

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Thursday, September 7, 2017
Following Commission Agenda
Room 105 - Gerald L. Gunter Building

1. "Exploring Florida's Tidal and Ocean Energy Potential"
Presentations by:

Lockheed Martin

Joel McManus, Senior Manager

John Pericci, Director of Business Development, Rotary and Mission Systems

Dan Broderick, Senior Member Engineering Staff, Rotary and Mission Systems
(Attachment 1)

Florida Atlantic University

~~Gabriel M. Alsenas, Director, Southeast National Marine Renewable Energy Center
(Attachment 2)~~

NOTE: Speaker unable to attend due to weather concerns

2. Recertification of Florida's Relay Program with the Federal Communications Commission
(Attachment 3)
3. Draft 2017 Lifeline Report
(Attachment 4)
4. FPSC's Draft 2017 Regulatory Plan
(Attachment 5)
5. General Counsel's Report
6. Executive Director's Report
7. 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.



Florida Public Service Commission Tidal Energy Briefing

John Pericci

Director, Business Development
Lockheed Martin Energy

September 7, 2017

Lockheed Martin has a long, rich history in Energy starting with our first patent in 1933



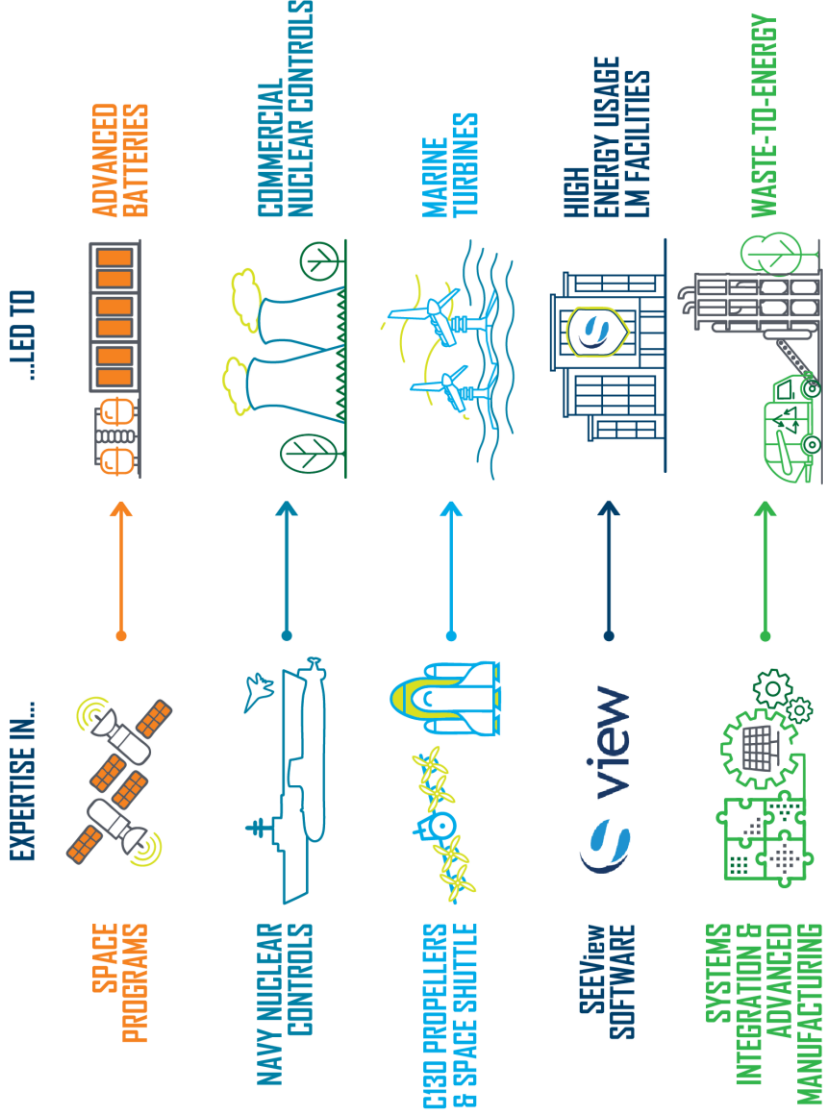
ENERGY EFFICIENCY **20**
for NEARLY YEARS

