

P R O C E E D I N G S

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CHAIRMAN GRAHAM: Good morning, everyone.

Let the record show it is Tuesday, November the 17th, and this is our Special Agenda for Docket 150148-EI, 150171-EI. We'll call this meeting to order. If I can get staff to read the notice, please.

MS. GERVASI: Thank you. Good morning, Commissioners. Rosanne Gervasi with the Office of General Counsel on behalf of the Commission staff. Pursuant to notice, this date and time has been set for a Special Agenda Conference in Docket Nos. 150148 and 150171-EI in order for the Commission to consider and rule upon the draft nuclear asset-recovery financing order filed on November 12th, 2015.

CHAIRMAN GRAHAM: Staff, are you going to introduce this item?

MS. GERVASI: Yes, thank you, sir. On May 22nd, 2015, in Docket No. 150148-EI, Duke Energy Florida, or DEF, filed a petition for approval to include the revenue requirement for the CR3 regulatory asset in base rates. On July 27th, 2015, pursuant to newly enacted Section 366.95, *Florida Statutes*, DEF filed a petition in Docket No. 150171-EI, excuse me, to issue lower cost nuclear asset-recovery bonds to securitize the CR3 regulatory asset, along with a

1 proposed financing order to finance its nuclear
2 asset-recovery costs, plus upfront financing costs and
3 carrying charges. The Commission thereafter
4 consolidated the two dockets.

5 Section 366.95(2)(c) requires the Commission
6 to issue a financing order if it finds that the
7 issuance of the bonds and the imposition of the nuclear
8 asset-recovery charges authorized by the financing
9 order have a significant likelihood of resulting in
10 lower overall costs or would avoid or significantly
11 mitigate rate impacts to customers as compared with the
12 traditional method of financing and recovering nuclear
13 asset-recovery costs. The Draft Financing Order makes
14 this finding.

15 Section 366.95 also requires the financing
16 order to contain a number of key elements important in
17 the bond issuance process: It must specify the amount
18 of nuclear asset-recovery costs to be financed using
19 nuclear asset-recovery bonds; it must describe and
20 estimate the amount of financing costs which may be
21 recovered and the period over which they may be
22 recovered; require the nuclear asset-recovery charges
23 to be nonbypassable and paid by all existing and future
24 customers receiving transmission or distribution
25 service from DEF or its successors or assignees;

1 include a formula-based true-up mechanism for making
2 periodic adjustments in the nuclear asset-recovery
3 charges to correct for any overcollection or
4 undercollection of the charges or to otherwise ensure
5 the timely payment of the bonds and the financing
6 costs; specify the nuclear asset-recovery property that
7 is to be created and that shall be used to pay or
8 secure the bonds and the financing costs; contain a
9 state pledge to the bondholders that the state will not
10 alter the provisions of Section 366.95 which make the
11 nuclear asset-recovery charges imposed by the financing
12 order irrevocable, binding, and nonbypassable charges;
13 or take or permit any action that would impair the
14 value of the nuclear asset-recovery property or revise
15 the costs for which recovery is authorized.

16 The Draft Financing Order includes all of
17 those requirements that are contained in Section
18 366.95. It establishes the strength and the stability
19 of the underlying nuclear asset-recovery charge for the
20 benefit of the rating agencies and the ultimate
21 bondholders; it also incorporates the stipulations on
22 the financing order issues that the Commission approved
23 at the October 14th hearing in this case, including the
24 designation and role of the Bond Team in structuring,
25 marketing, and pricing the bonds; that a designated

1 Commissioner will resolve any disputes that may arise
2 among the Bond Team, and that his or her decision will
3 be final and not subject to review by the full
4 Commission; that two days after pricing the
5 Commission's financial advisor will advise the
6 Commission in writing as to whether the structuring,
7 marketing, and pricing of the bonds resulted in the
8 lowest nuclear asset-recovery charges consistent with
9 the financing order and market conditions at the time
10 of pricing; that the Commission will take its financing
11 advisor's opinion letter into account in determining
12 whether to issue a stop order no later than 5:00 p.m.
13 On the third business day following pricing of the
14 bonds.

