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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

Opening Comments of
Chairman Julie I. Brown

Tuesday, January 5, 2016
9:30 a.m.

Joseph P. Cresse Hearing Room
Room 148 - Easley Building
Tallahassee, Florida

P R O C E E D I N G S

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2 **CHAIRMAN BROWN:** I'll tell you what, it does
3 feel kind of nice sitting in the middle of this group,
4 and it's definitely a nice change, and I'm excited for
5 the opportunity, as you all know. And I'd like to
6 welcome you all and wish you all a Happy New Year. I
7 hope everybody enjoyed their time with their family
8 over the holidays, and we are going to have a great
9 year over the next two years as well. But I would like
10 to welcome everybody to the January 5th, 2016,
11 Commission Conference Agenda.

12 If you would like at this time, please rise
13 and join us for the invocation and Pledge of Allegiance
14 led by Commissioner Jimmy Patronis.

15 **COMMISSIONER PATRONIS:** Thank you, Chairman.
16 (Invocation and Pledge of Allegiance
17 observed.)

18 **CHAIRMAN BROWN:** Thank you, Commissioner
19 Patronis, for that very wonderful New Year's speech,
20 particularly with your emphasis on the upcoming year.
21 I appreciate it.

22 As I said, good morning. Happy New Year to
23 everyone here today. I would, Commissioners, like to
24 take a moment of personal privilege to make some
25 remarks and address some issues facing the Commission

1 over the next two years, if you would be so kind.

2 Before I begin, though, I would like to
3 recognize someone that is very -- who is very important
4 to me, the most important person in my life, he's
5 sitting right here, my husband -- actually straight
6 ahead -- Hank Brown. He's here today in the audience.
7 And he drove up at 4:00 a.m., and he coordinated the
8 babysitters and all of that just to be here, and I
9 absolutely would not be here today without you. You
10 know that. And your encouragement and support to
11 follow my goal of public service has meant the world to
12 me, and I love you so much. Thank you for being here.

13 (Applause.)

14 Moving onward, I do want to express my thanks
15 to my colleagues who are sitting here today for their
16 trust and faith in electing me chairman. It is a true
17 honor, as you all know, and many of you have served in
18 that capacity as well. I appreciate the opportunity to
19 serve with such accomplished leaders here, each of you
20 in your own right; and collaboratively, though, we have
21 such an effective synergy for the State of Florida.
22 Today, as I pick up this wonderful gavel entrusted to
23 me, I pledge to remain consistent in my leadership and
24 continue the work that we do with great pride and
25 dedication to the very difficult task that we have at

1 hand; always committed to serving the public.

2 Today is also a day for reflection and making
3 resolutions. 2015 was a year of change as we dealt
4 with challenging environmental laws impacting the
5 electric industry, we took public comments regarding
6 solar development in Florida, we addressed
7 securitization of nuclear assets for the purpose of
8 reducing customer costs, we approved guidelines for
9 evaluating future gas reserve projects, we revisited
10 the benefits of fuel hedging, and we implemented rules
11 regarding secondary water quality standards in the
12 context of a rate case. We also arbitrated a number of
13 issues in the negotiation of an interconnection
14 agreement, and we had several Commissioners here
15 testify before Congress on a variety of very important
16 proposed regulations and rules affecting the industry.
17 There are several other highlights of 2015, but I just
18 wanted to kind of recap what a "slow" year looks like
19 here at the Commission.

20 And I do believe that the next two years will
21 undoubtedly continue to be active in the energy arena.
22 So what goals, initiatives, issues should we expect to
23 see over the next two years?

24 Starting with the electric industry, the
25 energy landscape is truly evolving, as we all know,

1 across the country as well as in Florida. As
2 regulators, we will need to consider fuel diversity in
3 our resource decision-making process, especially as we
4 monitor fuel price variability, the changing cost of
5 capital of generating units, and the expansion and
6 integration of renewable energy resources as well as
7 other technologies. We must also ensure that Florida's
8 electric utilities have access to fuels that keep energy
9 affordable and reliable for all as our utilities are
10 forced to comply with a variety of very stringent
11 environmental regulations. This could, in fact, be our
12 greatest challenge over the next few years -- balancing
13 compliance with the federal regulations and our state
14 directive of maintaining safe, reliable service at a
15 reasonable cost.

