I. Meeting Packet

State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Tuesday, February 3, 2015
Immediately Following Commission Conference
Room 105 – Gunter Building

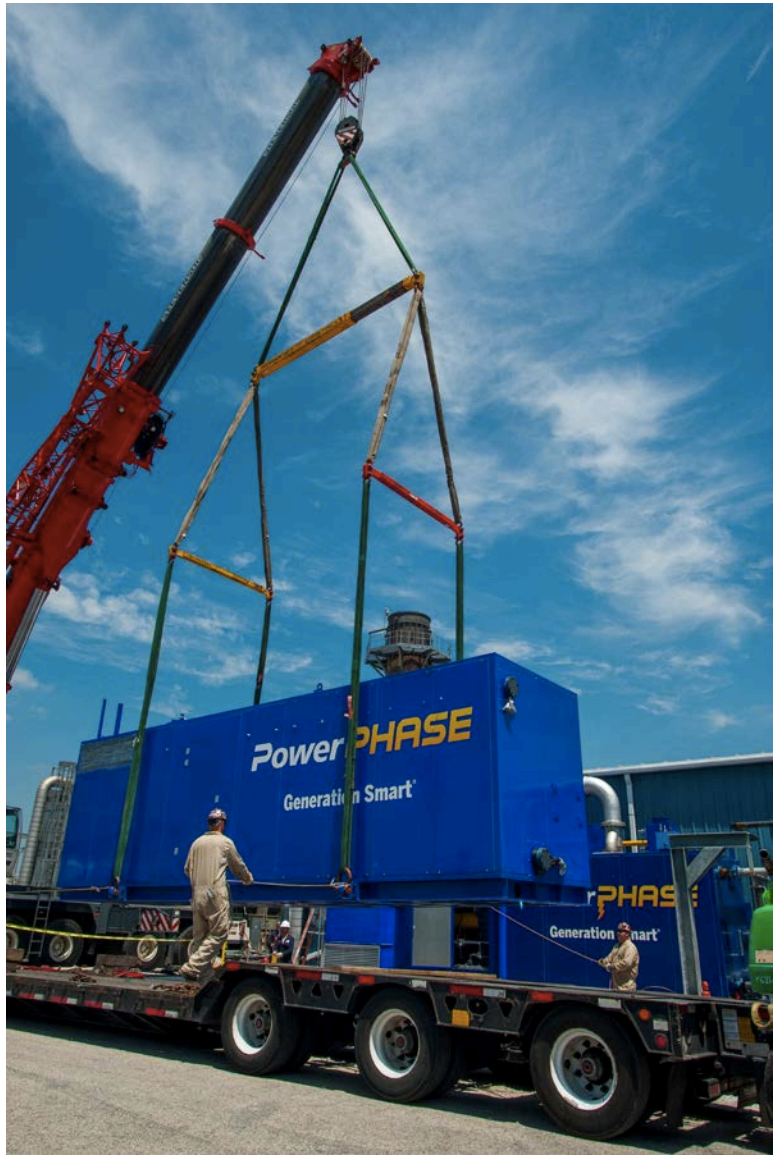
1. Gas Turbine Technology by Powerphase LLC. (Attachment 1).
2. Legislative Update. (No attachment).
3. Executive Director's Report. (No attachment).
4. Other Matters.

BB/sc

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.

Attachment 1

POWERPHASE®
GENERATION SMART®



PowerPHASE LLC
Florida Public Service Commission
February 3, 2015

Bob Kraft
President & CEO

Outline

About Us	Florida company, power industry experts with a patented solution to Florida's electric power needs.
Florida's Challenge	Florida needs new power to meets needs of growing population.
Florida's Solution	More power to Florida's existing gas turbine plants. 50% lower capital cost. Helps grid operate more fuel efficiently.
Benefits to Florida	Benefits to Florida's power grid: How many MW? Capital Cost Savings, Fuel Savings, Environmental Benefits.