15 The Draft Financing Order represents the
16 collaborative and cooperative efforts of all parties
17 and staff. It has been fully vetted by the
18 Commission's outside bond counsel, financial advisor,
19 and staff, and DEF and its advisors, the OPC, and all
20 parties participated in drafting it.

21 Staff and the parties are in agreement that
22 this Draft Financing Order should be approved with the
23 inclusion of certain minor corrections, which staff
24 filed by way of an errata sheet yesterday, which the
25 parties brought to our attention since the draft order

1 was filed.

2 Also, we today realized that ordering
3 paragraph No. 7, which is on page 49 of the Draft
4 Financing Order, was inadvertently included in this
5 draft. It should have been omitted, and so we agree
6 with OPC and DEF that that paragraph should be omitted.
7 And we suggest breaking ordering paragraph No. 6 into
8 two paragraphs so that we don't have to renumber any
9 subsequent ordering paragraphs such that paragraph --

10 **CHAIRMAN GRAHAM:** Hold on one second.

11 Commissioner Edgar.

12 **COMMISSIONER EDGAR:** Ms. Gervasi -- thank
13 you, Mr. Chairman.

14 **MS. GERVASI:** Yes.

15 **COMMISSIONER EDGAR:** I'm so sorry, but I did
16 not catch -- which paragraph was it that should be
17 omitted? I understand what you're saying, but I missed
18 the number.

19 **MS. GERVASI:** Okay. It's ordering paragraph
20 No. 7 --

21 **COMMISSIONER EDGAR:** Thank you.

22 **MS. GERVASI:** -- should be omitted, and that
23 is on page 49. Let me get there. It has to do with
24 DEF requesting an interim increase through the capacity
25 cost recovery charge if the bonds are unduly delayed.

1 That should be omitted.

2 And we suggest that ordering paragraph
3 No. 6 be broken into two so that ordering paragraph
4 No. 6 will read: "ORDERED that the nuclear
5 asset-recovery charge shall be allocated to the
6 customer rate classes in accordance with the allocation
7 methodology adopted in the RRSSA approved on
8 November 12th, 2013, in Order No. PSC-13-0598-FOF-EI.
9 It is further," and then paragraph 7 would read,
10 "ORDERED that the approved allocation methodology for
11 DEF is," et cetera, to the end of that sentence. And
12 then, "It is further."

13 Okay. And then finally, in lieu of briefs,
14 the parties filed letters to the docket file reserving
15 their right to speak at today's agenda. Staff
16 recommends that DEF, followed by OPC and the other
17 parties, be given the opportunity to briefly provide
18 their comments at this time, and staff is available for
19 questions.

20 **CHAIRMAN GRAHAM:** Commissioners, any
21 questions of staff before we hear comments from the
22 parties?

23 Okay. Duke.

24 **MS. TRIPLETT:** Thank you, Mr. Chairman.
25 Dianne Triplett on behalf of Duke Energy Florida. And

1 the good news is that we come to you with an
2 agreed-upon financing order, so you don't have to hear
3 me unless you have any questions. So I just wanted to
4 take just 30 seconds to thank your staff and the rest
5 of the parties for working collaboratively to reach
6 this, I think, very good outcome that we can all be
7 here in agreement with the words that are in the
8 financing order. And as I said, if y'all have any
9 questions, I'm happy to address them. Thanks.

10 **CHAIRMAN GRAHAM:** Thank you.

11 OPC.

12 **MR. REHWINKEL:** Yes, Mr. Chairman, Charles
13 Rehwinkel and J. R. Kelly with the Office of Public
14 Counsel. And I have a few brief remarks that I think
15 would be important for the process.

16 The Public Counsel appreciates this
17 opportunity to participate in this historic process.
18 This will, in all likelihood, be our very last
19 opportunity to address the Commission on the CR3 asset.
20 We would like to thank the Florida Legislature and the
21 Governor for the passage and approval of legislation
22 that gives the customers the opportunity to save
23 hundreds of millions of dollars.