16 Some of these new EPA rules cast a cloud of
17 uncertainty for Florida. Under the Clean Power Plan,
18 for example, Florida must cut carbon emissions by
19 25 percent by 2030, which is a different reduction from
20 EPA's original target of 38 percent. To meet this
21 target, Florida utilities may be able to choose from a
22 variety of emissions-reducing options. However, how we
23 will do that and how much it will cost consumers is
24 still under careful review and scrutiny.

25 It's critical for the Commission to continue

1 our collaboration with the Florida Department of
2 Environmental Protection, the Energy Office, our
3 legislators, and Governor Scott as our state plan is
4 being written and implemented. The Commission must be
5 an active participant in these discussions that
6 ultimately will help shape the future of Florida's
7 energy policy, especially since we sitting up here are
8 the ones charged with ensuring safe, reliable, and
9 affordable retail electric service. And to that end, I
10 will be designating a Commissioner to serve as the
11 Commission's liaison to DEP for the purpose of focusing
12 on the economic and reliability issues associated with
13 implementing the Clean Power Plan. And staff, of
14 course, will continue monitoring and updating the
15 Commission on the various EPA regulations promulgated
16 and the importance and impact on the industry as well
17 as the customers.

18 There are other additional issues like grid
19 modernization, plug-in electric vehicles, distributed
20 generation, net metering, energy efficiency,
21 conservation, the deployment of renewables. All of
22 these are absolutely going to be topics that come
23 before the Commission over the next two years as
24 technologies continue to be developed and enhanced.
25 And I believe that the gamut of technological

1 advancements will ultimately bring a convergence of
2 change.

3 In addition, given the growing dependence of
4 natural gas for electricity generation in Florida, we
5 must continue looking at responsible natural gas
6 development practices to ensure its reliability and
7 affordability as a fuel source.

8 As most of you are probably aware, many of
9 our rate case decisions with stay out provisions will
10 soon be expiring. As such, it can be expected that
11 several of the companies can file new rate cases over
12 the next few years. This will initiate a very
13 extensive process that must, by law, be completed
14 within eight months and include customer input. Each
15 rate case involves a lot of long hours, for staff and
16 the Commissioners as well, and each of us sitting up
17 here, we are all dedicated to ensuring that the process
18 is fair and that our decisions will always be in the
19 public interest.

20 Moving on to the gas industry, safety, of
21 course, will be -- continue to be paramount. We have
22 approved a number of pipeline replacement programs that
23 replace existing bare steel and cast iron pipe that
24 is -- with piping that is most resistant and more
25 resistant to corrosion and more reliable. And I

1 believe there's been great progress on those fronts,
2 and we will continue to support those efforts.

3 With regard to water, it is absolutely the
4 most important resource, natural resource here in
5 Florida. The issues surrounding the water and
6 wastewater industry are the more complicated ones our
7 state will face in the coming years. Water and
8 wastewater systems are especially challenging to
9 regulators across the country and definitely in
10 Florida. They are capital intensive and lack economies
11 of scale and the ability to attract capital like larger
12 utilities possess. Water quality and service
13 allocation and conservation are just a few issues that
14 we grapple with up here. We will continue to balance
15 the need for infrastructure improvements with the need
16 to keep rates down, coordinating our efforts with state
17 and federal agencies whose interests conjoin ours. We
18 are very fortunate to have Commissioner Graham up here
19 on the bench, who serves as co-vice chair of NARUC's
20 water committee, who I believe is really at the
21 forefront of a lot of these emerging issues.

22 Sorry. The best drink.

23 In the telecom industry, we will continue
24 ensuring an infrastructure that promotes Florida's
25 economy, enhances commerce, promotes Floridians' access

1 to all the benefits of competition. We will continue
2 to promote the Lifeline Assistance program and oversee
3 the administration of the Florida Relay Service
4 Assistance program. We are lucky to have Commissioner
5 Brisé on the Federal/State Joint Board to ensure
6 Florida's interests are protected, he's been very
7 active in this arena, and the state's Universal Service
8 Funds are ultimately spent wisely. And we appreciate
9 Commissioner Brisé's efforts on those fronts.