NUCLEAR ENERGY **70**
for over YEARS

ADVANCED for over **60**
BATTERIES YEARS

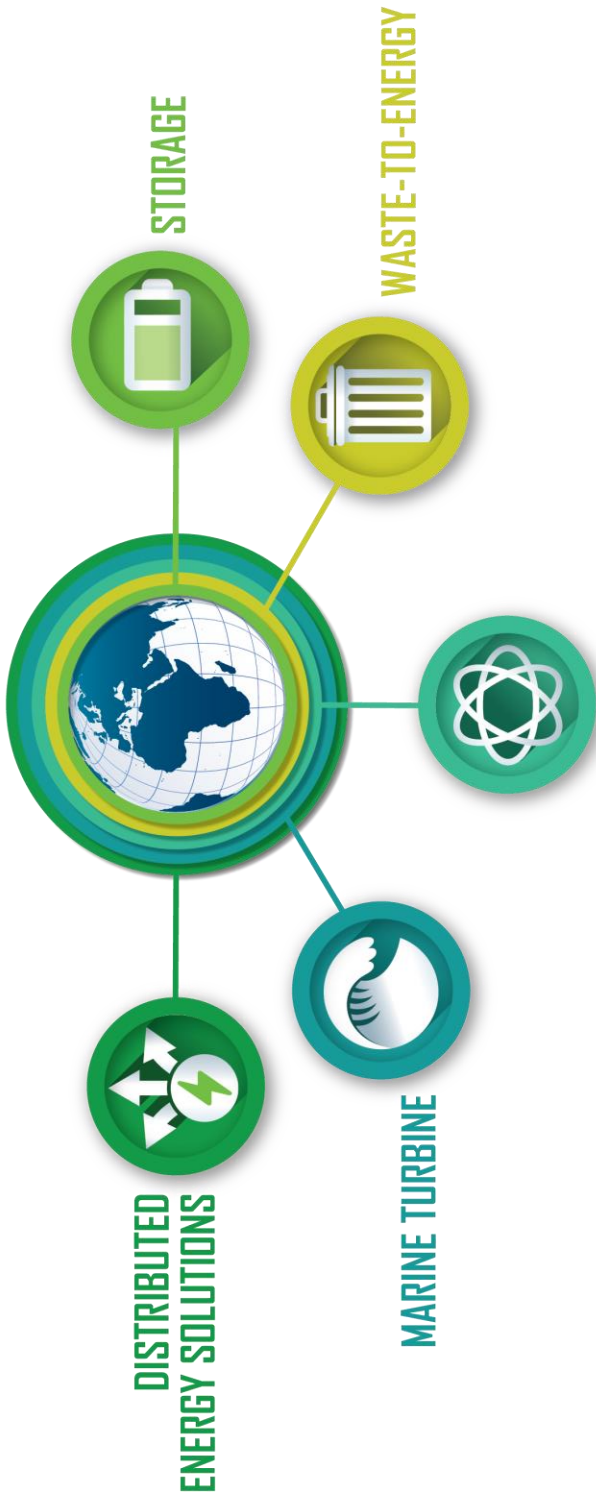
OVER **90** **ENERGY PATENTS**
since 1933

OVER **70** **CYBER SECURITY**
PATENT FAMILIES



LM Energy's portfolio is aligned against many of the biggest challenges facing the global energy market today

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**DISTRIBUTED
ENERGY SOLUTIONS**

MARINE TURBINE

STORAGE

WASTE-TO-ENERGY

NUCLEAR SYSTEMS



LM Energy has a large and growing global presence



LM Energy has delivered success to large and small customers around the world





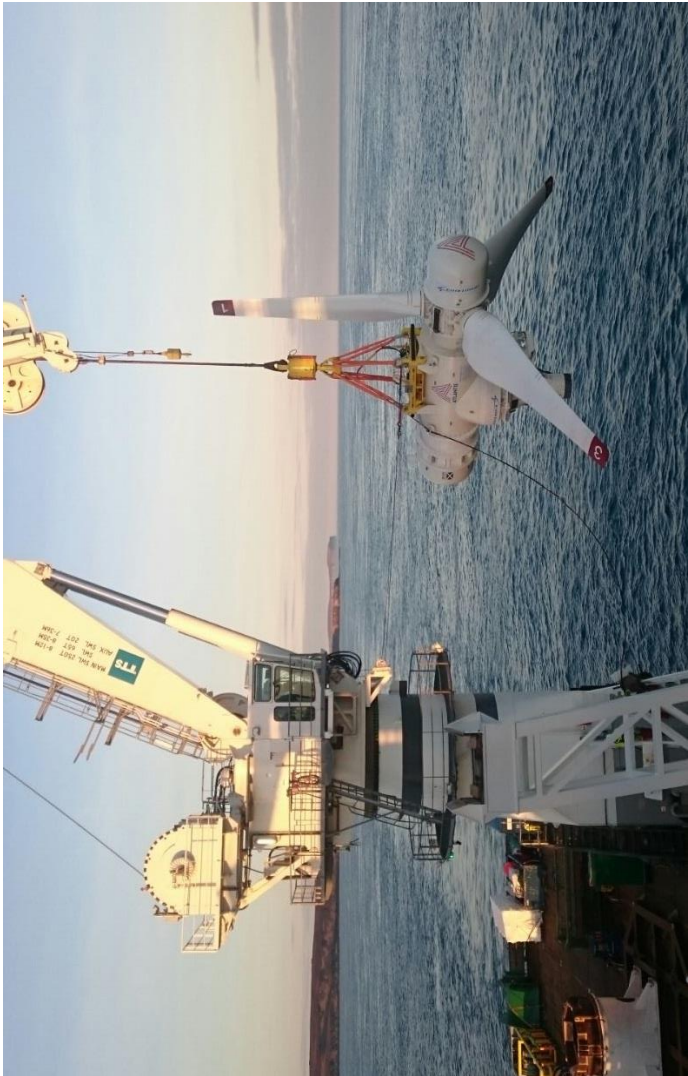


Agenda

- **The Atlantis Group**
- **Tidal Power**
- **AR1500Turbines**
- **Power Projects – MeyGen**
- **Industry Growth**