About Us

- PowerPHASE LLC designs & manufactures patented products that improve output and fuel efficiency at gas turbine power plants.
- Headquarters in Jupiter, FL; Creating high paying jobs in the state. Last company, PSM created 400 high paying jobs in Jupiter.
- Investors, contributing nearly $5 Million in capital to the Company, are all Florida Residents.
- Flagship product, The Turbophase® System, has full commercial installation in 2014 at a power plant in Northern Illinois, generating 7.2 MW at a heat rate 20% better than gas turbine peakers.
- 63 patents in process

The Team

Name	Experience
Bob Kraft	25+ years power industry, aerospace engineer GE, PW, Co-founder PSM, CT Parts & Upgrades, PSM sold to Alstom $241 Million
Pat Conroy	40+ years power industry, Westinghouse w/ full P&L, SVP sales at PSM
Buz Barclay	40+ years power industry, senior advisor Marathon Capital, Partner Rimon, P.C
Steve Quisenberry	15 years power industry, Pratt + PSM Engineer, General Mgr. Alstom Middle East
Pete Sobieski	25 years power industry, GE field engineer, Calpine head of CT maintenance
Chris Hayes	25 years power industry, GC PSM, PW engineer, USPTO
Peter Perri	15 years startup marketing, operations & finance, Merrill Lynch, digital media
Jim Kraft	20 years accounting, Ernst & Young, PSM, Armellini, audit, cost accounting
Brian Foley	18 years power industry, GE global sales leader; $1.6 Billion annual orders, PSM, Navy
Maik Hufft	13 years power industry, Commissioning & Field Service Alstom Middle East

Florida's Electric Power Challenge

Florida's Electric Power Challenge
• Florida needs more electric power • Natural gas = best new source • Gas turbines operate below their rated output
10,000 MW new gas turbines to be built in Florida to meet demand at a high capital cost to ratepayers.

The Solution for Florida: Turbophase®
• 15-30% boost to GTs, all ambients • 50% lower capital cost vs. OEMs • + Fuel efficiency, - operating $, - CO2 • 10 second on vs. 10 minutes = less spinning reserve • 6 month lead vs. 3 years • No new land, water, transmission vs. negative green impact
Turbophase = new natural gas power generation cheaper, faster, smarter than other solutions.

TPM G13.0 Performance

FRAME	FIRING TEMP	INCREMENTAL POWER			
		5% INJECTION	# OF MODULES	10% INJECTION	# OF MODULES
6B	2055°F	4.5MW	1	9MW	2
7EA	2055°F	10MW	2	20MW	4
9E	2055°F	15MW	3	30MW	6
7FA	2400°F	27MW	5	54MW	10
501F	2460°F	27MW	5	54MW	10
501G	2600°F	33MW	6	66MW	12
9FA	2420°F	38MW	7	76MW	14
AERODERIVATIVES					
RB211 (6761)	2300°F	4MW	1	8MW	2
TRENT 60	2350°F	4.5MW	1	9MW	2
LM2500/6000	2300°F	4.5MW	1	9MW	2
H15/25/80	2150°F	3.5MW	1	7MW	2
TITAN 130/250	2200°F	3.5MW	1	7MW	2

Turbophase in Florida

- *4,000 MW Potential*
- *$1-2 Billion Capital Cost Savings* vs. New Plants
- *$100+ Million Annual Production Cost Savings* (lower spinning reserve, few imports, better heat rate)
- *4.5 Million+ Tons Annual CO2 Savings* (equal to 1 million cars off the road)
- *Land & Wildlife Conservation*: Turbophase has no new water, land requirements
  - 4 x 1000 MW CCGT Plants approximate environment impact:
    - 12 Billion/gallons/year water for cooling
    - 300 acres new land
    - 1.5 million annual fish/invertebrates impingement
    - Turbophase uses no new water, no new land, cited at existing power plant grounds, uses existing plant infrastructure.