24 We would like to commend Duke for their
25 efforts to make amends to customers in these difficult

1 times. They did not have to seek this legislation but
2 they did. Accordingly, their shareholders will earn no
3 return on the Crystal River Unit 3, and that's
4 important. We recognize that benefit to Duke's
5 customers. And I would like to especially thank
6 President Alex Glenn for his role in bringing this
7 customer benefit to us.

8 We also want to thank your staff for their
9 hard work and looking out for the interests of
10 customers in shepherding this financing order through
11 the hearing and negotiation process to give the Bond
12 Team the best chance for structuring, pricing, and
13 issuing bonds that will provide customers with the
14 lowest cost and best value. We especially commend
15 staff and Commission's choice in hiring Saber and
16 Mr. Criddle, the outside bond counsel, to vigorously
17 and expertly represent the interests of customers who
18 will pay 100 percent of the cost of these bonds over
19 the next 20 years.

20 At this point, and based on the changes noted
21 by your staff and based upon what we have seen in the
22 draft order that you are voting on today, the Public
23 Counsel appreciates the spirit in which our input has
24 been received. We concur in the consensus draft that
25 has been submitted for your consideration, and we thank

1 Duke for working cooperatively with the parties in this
2 regard.

3 We believe that the financing order, where
4 appropriate, preserves the settlement agreements
5 reached in 2012 and 2013, and it fully comports with
6 the requirements of Section 366.95 in that regard.
7 This is important to all customer representatives, and
8 we thank the parties and staff for ensuring that.

9 Perhaps most importantly the Draft Financing
10 Order accurately describes the effects of the
11 guarantees of payment of the bonds that should give
12 investors the greatest level of comfort and facilitate
13 the highest level of credit rating and the lowest
14 achievable cost to the customers.

15 The order allows staff and their consultants
16 to vigorously represent the interests of customers
17 through every step of the way up to the point of actual
18 issuance. We are greatly encouraged by the fact that
19 the financing order provides that you will be receiving
20 an opinion letter from your consultant immediately
21 before the time of issuance. This is the customers'
22 safety net. The extensive expertise and experience of
23 your advisors will be embedded in that letter and will
24 be an important test of the quality of the structure
25 and pricing of the bonds at the time of issuance. We

1 urge you to give great deference to that opinion
2 letter. We know you will listen to that advice since
3 it is important to get it right the first time because
4 that is the only time that it can be done. Twenty
5 years is a long time and \$1.3 billion is a lot to
6 finance.

7 Commissioners, finally, the financing order
8 is in the public interest as proposed and amended here
9 today, and we urge you to approve and issue it. As
10 proposed and if adopted in that form, we will not ask
11 for reconsideration or appeal it.

12 And our final thank you is to you,
13 Commissioners, for your approval of this order. Thank
14 you.

15 **CHAIRMAN GRAHAM:** Thank you, Mr. Rehwinkel.

16 Mr. Brew.

17 **MR. BREW:** Thank you. Good morning. James
18 Brew for PCS Phosphate.

19 I just want to quickly reiterate that PCS
20 fully supports the Draft Financing Order that you have
21 in front of you as amended by staff this morning. And
22 I would just like to point out that this has been a
23 long time in coming, but this required an extended
24 effort by all the parties to balance the rate
25 agreements that we did in '12 and '13 and amended

1 earlier this year, the statute, and the realities of
2 actually issuing the bonds.

3 And I would just like to express my
4 appreciation for all the parties and staff for
5 involving all the stakeholders in developing the Draft
6 Financing Order that we have for you today. I can tell
7 you that there were long discussions over individual
8 words. Parties have really focused on what has gone
9 into the order, and we fully support it as drafted.
10 Thank you.

11 **CHAIRMAN GRAHAM:** Thank you, Mr. Brew.

12 Mr. Wright.

13 **MR. WRIGHT:** Thank you, Mr. Chairman. Good
14 morning, Commissioners. Schef Wright on behalf of the
15 Florida Retail Federation.

16 The Florida Retail Federation joins the
17 company, the citizens of the State of Florida, and the
18 other consumer parties in fully supporting the issuance
19 of this financing order.

20 I'd like to particularly affirm the OPC's
21 comments and everyone's thanks to you, to the company,
22 and to your staff for really working very, very hard to
23 bring this financing order in for a very valuable and
24 beneficial landing.