The Atlantis Group



Atlantis Resources Ltd (ARL:LN)

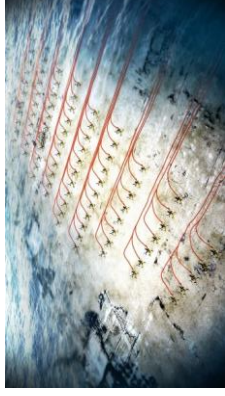
Leading the global development of tidal power generation



Turbine Division

Turbine & equipment sales

Our **Turbine Division** sells tidal turbine generation equipment into projects and to third party project developers. Supported globally by technology and commercial partners, Lockheed Martin Corporation, Atlantis can provide drive train, nacelle fixation, subsea connection and power export equipment to the highest specification, capable of withstanding the harshest environments for the project life.



Power Generation Division

Global portfolio of projects

Atlantis is recognised as one of the world's leading developers of tidal power projects. Atlantis **Power Generation Division** takes greenfield sites from concept through to commissioning. The Atlantis project portfolio currently under development is truly global, inclusive of activities in Scotland, France China, Canada, Indonesia, Korea, India and Australia



The MeyGen Project

World's largest tidal power project

At 398MW, **MeyGen** is the world's largest tidal power project. Located in the inner sound of the Pentland Firth in Scotland, MeyGen is the UK's flagship project. Construction commenced in late 2014 subsequent to achieving financial close in October 2015 for Phase 1A. Atlantis owns 86.5% of the MeyGen project, and the funding syndicate includes the Scottish Investment Bank, The Crown Estate, DECC and HIE. 269 turbines will be installed on the site.

Tidal Power



Tidal power

Tidal power is a predictable source of clean energy generation, making use of mature technologies developed by the oil & gas and wind industries over the past two decades.



ELECTRICAL SUBSTATION



1

The turbine is mounted on a foundation structure and set on the seabed. No drilling is necessary as its weight secures it in place.

2

Tidal currents cause the blades to rotate, powering a generator that produces electricity. The output varies with the tides and is predictable.

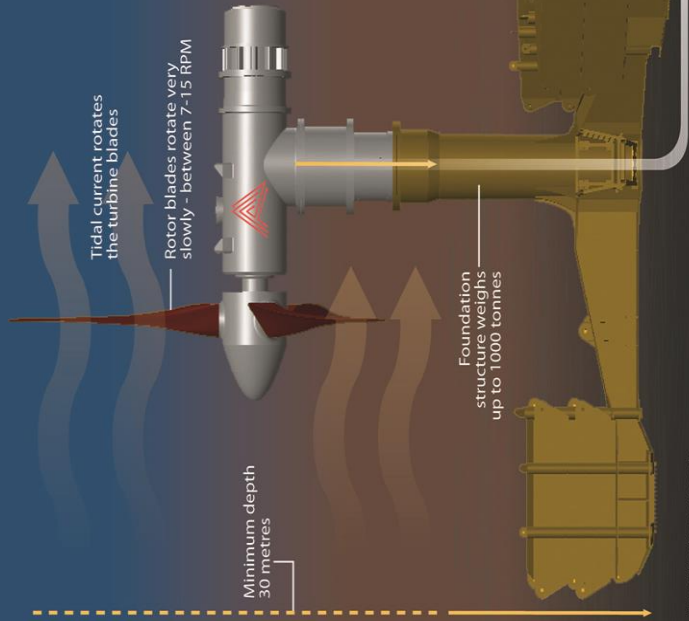
3

Underwater cables carry the electricity to an onshore substation.

4

The substation is connected to the national grid, which distributes the electricity.

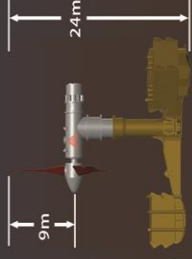
CABLE TO SHORE



Why underwater?

- **Space saving, no visual pollution**
An underwater turbine with 9 metre blades can generate the same power as an onshore wind turbine with 30 metre blades. Low environmental impact with slow rotor speeds.

- Steel turbine nacelle with composite rotor blades
- Total weight (incl. foundation) ~ 1,000T
- Each turbine can generate enough electricity to power around 1,400 homes
- Each nacelle takes approximately 90 minutes to install onto a pre-installed foundation, offshore



More predictable

Unlike wind and solar energy, tidal energy is predictable as tidal currents can be accurately forecast years in advance. This makes for a more reliable source of electricity generation.