Ref: http://www.ngsa.org/analyses-studies/beck-data-rev/
http://www.energy.ca.gov/2006publications/CEC-500-2006-034/CEC-500-2006-034.PDF
http://www.energy.ca.gov/2008publications/SWRCB-1000-2008-001/SWRCB-1000-2008-001.PDF
http://www.epa.gov/cleanenergy/energy-resources/refs.html

Summary

- Florida company with Florida investors creating high paying jobs in Florida.
- Patented product that can add 4,000 MW from natural gas to the Florida Power Grid, as needed, 6 months from order.
- Compelling Value Proposition to Florida Ratepayers:
  - *$1-2 Billion Capital Cost Savings.*
  - *$100 Million+ per Year Production Cost Savings.*
  - *1 Million Car equivalent CO2 Savings.*
  - *Land & Wildlife Conservation.*

II. Outside Persons Who Wish to Address the Commission at Internal Affairs

OUTSIDE PERSONS WHO WISH
TO ADDRESS THE COMMISSION AT

INTERNAL AFFAIRS
February 3, 2015

Speaker	**Representing**	**Item #**
Peter Perri & Bob Kraft	PowerPhase, LLC	1

III. Supplemental Materials for Internal Affairs

Note: The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.

IV. Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

PROCEEDINGS:	INTERNAL AFFAIRS
COMMISSIONERS PARTICIPATING:	CHAIRMAN ART GRAHAM COMMISSIONER LISA POLAK EDGAR COMMISSIONER RONALD A. BRISÉ COMMISSIONER JULIE I. BROWN COMMISSIONER JIMMY PATRONIS
DATE:	Tuesday, February 3, 2015
TIME:	Commenced at 11:00 a.m. Concluded at 11:33 a.m.
PLACE:	Gerald L. Gunter Building Room 105 2540 Shumard Oak Boulevard Tallahassee, Florida
REPORTED BY:	LINDA BOLES, CRR, RPR Official FPSC Reporter (850) 413-6734

P R O C E E D I N G S

CHAIRMAN GRAHAM: Okay. Let record show it is Tuesday, February 3, 2015, and this is our Internal Affairs meeting, and it is about 11:00.

So let's get right to it, Item Number 1. Sir, you are on.

MR. KRAFT: So, good morning, and thank you for having us here. I just wanted to tell you a little story about, I'll say, how we got here. I used to work for Pratt & Whitney in West Palm Beach, and back in 1997 they announced they were moving, you know, thousands of engineers to Connecticut. And I like to fish, so I started a new business in Jupiter, Florida. And that business today employees 550 people at an average salary of over 2X, the county average there. So a lot of high tech people. It's actually one of the biggest employers in Jupiter, if not the biggest. And after running that company for ten years, it's actually being purchased by General Electric today for probably $1.2 billion.

COMMISSIONER PATRONIS: Really?

MR. KRAFT: We started this business with a vision to create a revolutionary product that would change how the grid was operated. As you guys are aware, a lot of gas-powered generation going in in

Florida. And I was looking at these pictures, I was saying we use that, gas, to make that, power, and we don't use that, water. As a matter of fact, our system produces water. So it's a very, very environmentally friendly piece of equipment, and it's call Turbophase. And the picture of the blue box there being installed is actually the Turbophase system, and it adds about 20 percent more power to existing power plants, gas turbine power plants. So it leverages assets that the ratepayers have already paid for and just adds more power at 20 percent efficiency improvement to the gas turbine power or, on a combined cycle plant, the same efficiency as the most efficient gas turbine power plants combined cycle that are being installed in Florida today. So it's as efficient as the most efficient combined cycle power plants, or on simple cycle gas turbines it's 20 percent more efficient.

What's really revolutionary about this product is that it's fast. There is no other product in the world today that can enhance the power output of an existing power plant in seconds. That's what our product does.

And when you introduce that to a power plant on a grid, what that allows you to do is increase the output of the gas turbine, I'll say

seamlessly, while synchronized to the grid so that this extra power -- you know, the way power plants operate today, there's always a reserve, an ability to increase the power level, so that means the gas turbine is operating at a lower power level. And gas turbines, unlike, I'll say, other power generation equipment, they are most efficient at 100 percent power. And as you reduce power, say, 5 percent in power reduction is a 1 percent efficiency, 1 percent specific emissions increase and so on, and it accelerates as you reduce the power more.

