ 401,903	\$ 352,183	\$ 302,463	\$ 252,743	\$ 203,023	\$ 153,303	\$ 103,583	\$ 53,863	\$ 14,502	
	\$ -	Non-Deductible	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	\$ 745,800	Deductible	\$ 725,083	\$ 675,363	\$ 625,643	\$ 575,923	\$ 526,203	\$ 476,483	\$ 426,763	\$ 377,043	\$ 327,323	\$ 277,603	\$ 227,883	\$ 178,163	\$ 128,443	\$ 78,723	\$ 29,003	\$ 0	
	<b>Cost</b>	<b>Weighted</b>																	
	<b>Rate</b>	<b>Ratio</b>	<b>Cost</b>																
Equity	11.50%	55.65%	6.40%	\$ 19,611	\$ 44,813	\$ 41,631	\$ 38,449	\$ 35,267	\$ 32,085	\$ 28,903	\$ 25,721	\$ 22,539	\$ 19,357	\$ 16,175	\$ 12,993	\$ 9,811	\$ 6,629	\$ 3,447	\$ 541
LT Debt	6.91%	25.87%	1.79%	\$ 5,478	\$ 12,517	\$ 11,629	\$ 10,740	\$ 9,851	\$ 8,962	\$ 8,073	\$ 7,184	\$ 6,296	\$ 5,407	\$ 4,518	\$ 3,629	\$ 2,740	\$ 1,852	\$ 963	\$ 151
LT Debt - Refinance	6.33%	3.15%	0.20%	\$ 611	\$ 1,396	\$ 1,297	\$ 1,198	\$ 1,099	\$ 1,000	\$ 901	\$ 801	\$ 702	\$ 603	\$ 504	\$ 405	\$ 306	\$ 207	\$ 107	\$ 17
ST Debt	1.24%	5.72%	0.07%	\$ 217	\$ 497	\$ 461	\$ 426	\$ 391	\$ 356	\$ 320	\$ 285	\$ 250	\$ 215	\$ 179	\$ 144	\$ 109	\$ 73	\$ 38	\$ 6
Cust Deposits	6.57%	3.38%	0.22%	\$ 676	\$ 1,546	\$ 1,436	\$ 1,326	\$ 1,216	\$ 1,107	\$ 997	\$ 887	\$ 777	\$ 668	\$ 558	\$ 448	\$ 338	\$ 229	\$ 119	\$ 19
Deferred Inc Tax	0.00%		0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	100.00%	8.68%		\$ 26,594	\$ 60,768	\$ 56,454	\$ 52,139	\$ 47,824	\$ 43,509	\$ 39,194	\$ 34,879	\$ 30,564	\$ 26,249	\$ 21,934	\$ 17,619	\$ 13,304	\$ 8,989	\$ 4,674	\$ 734
Income Taxes	38.575%	4.02%		\$ 12,316	\$ 28,142	\$ 26,144	\$ 24,146	\$ 22,148	\$ 20,149	\$ 18,151	\$ 16,153	\$ 14,154	\$ 12,156	\$ 10,158	\$ 8,160	\$ 6,161	\$ 4,163	\$ 2,165	\$ 340
Pre-tax Return on Capital		12.70%		\$ 38,909	\$ 88,911	\$ 82,598	\$ 76,284	\$ 69,971	\$ 63,658	\$ 57,345	\$ 51,032	\$ 44,718	\$ 38,405	\$ 32,092	\$ 25,779	\$ 19,466	\$ 13,152	\$ 6,839	\$ 1,074
Amortization Expense (tax deductible)				\$ 20,717	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 49,720	\$ 29,003
Amortization Expense (not tax deductible)				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Gross-up				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Requirement (Premium)				\$ 59,626	\$ 138,631	\$ 132,318	\$ 126,004	\$ 119,691	\$ 113,378	\$ 107,065	\$ 100,752	\$ 94,438	\$ 88,125	\$ 81,812	\$ 75,499	\$ 69,186	\$ 62,872	\$ 56,559	\$ 30,077
<b>Staff Calculations</b>																			
O&M Savings	0.00%			\$ 55,961	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 134,306	\$ 78,345
less: Increase Income Tax Rate (18.90)				\$ (10,576)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)	\$ (25,384)
Cost of Capital Savings	0.00%			\$ 923	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 2,215	\$ 1,292
Savings-Expiration of Contracts *				\$ -	\$ -	\$ -	\$ 41,667	\$ 120,833	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Income Taxes on Expired Contracts	38.575%			\$ -	\$ -	\$ -	\$ (16,073)	\$ (46,611)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)	\$ (57,863)
Total O & M Savings				\$ 46,308	\$ 111,137	\$ 111,137	\$ 136,731	\$ 185,359	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 203,274	\$ 146,390
Net Annual Savings				\$ (13,318)	\$ (27,494)	\$ (21,180)	\$ 10,727	\$ 65,668	\$ 89,896	\$ 96,209	\$ 102,523	\$ 108,836	\$ 115,149	\$ 121,462	\$ 127,775	\$ 134,089	\$ 140,402	\$ 146,715	\$ 116,313
Cumulative Savings				\$ (13,318)	\$ (40,812)	\$ (61,992)	\$ (51,265)	\$ 14,403	\$ 104,299	\$ 200,508	\$ 303,031	\$ 411,867	\$ 527,016	\$ 648,478	\$ 776,253	\$ 910,342	\$ 1,050,744	\$ 1,197,459	\$ 1,313,772

\* Reflects the expiration of the two Indiantown Agreements. The Consulting agreement (\$8,333.33/month) expired July 31, 2013, which the Company did not renew and the O & M Agreement (\$4,166.67/month) also expired July 31, 2013, which was renewed for an additional year and is due to expire July 31, 2014. FPUC cautions that this schedule does not reflect any OM increases that may offset some of the contract savings. As such the revised savings outlined herein are for illustration purposes only, and do not include cost offsets.

Parties/Staff Handout  
 Internal Affairs Agenda  
 on 12/17/13  
 Item No. 5

120311-64