Large untapped resources

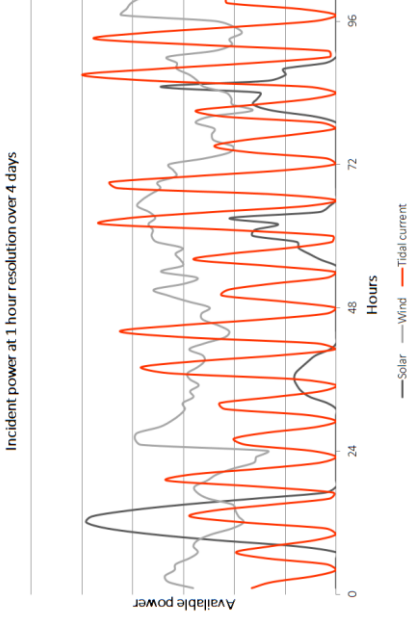
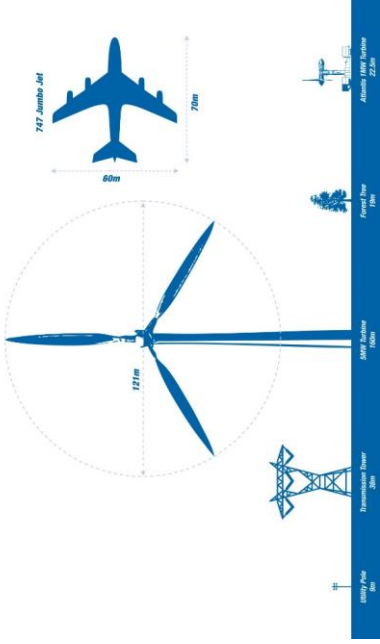
Water covers about 70% of the world's surface and every continent has potential sites for harnessing the power of tidal currents.