So our system lets these power plants operate at maximum power and still have the reserve, and the reserve that you're getting, you're getting it at the same efficiency as these extremely efficient power plants. So there's no penalty in efficiency or emissions by having it. As a matter of fact, there's this bonus because you get to operate the power plants at a higher level. The extra power that's being generated on the grid with the power plants that are running at these higher power levels directly offsets power plants that are lower efficiency, more emissions, and, consequently, for about every seven gas turbine power plants

operating you could turn one off. If you turn one off, that's a reduction in fuel burned, a reduction in emissions and so on.

So just to put that -- before I get into the presentation, I'm kind of giving you the summary. Just to put that into emissions, we can add about 3,600 megawatts, 3.6 gigawatts in Florida. The product works on every gas turbine. It's literally the same blue box works on every gas turbine in Florida, and it would save the ratepayers about $3 billion over the coming years in, in costs of energy. From an emissions perspective, the 11D regulation or --

MR. PERRI: 11D, yeah.

MR. KRAFT: -- is a very important consideration for a state where the state is looking for innovative solutions to address power plant emissions reduction, and this product fits perfectly into that scenario. And it basically is equivalent to taking a million cars off the Florida roads, which is about 7 percent of the cars, that's a pretty sizable number, or taking 80 of those -- I don't know if you guys have been to gas turbine power plants, but the biggest gas turbine power plants, turning 80 gas turbines off from an emissions standpoint. So it's --

the product has a very significant CO2 emissions reduction for Florida. And so that's a very high level summary of the system and what it offers.

So this is a picture of it actually being installed in Chicago on the PJM grid, which is the country's largest grid -- it might be the world's largest grid -- and it's the most advanced grid from the standpoint that there's payment mechanisms for fast-acting power generation equipment. So they really lead the charge in terms of, I'll say, paying for performance of how and maximizing efficiency on the grid.

So I mentioned we're in Jupiter, Florida, and we addressed the challenge that Florida has, you know, the increased population, increased power demand as it's coming, and there's significant fuel savings and emissions savings that I had outlined.

And the interesting thing about our business as well is we're a startup company, we're three or four years old now, and all of our investors are Florida-based private individuals. Most of them like to fish. So we have a myriad of patents and processes to cover this. My last business, we had, I think, 70 patents issue in the first seven years of business, and this business

will be similar. And the team of guys that are behind this business are the same team of guys behind my last business. We're very experienced in the power generation industry, we know the customers, the customers know us globally, and we're off to an extremely rapid growth pace right now. So, you know, the last company, it was 550 people. This company has the potential in revenue to be an order magnitude bigger than that.

It addresses the challenges, as I mentioned. The system can actually run on any type of fuel -- natural gas, biofuel, or landfill gas, or so on. And it's, it comes at a price point that's quite a bit lower than installing a new gas turbine, about half or less.

So I had a technical video, but I'm going to skip that. If you guys have some questions, I can answer it.

And I mentioned that same blue box works on every power plant literally in the world, any gas turbine power plant. And this is just a table that shows on the different frame engines which are, I'll say, the most popular frames out there making power today. The system -- each gas turbine has its own characteristics, so the box has its own

characteristics on that gas turbine. So maybe on a, on a new power plant, like I'm familiar with the Riviera Beach plant that just went in, it might make 6 megawatts on a box; whereas, if you put it on the oldest gas turbine that's running in Florida that's been installed for 50 years, it might make 3.5 or 4 megawatts per box.

So that's kind of a high level summary of what we're doing, and we just appreciate the invitation to come here and, I'll say, brag about it a little bit. So that's it.

CHAIRMAN GRAHAM: Well, thank you very much for the presentation.

Commissioners, any questions? Yes, sir.

COMMISSIONER PATRONIS: I'm just kind of -- it's kind of funny, this past week I learned a lot about fire, so I'm sitting here looking at temperatures. But is, I guess there's a direct correlation to the efficiency and maximum output based on the higher temperature of firing?

MR. KRAFT: Yeah. The equivalent would be if you had a -- it's like a giant turbo charger for a power plant. As a matter of fact, it's the world's first turbo charger for a gas turbine power plant. So if you put your -- a turbo charger on your

three-cylinder Yugo, you would get, you know, five horsepower. If you put that same turbo on a Ferrari, you'd get six or eight -- you know, you'd get a lot more horsepower.

