

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Monday, May 23, 2016
Following Special Commission Agenda
Room 105 - Gerald L. Gunter Building

1. ~~U.S. Department of the Navy's Renewable Energy Program~~
John A. Kliem, Deputy Director
(Attachment 1)

NOTE: Speaker unable to attend

2. Legislative Update
(Attachment 2)
3. General Counsel's Report
4. Executive Director's Report
5. Other Matters

BB/ks

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.



Department of the Navy

Renewable Energy Program Office

Mr. John A. Kliem

DEPUTY DIRECTOR



Power Matters



“ Anyone who has operated at sea or ashore knows that energy is absolutely critical to doing our job ”

- ADM John Richardson, Chief of Naval Operations



The DON Shore-Based Energy Goals

Federal Goal

The Energy Policy Act of 2005 requires 7.5 percent of our electrical consumption in FY13 and beyond to come from renewable sources. Extended by Executive Order 13693 to 30 percent by FY25



DoD Goal

10 U.S.C. § 2911 requires the Department of Defense (DoD) to produce or procure ≥ 25 percent of the total quantity of facility energy from renewable energy (RE) sources beginning in 2025



SECNAV Goal

REPO 1.0: By the end of 2015, the DON will bring one gigawatt (GW) of renewable energy into procurement for the shore-based load

Achieved



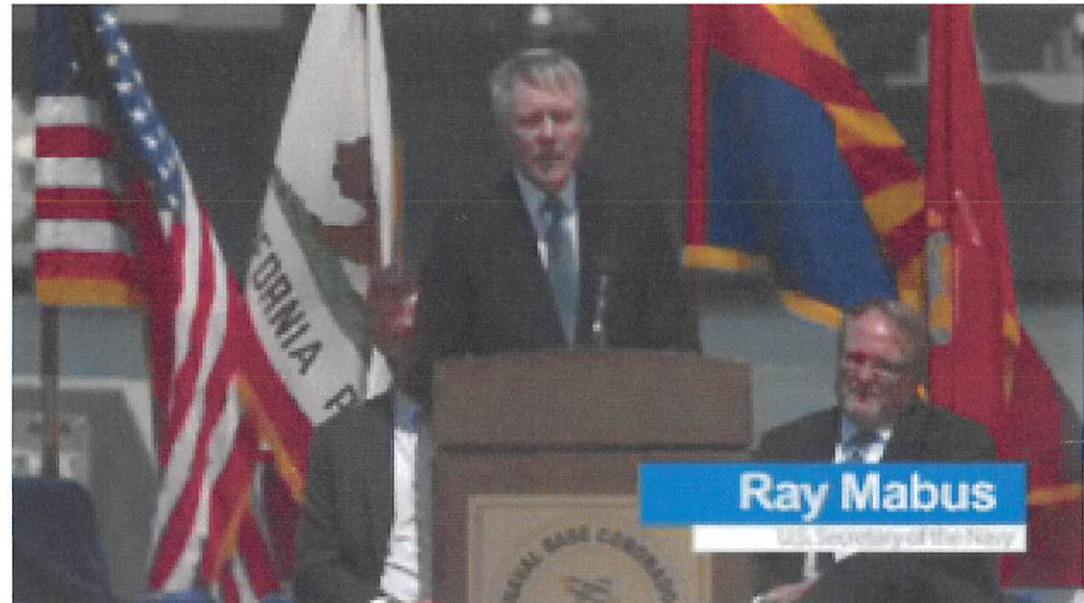
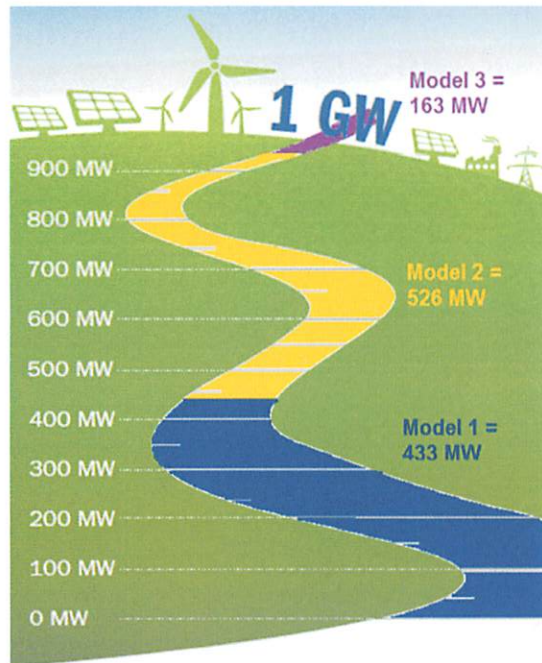
REPO 2.0: Enhance energy resiliency by pursuing projects that leverage new technologies, and by strengthening existing efforts





Achievement of the First Milestone

- **REPO successfully brought one GW into procurement by 2015**



SECNAV Ray Mabus speaks on the achievement of the GW goal

ROAD TO THE GW

- **Now, the office is forging a new path to increased energy security through resiliency**



How We Got the GW

Model 1 Projects = 443 MW

(off-base generation for on-base consumption)

- DON purchases new RE generation from a third-party
- Using USC § 2922a the DON gets long-term cost stability and power diversity