10 I am a big believer that we can always do
11 things better, we can always do things more
12 efficiently, and we can always do them more
13 responsibly. To that end, the services that the
14 utilities provide is critically important to all
15 Floridians. In fact, very few governmental agencies
16 like the Public Service Commission have as much impact
17 on people's lives, and we've said this before. To that
18 end, consumer education and participation is very
19 essential to our process. We will strive over the next
20 two years to further educate customers to different
21 platforms and forums that are available to become
22 engaged, provide input to the Commission on various
23 avenues. We will also explore additional tools and
24 technologies that are available to expand consumer
25 education across the state on the various issues that

1 come before the Commission, and I'm dedicated to that.

2 As we begin the new year, I want to
3 acknowledge how privileged we all are to be working for
4 the great State of Florida with this talented,
5 experienced, and diverse group of professionals here
6 and in front of us. We have the past NARUC President
7 and former Public Service Commission chair as our
8 fellow Commissioner. We have two former legislators,
9 one who is currently the President of SEARUC and a
10 former PSC chair, and another who is also an
11 accomplished Florida public -- Florida businessman,
12 pardon me, who I believe is probably the most
13 technologically savvy one up here on the bench. We
14 also have an engineer who is a two-time Public Service
15 Commission chair over here right to my left and a
16 former elected official, who is absolutely expedient
17 and great at running meetings. And we have one of the
18 most accomplished professional staffs of any in the
19 country, and we've been very well recognized across the
20 board with our talented folks in the audience, and it's
21 led by my friend and my colleague, Mr. Braulio Baez.

22 I believe the industry will continue to
23 evolve around us, and there will be unforeseen events
24 that impose additional challenges upon us. However, we
25 have incredible assets and resources here at the

1 Commission. We have a strong history of addressing
2 challenges head on and finding solutions that benefit
3 the public interest. I believe while the tasks before
4 us are absolutely great and huge, we -- the decisions
5 that we're going to make in the coming years should
6 strive to ultimately keep energy affordable and
7 available through a variety of sources.

8 Before I close, though, I do want to thank
9 some folks that are close to me in addition to my
10 husband in the audience, my dear children, Tripp and
11 Emerson, as well as my husband for your understanding
12 and allowing me to devote so much time to my
13 professional life over these last five years on the
14 Commission. As you know, the next two years will also
15 be additional work, and I cannot thank you enough for
16 your love, support, and encouragement. I also want to
17 express my gratitude to my loyal-serving staff:
18 Katherine Fleming over here, who is my right-hand
19 woman, and Joann Parsons. And they are just -- they
20 always have my back, and I'm extremely grateful and
21 appreciative for their efforts.

22 Finally, I would like to reiterate my thanks
23 to Governor Scott for allowing me to continue to serve
24 as well as all of my colleagues, actually all of us up
25 here. Thank you so much. This job is not always easy

1 and it's absolutely not fun, it's not, but it's
2 rewarding, and knowing that we're helping to make our
3 state a better place to live by ensuring safe,
4 reliable, and affordable service for all Floridians and
5 that's what is important. And thank you for your time
6 here. I look forward to working with all of you over
7 the next two years and appreciate your support. Thank
8 you.

9 (Applause.)

10 (Opening comments concluded.)

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

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

6
 7 IT IS FURTHER CERTIFIED that I
 stenographically reported the said proceedings; that the
 same has been transcribed under my direct supervision;
 8 and that this transcript constitutes a true
 transcription of my notes of said proceedings.

9
 10 I FURTHER CERTIFY that I am not a relative,
 employee, attorney or counsel of any of the parties, nor
 am I a relative or employee of any of the parties'
 11 attorney or counsel connected with the action, nor am I
 financially interested in the action.

12 DATED THIS 14th day of January, 2016.

13
 14 *Linda Boles*

15
 16 LINDA BOLES, CRR, RPR
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