25 In practical terms, getting this done will

1 save Floridians lots and lots of money, hundreds of
2 millions of dollars. This is significantly more money
3 in regular residential customers' pockets and it's
4 lower cost for Florida's business. It will
5 significantly benefit the Florida economy. We
6 particularly appreciate your efforts in setting up
7 these procedures expedited to bring this in for a
8 timely landing and the timely issuance of the financing
9 order. We urge you to approve the order as it is
10 presented to you today and thank you very much in
11 advance for doing so.

12 **CHAIRMAN GRAHAM:** Thank you, Mr. Wright.

13 Mr. Moyle.

14 **MR. MOYLE:** Thank you, Mr. Chairman. For the
15 record, Jon Moyle on behalf of the Florida Industrial
16 Power Users Group.

17 And FIPUG also would like to thank this
18 Commission, the Legislature, the parties for improving
19 on a bad situation. We have been before you a number
20 of times, as some of the other Intervenors mentioned,
21 with settlement agreements. This all kind of flows out
22 of the Crystal River 3 nuclear power plant that met an
23 unfortunate fate, and the ratepayers have been paying
24 for that. And Duke, to their credit, came up with an
25 idea of saying, hey, here's an idea that ratepayers can

1 pays less, took it to the Legislature, it was approved,
2 the Governor signed it, and you all have moved it
3 forward.

4 So we look forward to the approximate
5 \$600 million in savings that would flow from your
6 action, your anticipated action today, which we
7 encourage you to take.

8 FIPUG filed a letter with three questions,
9 and this is a little bit of an unusual procedural
10 matter. When you all previously considered this, you
11 said the parties can talk and there may be a couple of
12 questions, and FIPUG raised three questions that we
13 just want the record to be clear on. And this is --
14 these are 20-year bonds, so at some point if questions
15 arise, I suspect, probably not the lawyers here, but at
16 some point people might come back and look at the
17 transcript, and I think it would be helpful to have
18 clarity with respect to three questions. And so that
19 was the document that FIPUG filed.

20 But just briefly, the three questions, and
21 I've talked with staff, I think they're able and should
22 be prepared to address them, but there's language in
23 the financing order that in one part gives the ability
24 to those who are going to be doing this deal to seek
25 some variable financing, but then there's language in

1 another part that says, no, essentially this is going
2 to be a fixed rate deal. And the FIPUG members do not
3 want to have interest rate exposure on the equivalent
4 of an adjustable rate mortgage. We want a firm, fixed
5 mortgage, and we want to make sure that that is the
6 intention of this Commission and staff. So that's one
7 question.

8 The two other questions are largely legal in
9 nature. The financing agreement uses the term "joint
10 and several liability" in one place. And in law school
11 when they taught you joint and several liability, it's
12 kind of a concept that at least my first reaction was,
13 boy, that doesn't seem real fair intuitively where
14 some -- one party can be responsible for all of the
15 obligation. And in a legal context, if you have a
16 judgment against three people, the person who has the
17 judgment can decide to collect from one person and not
18 collect from the other two. I don't think that's
19 what's intended with this. But the use of the term
20 "joint and several liability," I just wanted to make
21 sure that it was not going to be used in the strictly
22 legal context that I just kind of recounted of the law
23 school.

24 So I think that's a good, important
25 clarification point that the people who hold the bonds

1 won't have the discretion to go after, you know,
2 Mr. Brew's client as compared to, you know, some other
3 folks.

4 And then the third point is the word
5 "guarantee" is used a lot in this agreement with a
6 capital G, "Guarantee." And I just want to be clear
7 that this order and this relationship is not creating a
8 traditional legal guarantor/guarantee relationship, so
9 it's not like the ratepayers are signing anything where
10 somebody can come in and contract and say you
11 guaranteed this debt.

12 And so those were the three points that FIPUG
13 raised that we would appreciate clarification on. And
14 assuming the clarification is sufficient, we do have
15 one further comment that we'd like to make on the
16 somewhat unique process whereby, because time is of the
17 essence, you all are going to designate a Commissioner
18 to act for the Commission on the proposed interest rate
19 when things are getting ready to go.