Model 2 Projects = 526 MW

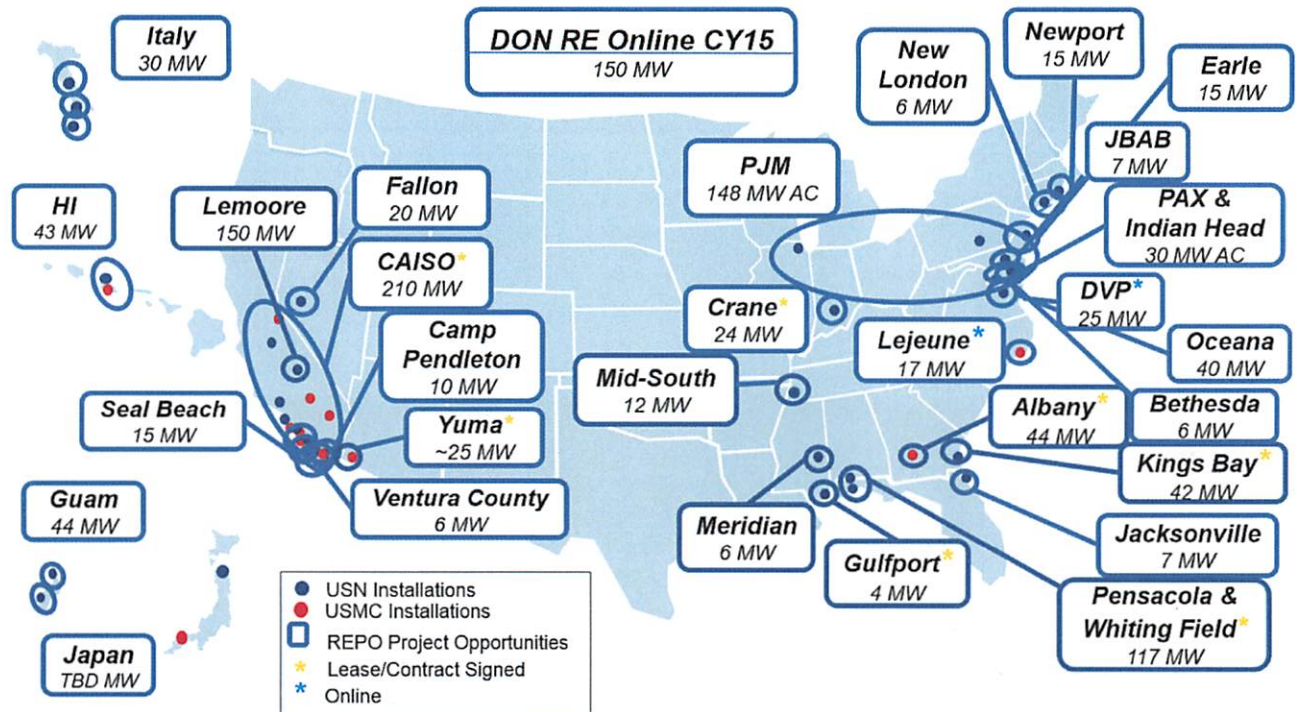
(on-base generation for off-base consumption)

- Third party builds, owns and operates asset on DON land
- Through the outgrant, the DON receives energy security related in-kind consideration (IKC)

Model 3 (and other RE assets) = 163 MW

(on-base generation for on-base consumption)

- Third party builds, owns and operates asset on DON land, the DON consumes power output
- The DON gets energy security IKC, power diversity and cost stability



*All estimates for wattage in DC unless otherwise noted

*Project size are estimates that are subject to change.



Developing Solar in Florida

- NAS Whiting Field's Navy Outlying Landing Field (NOLF) Holley
 - Large-scale solar facility projected to produce an estimated 52 MW
- NAS Pensacola's NOLF Saufley
 - Large-scale solar facility projected to produce an estimated 65 MW
- Both projects are in conjunction with Gulf Power
 - 37-year real estate outgrant agreements
 - Model 2 projects which will generate energy at the installations that will flow to the external grid for consumption by the community
 - Expected project completion by the end of 2016

117 MW of Solar at Naval Installations

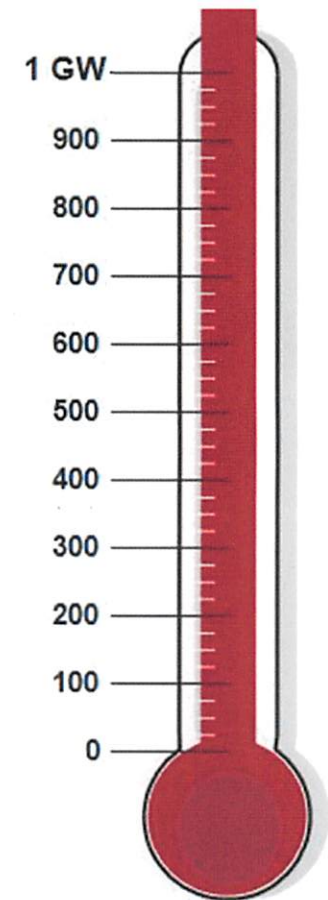


Groundbreaking ceremony at NAS Whiting Field



Contributors to REPO Success

- Collective Navy and Marine Corps senior leadership support
- A clear measurable goal and mission focus
- Aggressive milestones that encouraged innovative solutions and business models in project planning and execution
- Effective use of private sector knowledge and partnerships
- Leveraging of in-house and contractor support for technical and business case analysis, and in-house execution and support
- Establishing Field REPO Offices in Norfolk, San Diego, and Hawaii



U.S. DEPARTMENT OF THE NAVY

REPO
RENEWABLE ENERGY PROGRAM OFFICE




The Future of DON Energy Security

Energy Resiliency

- SECNAV has directed REPO to leverage technical and business expertise to accelerate results on other energy initiatives
- These initiatives will not detract from completing the 1 GW projects but rather are intended to increase installation energy resiliency