COMMISSIONER PATRONIS: Sure. Sure.

MR. KRAFT: Because of the higher pressure ratio and higher, you know, technology to convert the air and fuel into power. And gas turbines are no different.

If you look at -- I mentioned, like, a gas turbine that was installed 60 years ago, 50 years ago, they're still in operation today. For every, I'll say, cubic yard of air, they require a certain amount of fuel and they make a certain amount of power. You take that Riviera Beach plant, it needs, you know, maybe two-thirds that cube of air and, you know, half of the fuel, and it makes the same amount of power. So they're just more efficient with their air fuel.

So our system is a turbo charger. It puts air in. So what it does in that gas turbine on that modern plant, it makes more power. On the older plant, it makes a little less power. But still on the older power plant and on the newest power plant it's 20 percent more efficient than the gas turbine.

So when you put it on the old one, it's 20 percent more efficient than the old one. When you put it on the new one, it's 20 percent more efficient than the new one and so on.

COMMISSIONER PATRONIS: Follow-up?

CHAIRMAN GRAHAM: Sure.

COMMISSIONER PATRONIS: So, as you're kind of like doing an analysis of a potential turbine, I guess you'll go through all of the specs of its efficiencies, and then I guess you have to determine, you know, matching up the, the peak performance of your turbo charger with what marries with this particular turbine.

MR. KRAFT: So what's cool about this is -- I mentioned this box works on every power plant. And every gas turbine does the same thing; it takes in ambient air and compresses it to some pressure, which results in a temperature. Because when you're compressing air, it gets hot.

COMMISSIONER PATRONIS: Yeah.

MR. KRAFT: And we have a compression process that basically does the same thing on a smaller scale using a, I'll call it a more efficient technology of compressing air. And that's what basically allows us to put this air into the gas turbine more efficiently. So we actually generate air for the gas turbine 20

percent more efficiently than the gas turbine generates its own air.

COMMISSIONER PATRONIS: Last question.

CHAIRMAN GRAHAM: Sure.

COMMISSIONER PATRONIS: Does it -- do you play with the gas mixtures any?

MR. KRAFT: No. No.

COMMISSIONER PATRONIS: Okay.

MR. KRAFT: Gas turbines, today, on a day like today, cold, putting out a lot of power. Our system adds more air, more power, same amount.

COMMISSIONER PATRONIS: Yeah.

MR. KRAFT: When it's 100 degrees and the gas turbine power is down because the air density is thinner, not making as much power, we add the same amount of air, make the same power. So our system makes the same incremental power at the plant. So it's 3,600 megawatts. You could add it on a day like today, you could add it on the hottest day in Florida.

COMMISSIONER BROWN: Like a peaker.

MR. KRAFT: Like a peaker. But we don't like to call it a peaker because there's connotations with peakers that they're inefficient.

COMMISSIONER BROWN: Right.

MR. KRAFT: You know, typically peakers are

the least efficient generation. Ours is 20 percent more efficient than a peaker and equal to the efficiency of the most modern combined cycle plant. So it's like a turbo charged peaker that's extremely efficient.

COMMISSIONER PATRONIS: That's fascinating. Thank you.

CHAIRMAN GRAHAM: Commissioner Brisé.

COMMISSIONER BRISÉ: Thank you, Mr. Chairman, and thank you for being here.

So the plant -- the turbo charger works to make the plants more efficient; right? Does it do anything to extend the life of the plant?

MR. KRAFT: It basically has no impact on the life of the plant. So like on a day like today, the power plant is making 20 percent more power than when it's hot out, for example. And there's no penalty or life reduction whether the gas turbines operate in cool or hot. Our system just adds more air, makes more power. Zero impact on life of the equipment.

COMMISSIONER BRISÉ: Okay.

COMMISSIONER PATRONIS: Mr. Chairman, that's kind of fascinating because all of -- at least the new cars rolling out right now, they're saying turbo charge is now, I guess, the cheap alternative, getting better

MPG, getting added horsepower without having to use anymore fuel. So that's fascinating.

MR. KRAFT: Right. We have a solution for that, too. That's our next business. Seriously.

CHAIRMAN GRAHAM: Commissioner Brown.

