

*Commission Advisor Fee - Line* **SABER PARTNERS, LLC**

bankers for other services performed for them like participation in credit lines or M&A work that should be compensated by shareholders, not ratepayers.

Consideration should be given to including express authorization in the financing order, as has been the precedent in West Virginia, Texas, New Jersey, Wisconsin, Florida and California, that the Commission Staff (with its financial advisor) can be involved, directly and in advance as "joint decision makers," in all aspects of the structuring, marketing, and pricing of the Nuclear Asset-Recovery Bonds. This will allow Staff to approve actual costs rather than estimated costs. Through careful execution and a possibly a stronger certification process (with minimal qualifiers,) the Commission can establish a process to ensure that ratepayers will receive full value for this security and the associated release of future regulatory oversight.

This last point should not be lost on the Commission either in evaluating this RFP or in reviewing utility petitions. These irrevocable orders are an extraordinary sacrifice of regulatory review. With that authority given up, then ratepayers should expect full economic value in return. Without continued oversight by the Commission after the issuance of the financing order, there is no incentive for the underwriters or the sponsoring utility to seek either the lowest interest rates available or the lowest transaction costs.

As noted above in E-1 (M), the Saber Team would discuss these matters with Staff so Staff can decide whether to recommend a strong, accountable certification process related to the Nuclear Asset Recovery Bond transactions.

## F. References

Public Service Commission of West Virginia, Florida Public Service Commission, Public Utility Commission of Texas, Public Service Commission of Wisconsin, Vermont Public Service Board's Agent VEPP, Inc., and New York State Public Service Commission Chairman.

## G. Compensation

Saber proposes a fixed fee of \$500,000 for the initial petition. At the option of Commission i.e., not required, provide performance based incentive compensation if Saber can demonstrate tangible and quantifiable savings to the Commission's satisfaction. Performance based compensation has been used in other regulatory jurisdictions concerning investor-owned securitizations. We propose that Saber be paid 10% of the first \$2 million of identified savings and 20% of the next \$2 million of ratepayer savings not to exceed a total of \$700,000 in performance compensation. This potential total compensation is comparable to other fees received by Saber which we can share with Staff upon request and specifics are subject to competitive review and negotiation.

## H. Conflicts of Interest

1. Identify any Florida investor-owned electric utility, its parent, or any affiliate ...

None.

2. Identify any potential or existing conflicts, the party with whom the conflict exists...

No such potential or existing conflict exists. In the event such a conflict were to arise, Saber Partners would step aside or resign from the engagement or representation creating the conflict.

3. Identify any arrangement with any individual or entity with respect to ...

As of the date of this response, Saber Partners has no arrangement with any outside individual or entity with respect to the sharing of any compensation, fees, or profits received from or in relation to acting as the financial advisor to the Commission or whose compensation is based in whole or in part on compensation for acting as financial advisor for the Commission. Saber Partners utilizes the services of outside counsel and other experts as needed from time to time in connection with the provision of financial advisory services to various state regulatory commissions. These attorneys and outside experts typically bill Saber Partners at an hourly rate of between \$300 and \$1000/hour. Any such costs incurred would be absorbed by Saber Partners without surcharge to the FPSC. However, no engagement letter, contract, or other agreement has been entered relating to the potential retention of Saber Partners by the Commission.

4. Identify any person or firm retained by the respondent for the purpose of ...

No individual or firm has been retained by Saber Partners for the purpose of assisting it to be selected as financial advisor pursuant to this RFP. Saber Partners is not obligated to pay any firm or individual who is not a full time employee of Saber Partners if it serves as financial advisor to the Commission.