REPO Way Ahead Memo



DEPARTMENT OF THE NAVY
THE ASSISTANT SECRETARY OF THE NAVY
ENERGY, INSTALLATIONS AND ENVIRONMENT
1900 NAVY PENTAGON
WASHINGTON DC 20350-1000

MEMORANDUM FOR DEPUTY CHIEF OF NAVAL OPERATIONS (READINESS AND LOGISTICS)
DEPUTY COMMANDANT OF THE MARINE CORPS (INSTALLATIONS AND LOGISTICS)

SUBJECT: Renewable Energy Program Office – Way Ahead

The Secretary of the Navy established the Renewable Energy Program Office (REPO) in Spring 2014 to accelerate progress towards procuring 1 Gigawatt (GW) of Renewable Energy resources by the end of 2016. In less than 2 years, REPO produced phenomenal results, placing 1.1 GW of renewable projects “in procurement”. Key contributors to that success included:

- a. Collective Navy and Marine Corps senior leadership support;
- b. A clear measurable goal and mission focus;
- c. Aggressive milestones that encouraged innovative solutions and business models in project planning and execution;
- d. Effective reliance on private sector knowledge and partnerships;
- e. Leveraging of in-house and contractor support for technical and business case analysis, and in-house execution and support;
- f. Establishing Field REPO offices in Norfolk, San Diego and Hawaii.

While work remains to complete ongoing 1GW projects, The Secretary has directed that we leverage REPO’s technical and business expertise to accelerate results on other energy initiatives. These initiatives will not detract from completing the 1 GW projects but, rather, are intended to increase installation energy resiliency. Strong collaboration, coordination and communication among all stakeholders will ensure alignment and sharing of lessons learned, and enable the ultimate transition of renewable energy and pilot projects from REPO. Information sharing about ongoing efforts in specific energy related areas (e.g., Mission Assurance) will help to ensure REPO focus is aligned with and positively impacts stakeholder efforts.

REPO will be responsible for projects within the prioritized portfolio described below. Specific projects will be strategically selected to help define and validate technical solutions and innovative business plans. Project selection will be mindful of and coordinated with other work already underway within Commander, Navy Installations Command, Marine Corps Installations Command, and Naval Facilities Engineering Command. Prior to full scale effort on projects,



REPO Way Ahead Projects

Renewable Energy Projects

Continue and complete existing Model 1, 2 and 3 projects

Resiliency

A small number of energy resiliency pilot projects to prove concepts for:

- *Microgrids*
- *On-base energy generation*
- *energy storage and energy distribution*
- *energy management*

Electrification

- Lead efforts to electrify ground support equipment at one air station and one industrial or port complex.
- Draw on lessons learned from industry (e.g. Delta) to explore alternative business models and complete a business case analysis for electrification.

ESPCs/ UESCs/ Utilities Privatization

Provide technical and business case analyses support to other stakeholders to maximize results from third party financed programs

Water-Energy Nexus

Conduct technical and business case analyses to evaluate opportunities to reduce both water consumption and the corresponding energy required to support water requirements at one installation or region

Electric Vehicles

Provide technical and business advice on infrastructure required to support electric vehicles, including medium and heavy vehicles on DON installations



REPO Resiliency Initiatives

- REPO is utilize third-party financing to build DON resiliency by leveraging technologies such as battery storage, fuel cells, microgrids and distributed generation. Examples include:

NWS Seal Beach (solar + storage)

The base will receive 500 KW of dedicated onsite renewable capacity with battery back-up and microgrid controls.

NSA Ventura County (battery storage)

The base will receive emergency access to onsite renewable energy, battery back-up and microgrid controls for critical facilities.

MCAS Yuma (microgrid)

Arizona Power will provide unlimited access to onsite backup power, eliminating up to 42 USMC emergency diesel generators.

SUBASE New London (microgrid)

A “community microgrid” which would power the base and the community’s critical assets in the event of a grid outage.

US Naval Observatory (fuel cell)

REPO is assessing the potential to use fuel cells to increase energy resiliency at this critical facility.

NAS Crane (battery repurposing)

By integrating sub batteries into the electrical grid, battery capacity is expected to grow, reaching a total of 44 MWh by 2019.



A Rising Tide Lifts All Boats

The DON cannot be an island.

Working with our serving utilities and regulators is key to reaching our goal of energy security.

The benefits of these efforts reach beyond our installations, also lifting up the community where our Sailors and Marines live.



Questions?

John A. Kliem
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State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 6, 2016

TO: Braulio L. Baez, Executive Director

FROM: Cayce H. Hinton, Public Utilities Supervisor, Office of Industry Development and Market Analysis *CH*
Katherine Pennington, Senior Analyst, Office of Industry Development and Market Analysis *KP*
Samantha Cibula, Attorney Supervisor, Office of General Counsel *met for SC*
Jennifer Crawford, Attorney Supervisor, Office of General Counsel *JSC*

RE: 2016 Legislative Bill Wrap-Up Summaries

Critical Information: Please place on the May 17, 2016 Internal Affairs packet.
BRIEFING ONLY – FOR INFORMATIONAL PURPOSES ONLY

This document provides a final summary of bills tracked during the 2016 legislative session. This includes bills of interest that passed, involving energy, water and wastewater, and administrative procedure. The summary also notes bills of interest that either did not pass or that were vetoed by the Governor. This item is for informational purposes only and no action by the Commission is required. Staff will follow-up with the Commission at a subsequent Internal Affairs to address implementation of certain bills that may require the Commission to take action.