■ Possible sites for tidal energy use

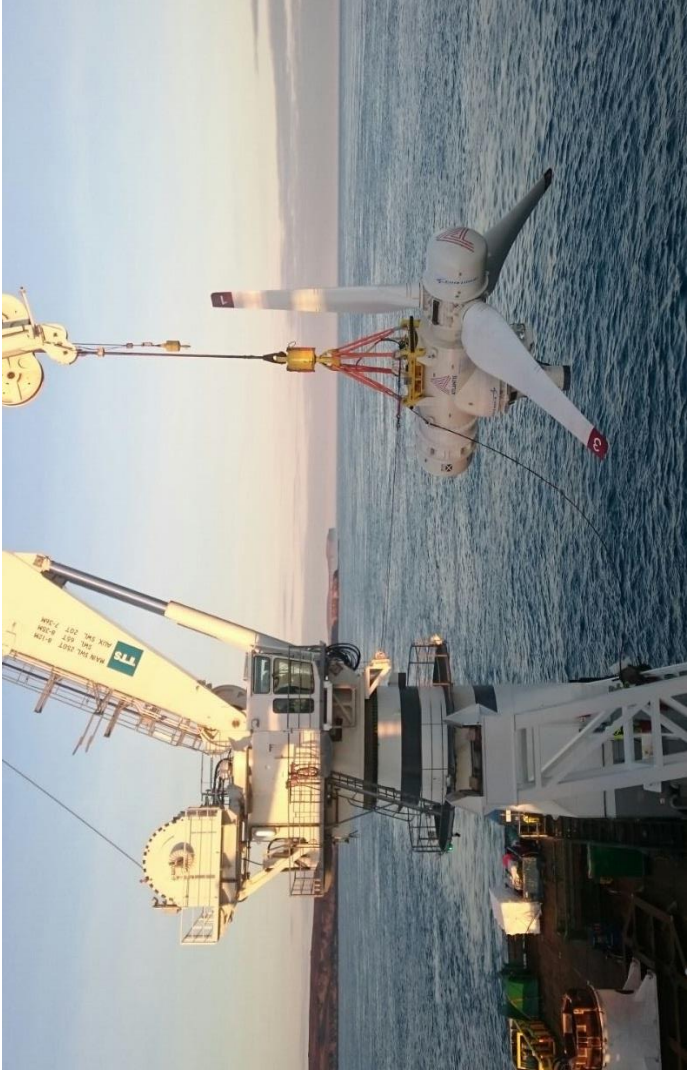
Tidal current power

Predictable, unseen and under-developed

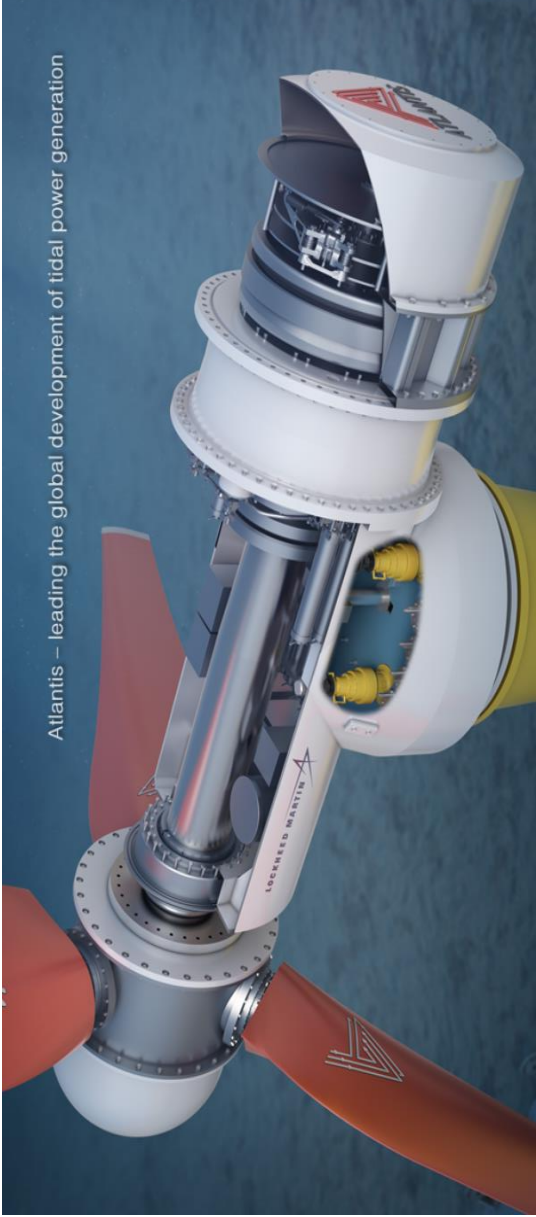


- **Predictable:** tidal currents can be forecast with high accuracy over many years – facilitating network balancing; inherent differentiator from mainstream renewable technologies
- **Low visual and environmental impact:** submerged turbines with slow rotor speeds
- **High energy density:** the density of water is more than 800 times that of air and so systems can be more compact – less seabed use and lower sensitivity to commodity prices
- **High and sustained growth forecasts for the sector**