20 So those are the comments, Mr. Chairman.
21 But, again, I think the overarching comment is thank
22 you and all the parties and staff for working hard.
23 Your staff hired outside experts. They did a very good
24 job, raised a lot of good points, and I think some of
25 the points that we're presenting to you today have kind

1 of flowed out of those conversations. So that's all I
2 have right now.

3 **CHAIRMAN GRAHAM:** Thank you, Mr. Moyle.

4 Staff, let's start with number one, fixed or
5 adjustable.

6 **MR. MAUREY:** Yes. Mr. Moyle is correct.

7 There is language in the financing order that gives the
8 Bond Team the flexibility to pursue variable rate
9 instruments in issuing these bonds. But ultimately,
10 and it's on page 30, I'll point you to finding of fact
11 68 where it expressly states that the Commission -- "We
12 find that each tranche of the nuclear asset-recovery
13 bond should have a fixed interest rate." So that even
14 if a variable rate is used for the convenience of the
15 transaction, it is required to be converted to a fix
16 rate before the bonds are issued.

17 On the second matter of joint and several
18 liability, Mr. Moyle -- from a strict constructionist
19 legal context, this use of this term in this document
20 is from a financial context as it's used by the rating
21 agencies, Standard & Poor's specifically. But also
22 on -- if I could turn your attention to page 22 of
23 finding of fact 23, it holds that "holders of nuclear
24 asset-recovery bonds may not arbitrarily seek to impose
25 the entire burden or repaying nuclear asset-recovery

1 bonds on a single customer or a select group of
2 customers outside the true-up mechanism." So there is
3 no intention of using joint and several liability in
4 the legal context.

5 Finally, regarding those -- the three matters
6 from the November 9th letter, the proposed form of
7 financing order before you speaks only in terms of the
8 state pledge and the true-up mechanism for guaranteeing
9 payment of the bonds. There is -- nowhere does the
10 financing order speak of any particular entity itself
11 individually or jointly serving as the financial
12 guarantor of the bonds. The true-up mechanism is
13 the -- and the execution of the true-up mechanism is
14 the guarantor of the bonds, no particular entity.

15 And I did -- one final comment on the last
16 remark about the single Commissioner, and it may have
17 just been, I may have misheard it incorrectly, but he
18 spoke about how they would be -- to talk about the
19 interest rate. The findings of fact related to the use
20 of a single Commissioner were for dispute resolution on
21 the Bond Team. The deal will be brought back before
22 the full Commission after pricing in order for the
23 Commission to consider whether to issue a stop order.

24 **CHAIRMAN GRAHAM:** Mr. Moyle.

25 **MR. MOYLE:** Okay. Thank you for allowing the

1 record to be clear on those three points. And, yes,
2 the dispute resolution portion, which I hope doesn't
3 include an interest rate dispute, but anyway that
4 process, while unique and I'm not sure has been done
5 before here, but given the circumstances, FIPUG agrees
6 with that in this case, that it's appropriate to have a
7 single Commissioner in effect be delegated the
8 authority of the Commission for the purpose of
9 resolving disputes that might arise. So I want the
10 record to be clear on that point as well.

11 **CHAIRMAN GRAHAM:** Thank you. Anybody want to
12 add anything to Mr. Moyle's comments? Ms. Triplett.

13 **MS. TRIPLETT:** How could you tell? Thank
14 you.

15 Just very briefly because Mr. Moyle raised
16 it. Not surprisingly, the words "guarantee" and "joint
17 and several liability" were some of the words that had
18 the most discussion on -- in this financing order. And
19 I think we got comfortable with how it is reflected in
20 the financing order because it is a finding of the
21 Commission.

22 It will be a different story -- I think that
23 the Bond Team is still considering -- when we get to
24 the point of what appears in the marketing and the
25 prospectus materials with respect to these bonds. And

1 I say that because there -- we don't want investors to
2 be confused or misled about what a guarantee means or
3 what joint and several liability means. So it's going
4 to be important that when we craft that language, that
5 we are comfortable that we're not going to mislead the
6 bondholders, while at the same time, of course,
7 fulfilling the goal of making sure that bondholders do
8 understand the incredible credit attributes of these
9 bonds. So -- but having said that, the words in the
10 financing order, again, we're comfortable with where we
11 came out, and especially appreciate the additional
12 clarification from Mr. Maurey. Thanks.