KEY BILLS THAT PASSED

Water and Wastewater

CS/CS/CS/HB 491 by Representative Smith (CS/CS/CS/SB 534 by Senator Hays laid on table) – Water and Wastewater Utilities

The bill revises several sections of law relating to the regulation of water and wastewater utilities by the Florida Public Service Commission (FPSC or Commission). The bill:

- Directs the Division of Bond Finance to review the allocation of private activity bonds for investor-owned water and wastewater infrastructure projects;
- Establishes criteria for water resellers who are not subject to FPSC regulation under section 367.022, Florida Statutes (F.S.);

- Allows the Commission, on its own motion or upon the request of a utility, to establish a “utility reserve fund” for water and wastewater utilities;
- Expands expense categories a water or wastewater utility may include to increase or decrease rates without a hearing on 45 days notice, and authorizes the Commission to adopt rules to include additional pass-through expenses not enumerated in the legislation;
- Provides that approved rate case expense may be apportioned for recovery over four years unless a longer period is justified and is in the public interest;
- Prohibits recovery of rate case expense in FPSC staff-assisted rate cases (SARC) until the initial staff report is made available to customers and the utility;
- Authorizes the Commission to, on its own motion or based on complaints of customers, review secondary drinking water quality standards of a water utility subject to its jurisdiction. Similarly, the Commission may review issues of odor, noise, aerosol drift or lighting as it pertains to a wastewater utility subject to its jurisdiction; and
- Amends section 367.165, F.S., relating to abandonment of water or wastewater utilities. The bill clarifies that this section applies to all counties, regardless of jurisdictional status.

Effective date: July 1, 2016

Status: Approved by the Governor on April 14, 2016, Chapter 2016-226

Administrative Procedures

CS/CS/CSHB 183 by Representative Adkins (CS/CS/SB 372 by Senator Lee laid on table) – Administrative Procedures

The bill amends provisions of the Administrative Procedures Act to enhance opportunities for substantially affected parties to challenge rules. These changes include, but are not limited to:

- Revises section 120.54(7), F.S., regarding rulemaking procedures based on petitions to initiate rulemaking alleging an unadopted rule;
- Unless an agency publishes a statement explaining why rulemaking is not feasible or practicable under section 120.54(1), F.S., the bill prohibits the agency from relying on the unadopted rule until rulemaking is complete. This limitation mirrors that applicable when an agency loses a formal challenge to an unadopted rule;
- Revises section 120.55, F.S., to expand the listing of information that must be published on the Florida Administrative Register to include rules filed for adoption in the previous seven days and a listing of all rules filed for adoption but awaiting legislative ratification;

- Revises section 120.56(3), F.S., to clarify the pleading requirements and the burden of going forward with evidence in challenges to proposed and unadopted rules; and
- Requires agencies, in changes to section 120.695, F.S., to identify and certify all of the rules the violation of which would be a minor violation.

Effective date: July 1, 2016

Status: Approved by the Governor on March 25, 2016, Chapter 2016-116

**HB 981 by Representative Richardson (SB 1226 by Senator Ring laid on table) –
Administrative Procedures**

The bill revises the requirements for preparing a Statement of Estimated Regulatory Costs (SERC) to clarify for agencies the time frame for which costs must be evaluated so that decision makers and affected constituencies may understand the economic and policy impacts of proposed rules. The bill creates section 120.541(5), F.S., to specify that adverse impacts and regulatory costs likely to occur within five years after implementation of a rule include adverse impacts and regulatory costs estimated to occur within five years after the effective date of the rule. The bill also specifies that if any provision of a rule is not fully implemented upon the effective date of the rule, the adverse impacts and regulatory costs associated with such provision must be adjusted to include any additional adverse impacts and regulatory costs estimated to occur within five years after implementation of such provision.

Effective date: July 1, 2016

Status: Approved by the Governor on April 14, 2016, Chapter 2016-232

ADDITIONAL BILLS OF INTEREST THAT PASSED

Energy

**CS/HB 347 by Representative Sprowls (CS/CS/SB 324 by Senator Legg laid on table) –
Utility Projects**

The bill establishes a new financing mechanism – “Utility Cost Containment Bonds” – available to certain legal entities created by interlocal agreement (individually referred to as an “authority”) to finance or refinance, on behalf of a municipality, county, special district, public corporation, regional water authority, or other governmental entity (referred to as a “local agency”), projects related to water or wastewater service. The creation of this financing mechanism, referred to as securitization, is designed to satisfy rating agency criteria to achieve a higher bond rating and, therefore, a lower interest rate and more favorable terms for bonds issued to fund eligible utility projects for these entities.

This bill does not directly impact the FPSC.

Effective date: July 1, 2016

Status: Approved by the Governor on March 25, 2016, Chapter 2016-124

CS/SB 416 by Senator Flores (HB 461 by Representative Ingram laid on table) – Location of Utilities

This bill requires a state or local government to bear the responsibility for the cost of relocating utility facilities in a public easement, absent an agreement to the contrary. Specifically, the bill provides that a governmental authority must bear the cost of utility work required to eliminate an unreasonable interference if the utility is located within an existing and valid utility easement granted by recorded plat, regardless of whether such land was subsequently acquired by the governmental authority, by dedication, transfer of fee, or otherwise.

Currently, both statute and common law require a utility to pay for the cost of relocating its facilities within a public easement, absent an agreement to the contrary. Both the statute and common law were reaffirmed in a recent court case by the Second District Court of Appeals requiring a utility to pay for the cost of relocating its utility facilities.