The AR1500 Turbine

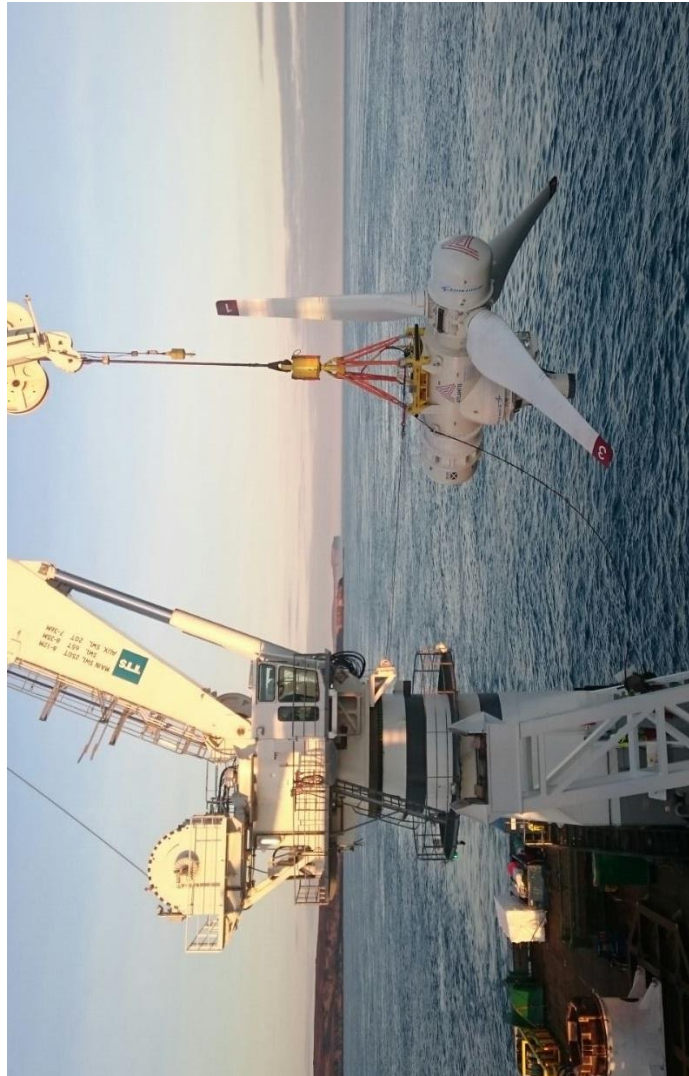


Industry Creation led by Innovation



New generation AR1500 Tidal Turbine

Power Projects - MeyGen



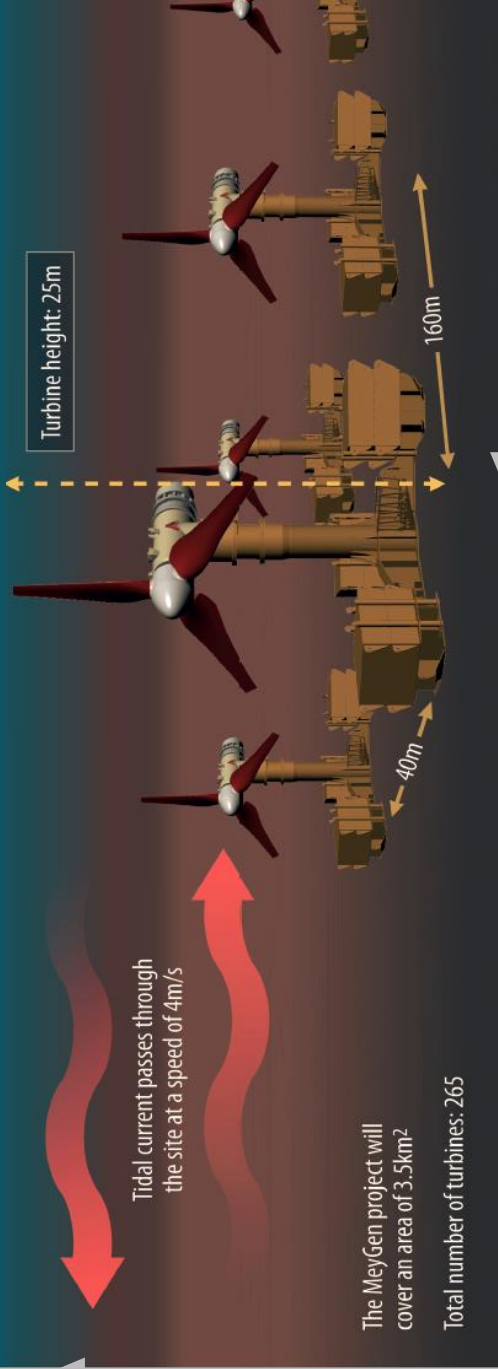
The MeyGen Project Project Overview



**The largest tidal stream power project in the world*:
Contracts commenced, turbine orders have been placed**

- Project life: 25 years
- Capacity factor range: 30 - 42%
- Average output per turbine: 3.8GWh/year
- Power price for UK tidal power: c.£300/MWh