13 **CHAIRMAN GRAHAM:** Mr. Rehwinkel.

14 **MR. REHWINKEL:** Yes. Thank you,
15 Mr. Chairman. I want to strongly support the comments
16 of Mr. Maurey in response to the issues that were
17 raised, and I agree with Ms. Triplett as well.

18 We like this order, we agree with the
19 interpretation that Mr. Maurey has given you, and we
20 think it arms the Bond Team with the necessary tools
21 and flexibility to do the best for the customers, and
22 that's what we like about it.

23 Yes, there's a lot of hard work ahead with
24 the Bond Team, but your financing order gives them what
25 they need to get the job done. So we support it.

1 Thank you.

2 **CHAIRMAN GRAHAM:** Any other comments from the
3 parties before I bring this to the Commission?

4 Okay. Commissioners? Commissioner Edgar.

5 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
6 If I may, just a few comments and maybe one or two
7 quick questions.

8 First of all, from my read and discussions
9 with my staff and with Commission staff, I do believe
10 that the document before us with the modifications that
11 have been described does accurately codify the
12 stipulations that we approved and the intent of the
13 statute that was passed by the Legislature and signed
14 by the Governor.

15 I believe very strongly, it's something that
16 I say often, words matter. And so the time and effort
17 and thought that went into all involved in really
18 parsing through and thinking through specific words and
19 wordings I think shows and will be a large part of the
20 success of this effort. So thank you to all for your
21 efforts in that regard in particular.

22 I would like to point out just one or two
23 areas of the document that I think are of particular
24 note. One is on paragraph -- is in paragraph 55, which
25 is at the very bottom, so it's actually on page 28, and

1 that is the last sentence of paragraph 51, which says
2 that these "bonds will achieve the lowest overall cost
3 standard and the greatest possible customer
4 protections." I think that kind of sums up the whole
5 effort and the intent, and that that language is in the
6 document and is very clear I think is important.

7 We've had a little bit of discussion about
8 paragraph 50, which is on page 27, and that is the
9 paragraph that describes the potential resolution
10 process for issues of disagreement and the fact that
11 one Commissioner will be designated.

12 My reading of this, and I think this should
13 be on the record, my reading of this where it says,
14 "This Commission should designate one Commissioner to
15 resolve any issues," is that that would be a
16 designation from the Chairman as our statutory chief
17 administrative officer.

18 I recognize, as Mr. Moyle said, that's, you
19 know, not always our general proceeding, but we are
20 implementing a brand new statute, and under the timing
21 and the circumstances and the way this Commission works
22 together, I think that is absolutely appropriate and
23 very workable, although I hope it won't be implemented.

24 And then I had just one question for our
25 staff, and that is regarding the language in paragraph

1 38 on page 26, at the very top of page 26 where it says
2 that the "total estimated cumulative revenue
3 requirement would be \$708 million lower, on an
4 undiscounted basis, compared to the total estimated
5 cumulative revenue requirement under the traditional
6 recovery method." And, Mr. Maurey, if you could just
7 speak to how that number of 708 million was arrived at.

8 **MR. MAUREY:** Yes. When -- in the May filing
9 that was discussed earlier, it was contemplated there'd
10 be a certain base rate charge for recovery of the
11 retirement of CR3, and that was a provision approved in
12 the Revised and Restated Settlement Agreement.

13 In the filing made in July to pursue
14 securitization, it would result in a lower revenue
15 requirement being collected from customers, and the
16 difference between those two petitions, those two
17 amounts was the 708 million.

18 **COMMISSIONER EDGAR:** With that, Mr. Chairman,
19 I'm done with my comments and questions at this time.
20 I would be pleased to make a motion at the appropriate
21 time at your pleasure.

22 **CHAIRMAN GRAHAM:** Thank you, Commissioner
23 Edgar.