The bill also reduces a county's authority to grant licenses for lines to only locations under, on, over, across, or *within the right-of-way limits* of a county highway or public road, as opposed to under, on, over, across and *along* such highways or roads.

This bill does not directly impact the FPSC.

Effective date: Upon becoming law

Status: Approved by the Governor on March 10, 2016, Chapter 2016-44

CS/SB 90 by Senator Simpson (CS/CS/HB 285 by Representative Ray laid on table) – Natural Gas Rebate Program

This bill amends section 377.810, F.S., to authorize the Department of Agriculture and Consumer Services (DACS) to receive applications for additional rebates from the natural gas fuel fleet vehicle rebate program, giving preference to governmental applicants. Any remaining funds may be expended for commercial applicant rebates.

This bill does not directly impact the FPSC.

Effective date: July 1, 2016

Status: Approved by the Governor on April 6, 2016, Chapter 2016-183

CS/HJR 193 by Representative Rodrigues (CS/CS/SJR 170 by Senator Brandes laid on table) – Solar or Renewable Energy Source Devices/Exemption from Certain Taxation and Assessment; CS/HB 195 by Representative Rodrigues (CS/CS/CS/SB 172 by Senator Brandes laid on table) – Special Election

HJR 193 proposes an amendment to the Constitution that authorizes the Legislature, by general law, to do the following:

- Exempt the assessed value of a renewable energy source device from ad valorem tax on tangible personal property; and
- Prohibit a property appraiser from considering the installation of a renewable energy source device in the determination of assessed value of real property for the purpose of ad valorem taxation.

The joint resolution expands the current constitutional provision by including all real property, not just real property used for residential purposes. The provisions within the amendment are permissive and do not require the Legislature to enact implementing legislation. Any change or improvement to real property for the purposes of resistance to wind damage remains limited to residential real property.

If approved by 60 percent of the voters in the election, the joint resolution provides that the proposed amendment will take effect on January 1, 2018, and expire on December 31, 2037.

HB 195 provides for a special election on August 30, 2016, to be held concurrently with other statewide elections held on that date, if any. At that election, an amendment to the Florida Constitution proposed in CS/HJR 193 will be submitted to the electors for approval or rejection.

The constitutional amendment authorizes the Legislature, by general law, to exempt from ad valorem taxation the assessed value of solar devices or renewable energy source devices that are subject to tangible personal property tax and to prohibit the consideration of the installation of such devices in determining the assessed value of residential and nonresidential real property for the purpose of ad valorem taxation.

Effective date: The amendment takes effect January 1, 2018 and expires on December 31, 2037
Status: (HJR 193) Signed by Officers and filed with the Secretary of State on March 11, 2016
(HB 195) Approved by the Governor on March 25, 2016, Chapter 2016-118

Water and Wastewater

HB 525 by Representative Beshears (SB 444 by Senator Montford laid on table) – Small Community Sewer Construction Assistance Act

This bill amends the Small Community Sewer Construction Assistance Act (Act). This act assists financially disadvantaged small communities with their needs for adequate sewer facilities. Currently, the Act defines the term “financially disadvantaged small community” as a municipality that has a population of 10,000 or less, according to the latest decennial census, and a per capita annual income less than the state per capita annual income, as determined by the United States Department of Commerce.

This bill expands the definition of “financially disadvantaged small community” to include a county or special district that falls under the same population and per capita annual income parameters as currently required under the Act. Additionally, the bill provides that a special district may only be eligible under the Act if its public purpose includes water and sewer services, utility systems and services, or wastewater systems and services.

This bill does not directly impact the FPSC.

Effective date: July 1, 2016

Status: Approved by the Governor on March 10, 2016, Chapter 2016-55

BILLS VETOED BY THE GOVERNOR

CS/CS/HB 1355 by Representative Perry – Gainesville Regional Utilities, Alachua County

This enrolled bill passed the House on March 4, 2016, and subsequently passed the Senate on March 8, 2016. Gainesville Regional Utilities (GRU) is a municipal utility system governed by the Gainesville City Commission. GRU provides electric, natural gas, water, wastewater, and telecommunications services. This local bill provides for a referendum for the qualified electors of the City of Gainesville (City) to determine whether to amend the City's charter to establish the Gainesville Regional Utilities Authority (Authority) to govern GRU. In summary, the bill:

- Establishes the Authority as a unit of city government, but free from the direction and control of the city commission and city charter officers, for the purpose of governing the utilities operated by GRU, and establishes the powers and duties of the Authority;
- Provides that the Authority will consist of five members appointed by the city commission, to include at least one member from outside the City boundaries, and sets qualification requirements and term limits for Authority members;
- Provides an annual salary of \$18,000 for members of the Authority, to be adjusted over time by the consumer price index;
- Provides for the continued service of GRU personnel under the CEO/GM, and requires the performance of all acts necessary to ensure an orderly transition of GRU governance to the Authority;
- Repeals Section 3.06 of the current City charter relating to the general manager for utilities.

Effective date: Not applicable

Status: Vetoed by the Governor on 3/25/16

In his veto letter of March 25, 2016, the Governor cited the compensation provisions as a reason for his veto. He indicated that, "Across Florida, hundreds of appointees serve on boards with critical governance and regulatory responsibilities for which the appointees are not compensated. The success of similar utility authorities that do not compensate board members demonstrates that qualified individuals will answer the call to serve the public, without consideration of a taxpayer supported payment".