Water depth: 35m



Tidal current passes through the site at a speed of 4m/s

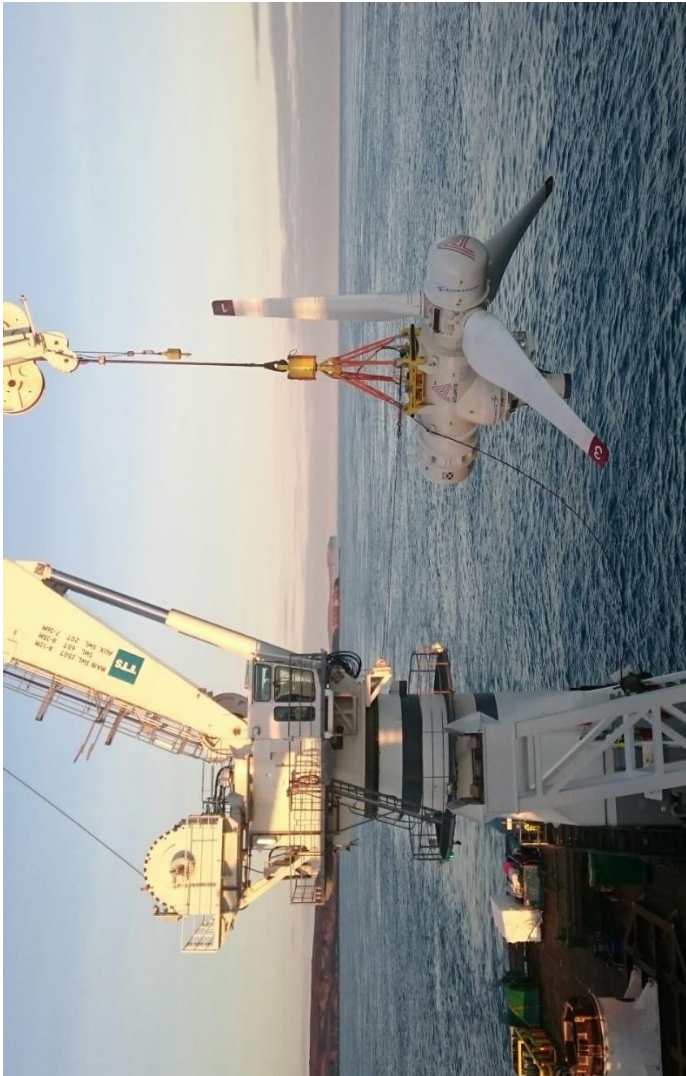
Turbine height: 25m

The MeyGen project will cover an area of 3.5km²

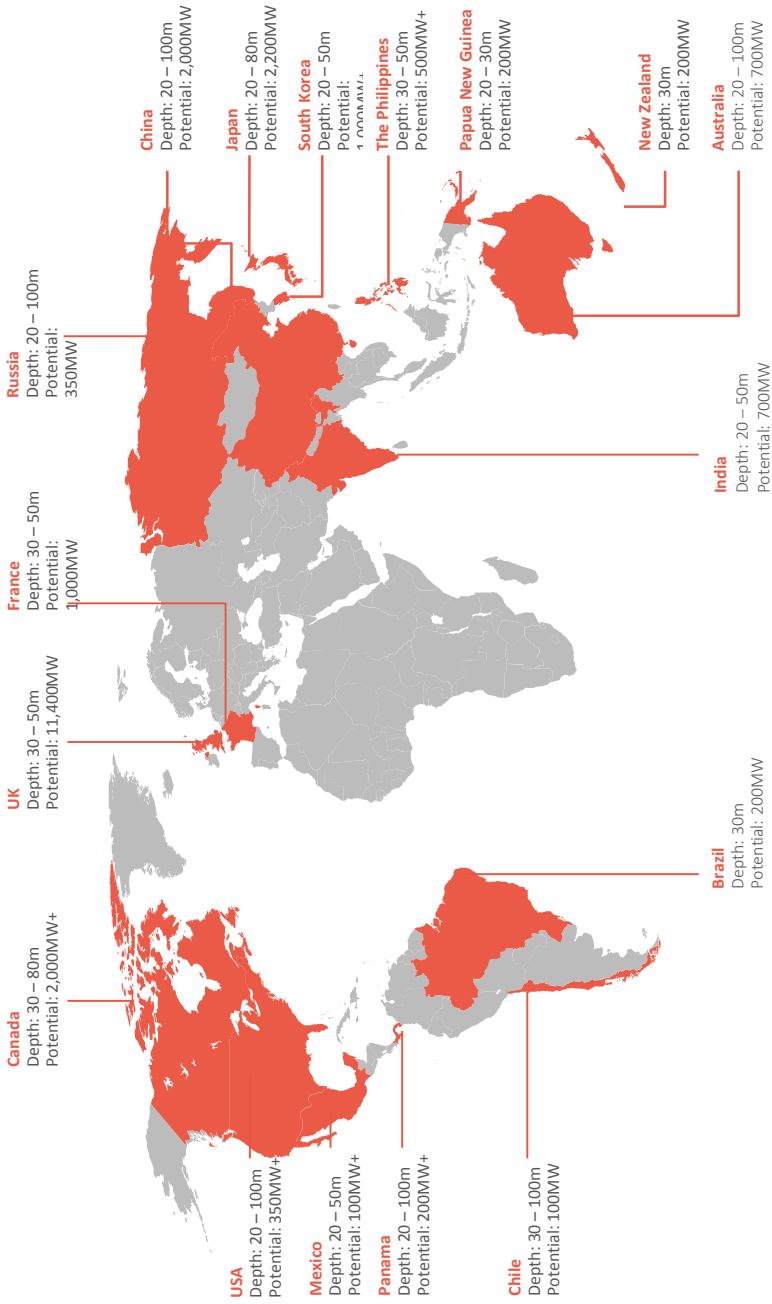
Total number of turbines: 265

*To the best of its knowledge, management believes MeyGen is the largest planned tidal current project in the world