24 Commissioner Brown.

25 **COMMISSIONER BROWN:** Thank you, Mr. Chairman.

1 And this is a very creative mechanism to resolving a
2 long and protracted process that we all know and we've
3 acknowledged here, and thank all the parties,
4 especially staff, the Legislature, the Governor for
5 passing this statute that has given us this financing
6 order ultimately.

7 And, you know, the primary purpose here is to
8 mitigate the costs that are passed on to customers.
9 And there are -- to me, there appear to be a lot of
10 adequate customer protections in here. And,
11 Mr. Rehwinkel, you touched on a few of them, but if I
12 may ask you here, what are the highlights of the
13 customer protections in this financing order that you
14 believe are in the best public interest? And you
15 touched on some of them.

16 **MR. REHWINKEL:** Thank you, Commissioner
17 Brown. And I think the first customer protection is
18 that the -- this order, and I think you've heard it
19 from all the parties, it fulfills and it supports the
20 settlement agreement that we entered into.

21 It recognizes the 20-year period for
22 spreading these costs over, and it directs the Bond
23 Team to get as close as possible to 20 years. It gives
24 them a little bit of flexibility, but that's a
25 direction that they have, and we think that's a

1 protection.

2 The big protection within the Bond Team is
3 the advisor that you -- the Commission has hired, and
4 the engagement of your staff and your outside
5 consultant on the Bond Team with that opinion letter
6 that's going to come in, I think it has to come in on
7 the second day, at least a day ahead of when your 72
8 hours expires, that letter will tell the world, tell
9 the -- well, it'll tell the Commission. It may not
10 be -- it'll tell the Commission if there are any
11 concerns or material problems with the structuring and
12 pricing of the bonds such that you will know that you
13 need to put the brakes on and give more direction to
14 the Bond Team. So I think that's kind of the main
15 thing that we see as a protection in here.

16 The requirement that there be the lowest cost
17 standard is also a protection for the customers
18 because, like I said and I think as the Commission
19 recognizes, you're financing \$1.3 billion over 20
20 years, so those dollars add up. And I think you've got
21 the right people in place to enforce that standard. So
22 those are the highlights from our standpoint.

23 **COMMISSIONER BROWN:** Thank you. And you
24 nailed it. And I think that this financing order has
25 been carefully crafted with active participation from

1 the Commission staff to provide these customer
2 protections.

3 It's critical, and I've had this discussion
4 with staff, that the cooperation among the parties,
5 among the Bond Team is critical to achieving the best
6 results for customers. And I look forward to getting
7 updates. This is an area of interest particularly to
8 me. And I really greatly appreciate all the efforts,
9 the transparent process that's put in place and thank
10 the parties. And, Mr. Moyle, thank you for bringing
11 those items up to our attention as well. When I read
12 it before I got your letter, I agreed that some of
13 those areas were of interest to me as well. So I
14 appreciate you providing that inquiry and
15 clarification, staff, on those matters.

16 So, Mr. Chairman, I have no other issues here
17 or questions at least and support a motion.

18 **CHAIRMAN GRAHAM:** What motion?

19 **COMMISSIONER BROWN:** Commissioner Edgar -- I
20 thought it was Commissioner Edgar's motion.

21 **CHAIRMAN GRAHAM:** Well, there hasn't been one
22 yet.

23 Commissioner Brisé.

24 **COMMISSIONER BRISÉ:** Thank you, Mr. Chairman.
25 I just want to express my appreciation to all the

1 parties and our staff for their hard work to get us to
2 this point.

3 Now we are basically at the midpoint. A lot
4 of the hard work really begins after this order has
5 been voted upon. Having worked with the parties in a
6 prior set of issues prior to us getting here, I truly
7 appreciate the spirit of cooperation that exists that
8 everyone has to ensure that we get the best deal for
9 consumers here, and I think this order is a reflection
10 of that. And I think that as we move forward, as the
11 Bond Team begins to do its work, that those same goals
12 of reaching the best deals for consumers moving forward
13 will be our ultimate result.