BILLS OF INTEREST THAT DID NOT PASS

Energy

HB 395 by Representatives Murphy, Latvala and Burgess; SB 1478 by Senator Sobel – Utility Advanced Cost Recovery

This bill would have provided for expiration of advanced cost recovery for nuclear and integrated gasification combined cycle power plants and would have required certain funds to be returned to ratepayers. Further, the bill would have prohibited utilities from imposing charges to offset loss of utility revenues as result of refunding moneys from collection of advanced cost recovery fees.

Status: HB 395 died in Energy & Utilities Subcommittee on 3/11/16; SB 1478 withdrawn from further consideration on 1/15/16

HB 4057 by Representative Rehwinkel-Vasilinda – Repeal of Advanced Nuclear Cost Recovery

This bill would have repealed provisions for cost recovery mechanisms for siting, design, licensing, and construction of nuclear and integrated gasification combined cycle power plants, including mechanisms that promote utility investment in, and allow for recovery in electric utility rates of certain costs of such plants. The bill would have also repealed provisions relating to financing for certain nuclear generating asset retirement or abandonment costs.

Status: HB 4057 died in Energy & Utilities Subcommittee on 3/11/16

HB 579 by Representatives Mayfield, Perry and Van Zant; SB 840 by Senator Simpson – Municipal Power Regulation

This bill required certain entities created under Interlocal Cooperation Act of 1969 to submit financial statements for certain electric power projects to specified public entities.

Status: HB 579 died in Regulatory Affairs Committee on 3/11/16; SB 840 died in Appropriations Subcommittee on General Government on 3/11/16

HB 687 by Representative Costello; SB 1328 Senator Altman – Energy Policy

This bill would have restricted the manner in which counties and municipalities regulate renewable energy devices; exempted specific entities from PSC regulation; authorized local renewable energy suppliers to sell local renewable energy to certain end users; specified conditions under which certain end users may interconnect with local renewable energy suppliers or local electric utilities; provided conditions under which local renewable energy suppliers may interconnect; provided conditions under which net metering provisions apply; restricted declaration of covenants from regulating certain renewable energy devices more stringent than

required under Florida Building Code; prohibited enforcement of certain state laws enacted pursuant to federal rules mandating state action under certain circumstances.

Status: HB 687 died in Energy & Utilities Subcommittee on 3/11/16; SB 1328 died in Communications, Energy & Public Utilities Committee on 3/11/16

HB 639 by Representative Diaz; SB 838 by Senator Evers – Carbon Dioxide Emissions from Existing Stationary Sources

This bill would have provided legislative findings regarding federal Clean Air Act regulations that limit certain carbon dioxide emissions; prohibited certain entities from implementing certain rules or submitting certain plans regarding carbon dioxide emissions from existing stationary sources before occurrence of specified events; authorized DEP to request extension for submitting certain implementation plans.

Status: HB 639 died in Agriculture & Natural Resources Subcommittee on 3/11/16; SB 838 died in Environmental Preservation & Conservation on 3/11/16

HB 1419 by Representative Rehwinkel-Vasilinda – Electromagnetic Pulse Threats, Cyberattacks and Geomagnetic Storms

This bill would have urged U.S. Congress to pass electromagnetic pulse event legislation and provide resources necessary to protect against and recover from impacts of serious EMP threats, cyberattacks, and geomagnetic storms in U.S.

Status: HB 1419 died in Local & Federal Affairs Committee on 3/11/16

HB 191 by Representative Rodrigues; SB 318 by Senator Richter – Regulation of Oil and Gas Resources

This bill would have preempted to the state regulation of matters relating to exploration, development, production, processing, storage, and transportation of oil and gas after specified date; revised DEP rulemaking authority; prohibited department from issuing permits for high-pressure well stimulation until rules and study on the issue are completed; etc.

Status: HB 191 died in Environmental Preservation & Conservation Committee on 3/11/16; SB 318 voted unfavorable by Appropriations Committee on 3/01/16

The following bills addressed well stimulation (hydraulic fracturing) in Florida:

- HB 19 by Representative Jenne – **Well Stimulation Treatment**
- SB 166 by Senator Soto -- **Well Stimulation Treatment**
- HB 453 by Representative Rodrigues -- **Well Stimulation** (by amendment to State Constitution)
- SB 688 by Senator Sobel -- **Ban on Well Stimulation or Resource Extraction**
- SB 358 by Senator Ring -- **Hydraulic Fracturing** (by amendment to the State Constitution)

SB 166 by Senator Soto -- Oil and Natural Gas Production or Recovery

The following bills proposed sales and use tax exemptions for electric, hybrid, and hydrogen-powered vehicles:

SB 786 by Senator Sachs – **Electric Vehicles**

HB 1123 by Representative Dudley – **Tax Exemptions for Plug-In Electric Vehicles**

SB 364 by Senator Soto – **Sales of Motor Vehicles Powered by Electricity or Hydrogen**

SB 366 by Senator Soto – **Sales and Use Tax Exemption for Hybrid Vehicles**

HB 661 by Representative Cortes -- **Electric, Hybrid, and Hydrogen Vehicles**

SB 1272 by Senator Hukill – Florida Renewable Energy Production Credit

This bill would have deleted the time limit for the renewable energy production credit against the corporate income tax; revised the total amount of tax credits which may be granted to taxpayers per state fiscal year; revised the permissible use of certain unallocated credit amounts, etc.