COMMISSIONER BROWN: So, and you actually guarantee the equipment and the output; right?

MR. KRAFT: Yeah. If -- one of the interesting things about our product is it's made up of name brand components. We use a Mercedes derivative engine. So everybody looks at the engine and says, oh, it's an engine, it'll last. They know how long it'll last. You look at the compressor we use, it's a production compressor. There's, you know, multiple manufacturers in the world that make this type of compressor. And then there's a shaft connecting the two. So when people look inside, they're like, wow, it's just an air compressor.

But what's unique about our process is the gas turbine requires hot air. When the gas turbine is compressing air, typically some of these gas turbines, the most popular ones in Florida here compress the air to about 200 psi and it's about 750 Fahrenheit. So it's hot compressed air is what the gas turbine generates. This extremely efficient

compression process we use generates about 200 degree air and it uses an inner cooling process to make it extremely efficient, but it results in this cool air. And then we take the exhaust of the engine that's driving the compressor through a heat exchanger, heat it up. So what results is air that looks almost identical to the gas turbine. There's 200 psi and 750 Fahrenheit. So when you add that to the gas turbine, it just thinks the gas turbine just put more air in, didn't know where it's coming from.

The control systems at the power plant are already set up for -- and the way a gas turbine is controlled is based on effectively airflow. So when we put more air in, the gas turbine knows exactly what to do. We don't have to touch it. So we just connect literally one pipe to the gas turbine, and that's our installation. So it's really simple to see our system performance.

COMMISSIONER BROWN: I would love to see it. It sounds very interesting.

MR. KRAFT: If you want to travel to Chicago -- I wouldn't recommend going right now, but it's there.

COMMISSIONER BROWN: Can the technology be used for other, other avenues other than this super,

super charger? Can you use it for something else?

MR. KRAFT: Well, it works on all gas turbines, all, whether it's a pipeline gas turbine that's pumping gas, whether it's a gas turbine making power generation, whether it's a gas turbine, you know, driving some equipment. It works on any gas turbine. But, you know, as I kind of alluded to, there's some other applications actually in the aviation and the automotive industry where the concept in general applies that will be future businesses when we have time.

COMMISSIONER BROWN: Patent, the patents.

MR. KRAFT: When we have -- yeah, so.

COMMISSIONER BROWN: So you said that you've been in business three years, three, four years?

MR. KRAFT: We started March 2011.

COMMISSIONER BROWN: Okay. And you're -- are you negotiating deals around the country? Where are you guys primarily?

MR. KRAFT: We have, yeah, we have sales people around the world today. And I would say today we have about a half a billion dollars in orders in the pipeline that we expect to happen this year.

And what's cool about the product is we -- you saw the picture. It's a blue box. It ships

like a shipping container. So we sell it with a six-month lead time so that the power plant -- and the first one was no exception. We put the foundation down, run all the piping. We have a little electrical cord for the auxiliary loads and some cooling water. So all the piping is done in the six-month lead time. We show up with the equipment, set it down on the pad, hook it up, and run it. Literally it's an air compressor that comes pretested. So we're not building anything at site. We just kind of set it down, put a couple of components together, the auxiliaries, and run it. So it's a couple of days, it's installed.

And I give the plant manager the handle to a manual valve and I say, when you open the valve, it's going to do this. What's up there on the chart, it'll make this many megawatts. When you close the valve, that'll go away.

So our performance is any ambient conditions -- humid, hot, cold, altitude -- we don't differ. Open a valve, it does -- it makes the power. Close the valve, it goes away. So unlike a lot of technologies in the gas turbine industry that require going into the gas turbine and major outages to -- and then there's always an argument at the end

looking for the 1 or 2 percent efficiency improvement, is it really there, was it from something else, this is really easy. You turn it on and turn it off and it's there.

COMMISSIONER BROWN: This is great. You get more out of what you're investing in, already invested in it sounds like.

MR. KRAFT: Yeah.

COMMISSIONER BROWN: So thank you for coming.

MR. KRAFT: Thank you for having us.

CHAIRMAN GRAHAM: Mr. Kraft, thank you very much for your coming and for your presentation. No other questions? Thank you. Appreciate it.