14 The couple of things that I appreciate about
15 the order is the fact that it provides for the
16 flexibility necessary to ensure that any investors that
17 want to play in this space have the opportunity to do
18 so, and, therefore, as we broaden that space, it
19 creates greater opportunities for our consumers to
20 reach greater savings in the process.

21 So as we move forward, I certainly hope that
22 we won't have to use that provision that allows for the
23 one Commissioner to resolve disputes, but I'm glad that
24 it's there in order for us to do that in a reasonable
25 manner.

1 So with that, when the motion is made, I'll
2 be ready to support it.

3 **CHAIRMAN GRAHAM:** Commissioner Patronis.

4 **COMMISSIONER PATRONIS:** Thank you,
5 Mr. Chairman. I just wanted to bring to light that in
6 the last 11 months the product of work on this
7 Commission has been very positive in the balance of
8 prudently watching the ratepayers' dollars. So I just
9 want to really give a lot of credit back to the
10 Legislature and the Governor for putting Julie Brown
11 back on the Commission. So there's got to be some type
12 of tie-in to this. But what a fantastic year it's
13 been, and this is nothing but good news for our entire
14 state. Thank you, Mr. Chairman.

15 **CHAIRMAN GRAHAM:** You know, she's not
16 Chairman yet.

17 Commissioner Edgar for a motion.

18 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

19 Recognizing all of the comments and the
20 discussion here today, I would ask -- I would move that
21 we direct our staff to incorporate into the document
22 the changes to page 49, paragraphs 6 and 7, also the
23 changes that are included in the document that is
24 titled "Errata to 11/12/15 Draft Financing Order," and
25 that with those changes we approve the Draft Financing

1 Order that we have discussed today.

2 **CHAIRMAN GRAHAM:** It's been moved and
3 seconded, we'll call it the Edgar motion. Any further
4 discussion about the Edgar motion?

5 I want to take a second, too, to thank Duke
6 for bringing this forward. I think this is very
7 creative. And once again, I think as, not repeating
8 what everybody else said, this is, I think, the best
9 thing for the ratepayers. I want to thank the
10 legislators and the Governor for allowing us to handle
11 this the way we're handling it. I want to thank staff
12 and the other parties for your patience, your due
13 diligence to getting to the end of this. I want to
14 thank my Prehearing Officer, Commissioner Brisé, my
15 Solomon. There's just -- someone has got to sit back
16 and bring the two sides together, bring peace to all
17 this, and he's been able to do that over the years, and
18 I do appreciate him stepping up and doing it
19 specifically in this case.

20 And I want to thank the Commissioners. I
21 know each and every one of you have met not just one
22 time but many, many, many, many times with staff going
23 over this and reviewing it and understanding it and
24 pushing for changes to make sure that everybody is
25 protected in this entire process. I do appreciate

1 that.

2 That all being said, if there's no further
3 discussion, we have a motion and a second on the floor.
4 All in favor, say aye.

5 (Vote taken.)

6 Any opposed? By your action, you've approved
7 the Edgar motion.

8 I heard somebody's -- Mr. Rehwinkel.

9 **MR. REHWINKEL:** Yes, Mr. Chairman. I would
10 like to, on behalf of the customers, I want to thank
11 Duke. I think the legal team represented here by
12 Ms. Triplett and the accounting team represented by
13 Javier Portuondo, they made a concerted effort to make
14 this process work instead of being one that was
15 contentious like we've seen in other places around the
16 country on the securitization processes. They really
17 wanted this to work, not only in the securitization
18 financing order, but in the settlement of the Crystal
19 River asset figure from the 0148 docket, as well as the
20 amendment to the RRSSA that made the 20-year provision
21 work between the settlement and the financing order.
22 So without that, I think this would have been a
23 different work product, and they put a lot of effort
24 into it and I just think it needs recognition. So
25 thank you.

1 **CHAIRMAN GRAHAM:** Thank you.

2 Okay. If nothing else to come before us, we
3 will adjourn this Special Agenda. And we will start IA
4 at 10:30 over in the IA room. That's about 15 minutes.
5 Thank you very much. We're adjourned.

6 (Special Agenda Conference adjourned at 10:15
7 a.m.)

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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 20th day of November, 2015.

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