Status: SB 1272 died in Appropriations on 3/11/16

Administrative Procedures / Public Records

HB 953 by Representative Eisnaugle; SB 1150 by Senator Bean – Legislative Reauthorization of Agency Rulemaking Authority

This bill would have provided for suspension of certain rulemaking authority after specified period until reauthorized by general law; provided for expiration of such reauthorization after specified period; provided for suspension of rulemaking authority upon expiration of reauthorization until reauthorized by general law; required legislative ratification of rules adopted while rulemaking authority is suspended; authorized Governor to delay suspension for specified period; authorized legislative presiding officers to appoint joint committee; requires committee to submit annual report; authorized agency to provide notice of rulemaking authority subject to suspension; specified that lawfully adopted rules remain in effect during suspension; revised limitations with respect to timeframe in which emergency rule may be effective.

Status: HB 953 died on Calendar on 3/11/16; SB 1150 died in Fiscal Policy on 3/11/16

cc: Braulio Baez
Lisa Harvey
Mark Futrell
Apryl Lynn

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

Note: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

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

1 BEFORE THE
2 FLORIDA PUBLIC SERVICE COMMISSION

3
4 PROCEEDINGS: INTERNAL AFFAIRS

5 COMMISSIONERS
6 PARTICIPATING: CHAIRMAN JULIE BROWN
7 COMMISSIONER LISA POLAK EDGAR
8 COMMISSIONER ART GRAHAM
9 COMMISSIONER RONALD BRISÉ
10 COMMISSIONER JIMMY PATRONIS

11 DATE: Monday, May 23, 2016

12 TIME: Commenced at 2:25 p.m.
13 Concluded at 2:35 p.m.

14 PLACE: Betty Easley Conference Center
15 Room 148
16 4075 Esplanade Way
17 Tallahassee, Florida

18 REPORTED BY: LINDA BOLES, CRR, RPR
19 Official FPSC Reporter
20 (850) 413-6734

P R O C E E D I N G S

1
2 **CHAIRMAN BROWN:** All right. This is the
3 Internal Affairs meeting for Monday, May 23rd. The time
4 is 2:25.

5 And we were supposed to have the
6 Department of Navy's renewable energy program that
7 we worked so hard with their schedule to
8 accommodate. We were supposed to have them give us
9 a presentation today. In fact, I was really looking
10 forward to it. I had an opportunity to meet with
11 them at a NARUC conference and hear all of the great
12 things that the Navy is doing, but then they
13 canceled at 5:00 on Friday. So unfortunately we
14 don't have a backup program today; otherwise, if we
15 had enough time, I would have had a backup program
16 for us all. But this will be a very swift Internal
17 Affairs meeting starting right out. I guess we'll
18 start out with the legislative update.

19 **MR. HINTON:** Commissioners, Cayce Hinton with
20 staff, Office of Industry Development & Market Analysis.
21 This item is the annual legislative wrap-up intended to
22 give you a final update on the status of bills of
23 interest during the 2016 session. This briefing is for
24 informational purposes only. No action is requested of
25 you today.

1 At the next Internal Affairs, staff plans
2 to present you with an implementation plan for
3 certain bills that may necessitate action on your
4 part.

5 The main item of interest that you were
6 briefed on during the session was HB 491, which was
7 approved by the Governor in April. This bill
8 revises several sections of law relating to the
9 regulation of water and wastewater utilities by the
10 Commission.

11 A couple of features of the legislation
12 addressed financing for infrastructure projects.
13 First, the legislation requires the Division of Bond
14 Finance within the State Board of Administration to
15 review the current allocation of private activity
16 bonds to determine the availability of additional
17 bonds for allocation for water and wastewater
18 infrastructure projects. That does not have any
19 impact on the Commission.

20 Second, however, is the authorization for
21 the Commission to establish utility reserve funds
22 for infrastructure repair and replacement by
23 investor-owned water and wastewater utilities. The
24 legislation requires the Commission to adopt rules
25 to govern the implementation, management, and use of

1 the fund, and staff will be addressing that at a
2 subsequent Internal Affairs.

3 The legislation also has sections
4 impacting cost recovery for certain expenses. For
5 example, legislation allows water resellers to add
6 up to a 9 percent surcharge on customer bills to
7 cover the actual cost of meter reading and billing.
8 In addition, the legislation also expands the list
9 of expenses set forth in Section 367 for which a
10 utility can automatically raise its rates to recover
11 incremental increases and expenses. These expenses
12 are generally out of the utility's control and are
13 considered pass-through expenses.

14 The legislation allows but does not
15 require the Commission to establish by rule
16 additional specific expense items that are outside
17 the control of the utility and have been imposed by
18 federal, state, or local authority. If the
19 Commission does so, it must review the rule every
20 five years to determine if each expense should
21 continue to be eligible for automatic increase or if
22 additional items should be included.

23 Finally, and of particular interest, is
24 the legislation addressing rate case expense for
25 staff-assisted rate cases. The statute prohibits

1 the Commission from awarding rate case expenses to
2 recover fees for attorneys or outside consultants
3 hired by the utility to help prepare or file its
4 case prior to release of staff's initial report.
5 The Commission is required to propose rules to
6 administer that section by December 31st, 2016. And
7 as I said earlier, staff will return at a subsequent
8 Internal Affairs to discuss implementation.

9 And Samantha had a couple of procedural --
10 administrative procedure bills.

11 **MS. CIBULA:** Samantha Cibula with the
12 Commission's legal staff. The legislature also made a
13 few changes to the Administrative Procedures Act in
14 HB 183 and HB 981 which affect all state agencies,
15 including the Public Service Commission.

16 Two changes to the law that I -- that will
17 have an immediate impact on the Commission and I
18 wanted to highlight for you today are, first,
19 agencies will be required to include in the Florida
20 Administrative Register a list of agency rules to be
21 filed for adoption. And, second, all agencies will
22 be required by June 30th of next year to review the
23 rules and certify to the legislature, the Governor,
24 and the Joint Administrative Procedures Committee
25 the rules that have been designated as rules, a

1 violation of which would be a minor violation.