Okay. Item Number 2 on our agenda is legislative update.

MS. PENNINGTON: Good morning.

CHAIRMAN GRAHAM: Good morning.

MS. PENNINGTON: My apologies for not being here last month. But I watched the video and Mark did a great job, so no problems there.

I wanted to update you on a couple of bills that have been filed since Mark gave the last update. I'm not going to rehash the bills that we -- that he discussed at the last meeting because there's been no action on those bills since he last

spoke to you.

Committee meetings were held the week of January 22nd. Our substantive committees did not meet, and the appropriation subcommittees did meet, but they did not discuss PSC issues. We are having committee meetings this week. Again, our substantive committee meetings -- committees are not meeting.

The appropriations committees are hearing the Governor's recommended budget for '15/'16. Committee meetings are also next week, the next two weeks as well. The Senate is -- only has appropriations meetings next week, and so I guess Apryl and Braulio have a detailed agenda when and if the PSC budget may come up.

And then the week of February 16th through 20th, the substantive committees are -- they have a time slot. But we are hearing that the Senate and the House will meet the week of the 16th of February, so we'll start to see some movement then.

A couple of new bills relating to the Nuclear Cost Recovery Clause have been filed. The -- both in the House. All the bills that have been filed on nuclear cost recovery are House bills. There are no Senate bills at this point.

473 by Representative Ahern repeals the Nuclear Cost Recovery Clause on September 1st, and it prohibits the utility from continuing to collect costs previously authorized under 366.93. That one is currently in the House Energy Committee. No Senate companion.

Representative Burgess has also filed House Bill 353, which provides that the PSC cannot approve cost recovery for more than one plant at any time for a utility, subjects the plants to quarterly review by the PSC. And if the PSC determines that the utility has a lack of intent to continue with building the facility, all costs previously charged and collected must be refunded, and the PSC will determine the manner and the time period for those refunds. That's also in House energy and there is no Senate companion.

I want to talk about the, some bills specific to the PSC. Senator Latvala has filed Senate Bill 288. It's almost pretty much identical to House Bill 219 by Representative Peters, Kerner, Latvala, and a few others. This one requires the PSC to hold at least one customer service meeting each year in the service territory for each electric utility. If a water or wastewater utility requested

with at least 10 percent of the customers, they would have to hold one for that water or wastewater utility as well.

All PSC meetings attended by two or more Commissioners must be streamed live on the Internet, and all meetings, workshops, hearings, or proceedings where a decision is made concerning the rights of any person must be streamed live on the Internet. We're looking at that one trying to determine if that requires live streaming of these customer service meetings that may be in some remote locations where that might be a little problematic. So we're kind of looking at the wording, trying to figure that out.

It requires any person lobbying the PSC Nominating Council to register as a legislative lobbyist. It requires Commissioners, beginning January of next year, to complete four hours of ethics training. Prohibits ex parte by Commissioners for any issue pending before the Commission or reasonably expected to come before the Commission within the next year. Those of you who were here in 2010, there was legislation where that would have also applied to Commissioners' aides. This bill does not. It just applies to

Commissioners.

Requires the Governor to remove a Commissioner from office on a finding by the Commission on Ethics of a violation. That's all it says.

Requires OPC to be a party to any settlement agreement before the PSC if they are a party to the proceeding. If they're not a party to the settlement agreement, it cannot be submitted, considered, or approved by the Commission. Both bills -- the Senate bill is in the Senate Communications Committee, the House Bill is in House Energy, and they both have an effective date of July 1.

Those bills also contain a couple of other provisions. They both contain a FEECA provision that requires monies received by a utility for the implementation of measures to encourage development of demand-side renewable systems must be used solely for those purposes. It also has language relating to billing cycles, prohibiting a utility from charging a customer a higher rate, a higher tier because of an increase in usage that's attributable to an extension of the billing period.

Prohibits the utility from charging or

receiving a deposit in excess of two months' average for existing customers and a two-month average of anticipated costs for new customers. If the utility has more than one rate class, one rate for any customer class, it must notify the customer about those available rates, and the bill requires them to work with the customers. Requires new tariffs and changes to existing tariffs to be approved by the Commission. So that's also in that big Senator Latvala and Representative Peters legislation.