2 The law currently requires agencies to
3 issue a notice of noncompliance as its first
4 response to a minor violation of a rule instead of
5 initially imposing fines and penalties. This type
6 of rule review and certification was last conducted
7 by all agencies in 1995. And I would be happy to
8 address any other questions you have about these
9 bills.

10 **CHAIRMAN BROWN:** Thank you. And I want --
11 first of all, I also welcome Cayce to his new role here.
12 Welcome.

13 **MR. HINTON:** Thank you.

14 **CHAIRMAN BROWN:** And we'll be definitely
15 talking with you a lot and looking forward to it. And I
16 don't know if you're familiar with all of these bills
17 since you were kind of in a different role.

18 **MR. HINTON:** Coming in on the tail end of
19 this, so --

20 **CHAIRMAN BROWN:** Okay. But luckily we have
21 Mr. Futrell here too, who we could always call upon
22 right now. And I do have a question regarding -- on
23 page 4. It's Senator Brandes' bill that's -- it's a
24 constitutional amendment. Can you just kind of in
25 laymen's terms tell us what that does, that language is

1 going to propose?

2 **MR. FUTRELL:** I think Mr. Hinton can handle
3 that.

4 **CHAIRMAN BROWN:** He can handle it, you think?

5 **MR. HINTON:** We'll see. You'll decide whether
6 I can handle that, I guess.

7 That amendment authorizes the legislature
8 by general law to exempt from ad valorem taxation
9 the assessed value of solar devices, other renewable
10 energy devices installed on personal property, and
11 it also exempts these devices from being valued for
12 consideration of the installation in determining the
13 assessed value of residential and nonresidential
14 real property for the purpose of ad valorem
15 taxation. This is going to be on the August special
16 ballot.

17 **CHAIRMAN BROWN:** That's what I thought. Why
18 is it on the August?

19 **MR. HINTON:** Because the other solar amendment
20 is on the November. I would assume that they didn't
21 want the two to get confused.

22 **CHAIRMAN BROWN:** Okay. And it's already
23 received approval, so it is a go for August?

24 **MR. HINTON:** Yes.

25 **CHAIRMAN BROWN:** All right. Commissioners,

1 are there any questions for staff on any of these items?
2 All right. So we're looking forward to seeing you back
3 in July with specific information on how -- on
4 rulemaking and what we plan on doing with the bills that
5 passed.

6 **MR. HINTON:** Thank you.

7 **CHAIRMAN BROWN:** Thank you.

8 Moving on to General Counsel.

9 **MR. HETRICK:** No -- in the interest of time,
10 no report, Madam Chair.

11 **CHAIRMAN BROWN:** Thank you. Thank you.

12 Executive Director. Now you've got a
13 report, don't you?

14 **MR. BAEZ:** See, the day that I have a report,
15 he's "in the interest of time."

16 Real quick. And just looking at the
17 calendar going forward, your next IA is June 9th.
18 Whereas, Cayce mentioned we're having the
19 legislative implementation item, we've also got a
20 Clean Power Plan update for you all, and I think the
21 City of Tallahassee is slated to talk about their
22 energy initiatives.

23 Welcome, Cayce, new director of IDM. The
24 Chairman got ahead of me there.

25 Quick calendar updates. SEARUC.

1 Commissioner Brisé, as president, is putting
2 together a good program for you all. That's
3 June 13th through 15th in West Palm. Lee Eng Tan,
4 Office of General Counsel, is also spearheading a
5 great program for the National Conference of
6 Regulatory Attorneys. I don't know how many of you
7 all are scheduled to go, but I encourage you. It's
8 taking place in Tampa June 20th through the 22nd.
9 And to cap it all off, we have a series of service
10 hearings peppering the month, West Palm -- for
11 Florida Power & Light. West Palm Beach and
12 Melbourne and Daytona Beach June 15th through 16th,
13 and then Miami, Fort Lauderdale, Pembroke Pines, and
14 Miami Gardens June 27th through the 29th. So we've
15 got a busy month ahead. That is all I've got,
16 Commissioners.

17 **CHAIRMAN BROWN:** Thank you. And, yes, we have
18 a very busy month ahead, and all those conferences are
19 very -- they're wonderful. And, Commissioner Brisé, I
20 know you've spent a lot of time, and I want to thank you
21 for your representation on behalf of all of us. You're
22 doing an excellent job. Looking forward to our
23 conference and our busy month.

24 Commissioner Brisé.

25 **COMMISSIONER BRISÉ:** I just wanted to let

1 everybody know that the rooms are filling up quickly.
2 We're up to about 176 registrants at this point. We
3 have an internal goal of about 220, so there's still
4 space available. So we want you to remind those who
5 have an interest in the space that we are all in
6 together to register and participate. I guarantee you
7 that you will leave with some new information coming to
8 you because we have some very exciting panels.
9 Basically all of our Commissioners here have a place on
10 the program, moderating and doing other things on the
11 program. So it's going to be a very exciting
12 conference.

13 **CHAIRMAN BROWN:** Thank you so much. Are there
14 any other matters? Seeing none, this meeting is
15 adjourned.

16 (Internal Affairs adjourned at 2:35 p.m.)
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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
8 same has been transcribed under my direct supervision;
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
11 am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
12 financially interested in the action.

13 DATED THIS 27th day of May, 2016.

14 *Linda Boles*

15 _____
16 LINDA BOLES, CRR, RPR
17 FPSC Official Hearings Reporter
(850) 413-6734