One other bill I want to mention is House Bill 399 by Representative Dudley. It does not have a Senate companion at this point. Requires the Governor to appoint the Chairman of the PSC, prohibits ex parte consideration by Commissioners, just like the Senator Latvala and Representative Peters bill does, except this one says on any issue reasonably expected to come before the Commission in the foreseeable future. That bill also prohibits a utility from recovering charges or expenses incurred by a utility in exploring, gathering, drilling, or otherwise producing oil or natural gas. It's not specific to Florida. Those bills -- that bill has an effective date of July 1, and it's currently in the House Energy Committee.

Those are all I was going to touch on this morning, unless there are any questions about committee meetings or any of the bills that I talked about or any that I didn't talk about.

CHAIRMAN GRAHAM: Commissioners, any questions? Thank you very much for your update.

MS. PENNINGTON: Thank you.

CHAIRMAN GRAHAM: Very informative.

Executive Director's report.

MR. BAEZ: Thanks, Chairman. Commissioners, as Katherine alluded to earlier, the Governor's recommended budget was -- I'm sorry -- was released January 29th, and it has, can be summarized in three categories.

The first is an FTE reduction. The Commission, the Commission, as you recall, had provided an LBR or filed an LBR that included an FTE reduction of two positions. The Governor has recommended a reduction, a total reduction of 18. So a 16 position increase in reductions. That would be a reduction of approximately $978,000. Reductions to general operating budget totaling, in various categories totaling about $100,000, and a couple of technical issues that total $4,500. So right around a million dollars.

As you, as you are aware, these are recommendations. We're still going through the budget process in the Legislature. Both Apryl and I have, are in regular contact with our, with our Appropriations Committee staff and chairs as well, and we will update you as you require and as issues come up.

The second item I had is actually better news. You may or may not be aware, I hope you are, last year the Commission began recognizing small businesses throughout the state that had implemented Commission-approved energy efficiency programs with their utility company's assistance. And each month we present what's known as the TripleE award -- TripleE for energy efficiency efforts -- to local small business and announce the award on our website as well as in a press release. We thought it might be helpful and a good use of our platform as well to try and highlight these deserving businesses, so we'll be recognizing them at the Internal Affairs on our monthly IA meetings.

So our first award for 2015 went to Carmike Cinemas in Pensacola for upgrading lighting in its 18 movie theaters to save energy and reduce costs. Gulf Power Company worked with Carmike to

replace almost 400 incandescent lights with LED, saving the cinemas more than 300,000 kilowatts of power each year. We want to congratulate Carmike Cinemas and encourage all those other local businesses around the state to make, avail themselves of the programs available with their home utilities. Ms. Laura Larson, the General Manager of Carmike Cinemas, will be receiving this award plaque, and I've been given the plaque for everyone to see. It's a very nice looking plaque. It will be presented at a later date. Also, this is done through the offices of the Chairman's office, so we, we appreciate his participation as well.

That concludes the report, unless you all have any questions.

CHAIRMAN GRAHAM: Questions? I think it's a fine job you do.

MR. BAEZ: And a fine job you do. Thank you.

CHAIRMAN GRAHAM: Commissioner Brisé.

COMMISSIONER BRISÉ: A comment, I just, I just think that's an innovative approach to recognize energy efficient -- energy efficiency and the fact that this industry, that space that we are in is truly the economic driver within our, within our state. You can't do anything without the things that we regulate,

so.

CHAIRMAN GRAHAM: Is that it?

MR. BAEZ: We're done.

CHAIRMAN GRAHAM: Okay. Other matters? Commissioners, any other matters? Commissioner Brown, no other matters? You sure?

COMMISSIONER BROWN: I'm set.

CHAIRMAN GRAHAM: Really?

COMMISSIONER BROWN: I'm set today.

CHAIRMAN GRAHAM: Okay. All right. Well, I do thank everybody for coming out, and travel safely, and we are adjourned.

(Proceeding adjourned at 11:33 a.m.)

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

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

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

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' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 9th day of February, 2015.

Linda Boles

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