Industry Growth



Quantified global resource of 25GW Equivalent to 16,000 turbines s



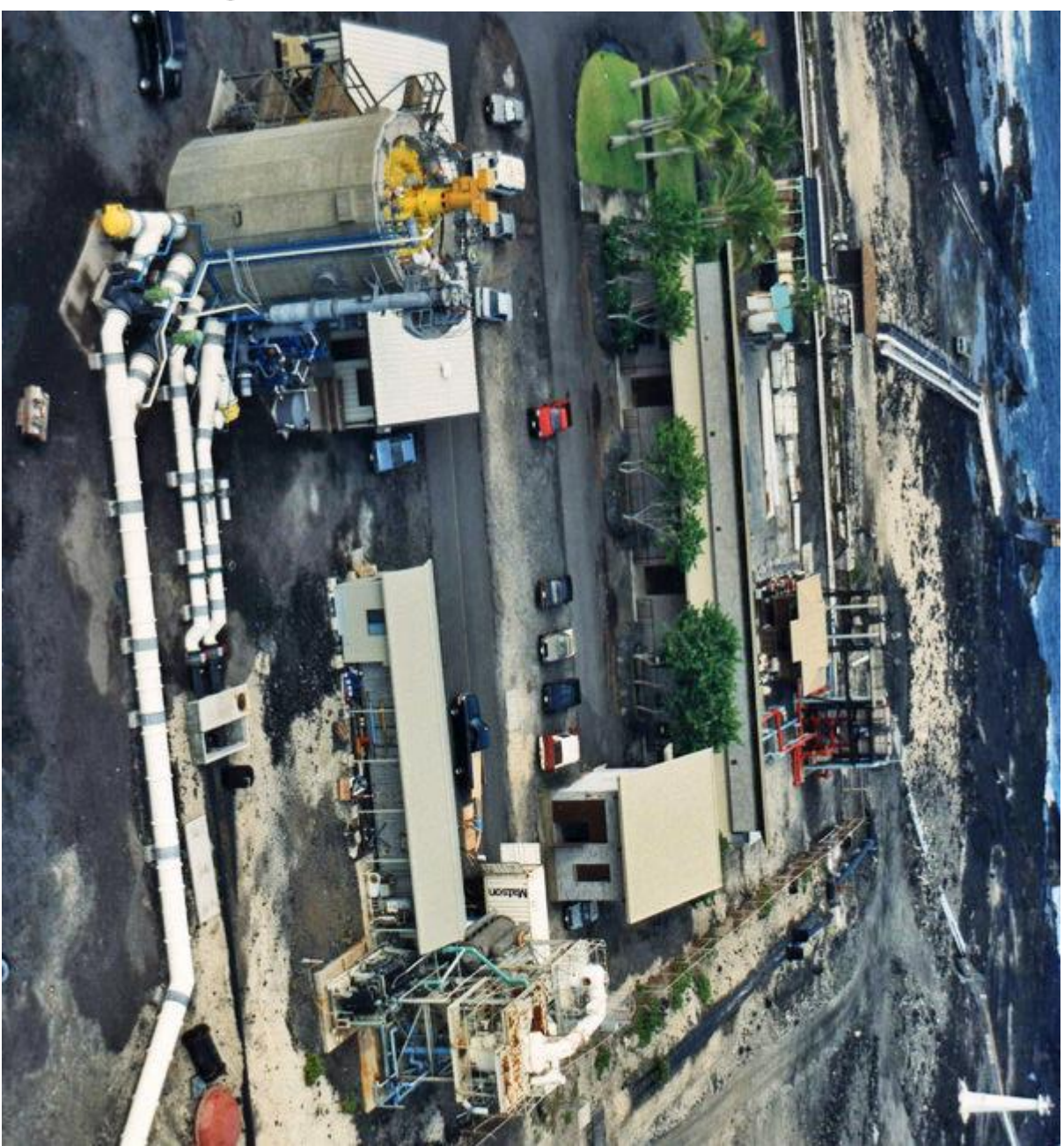
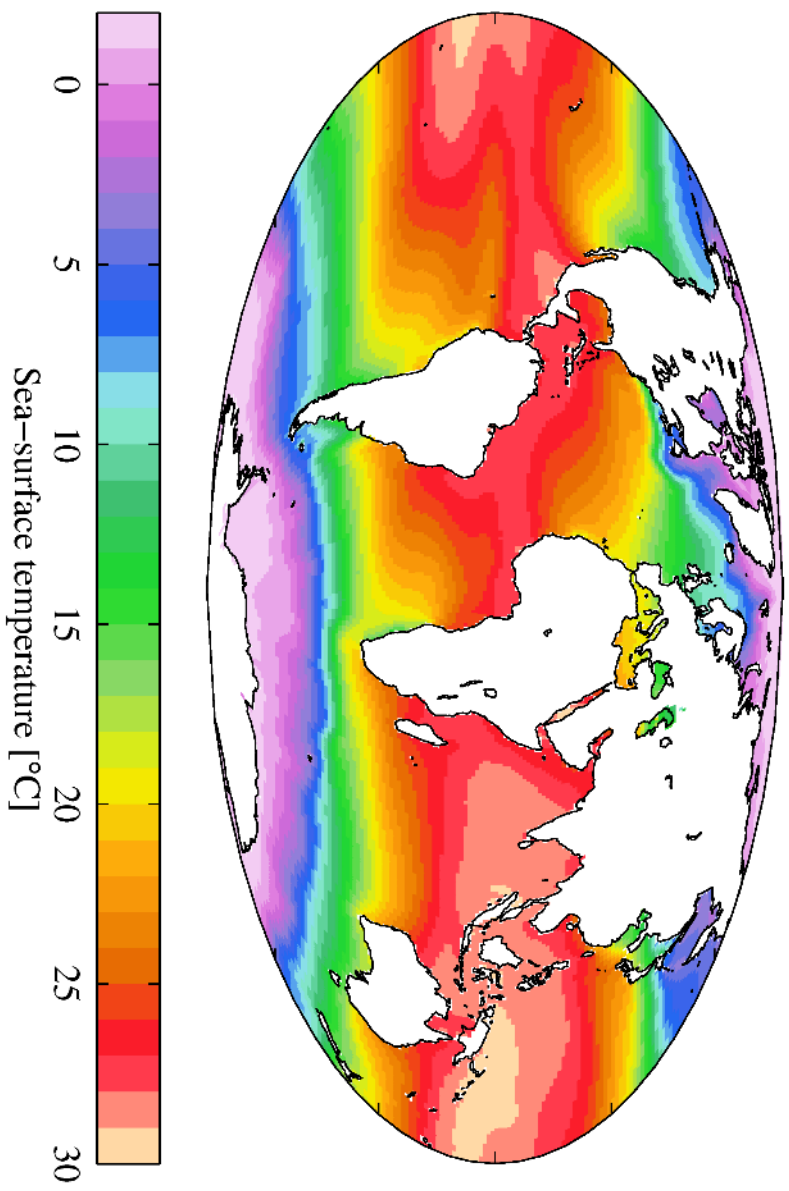




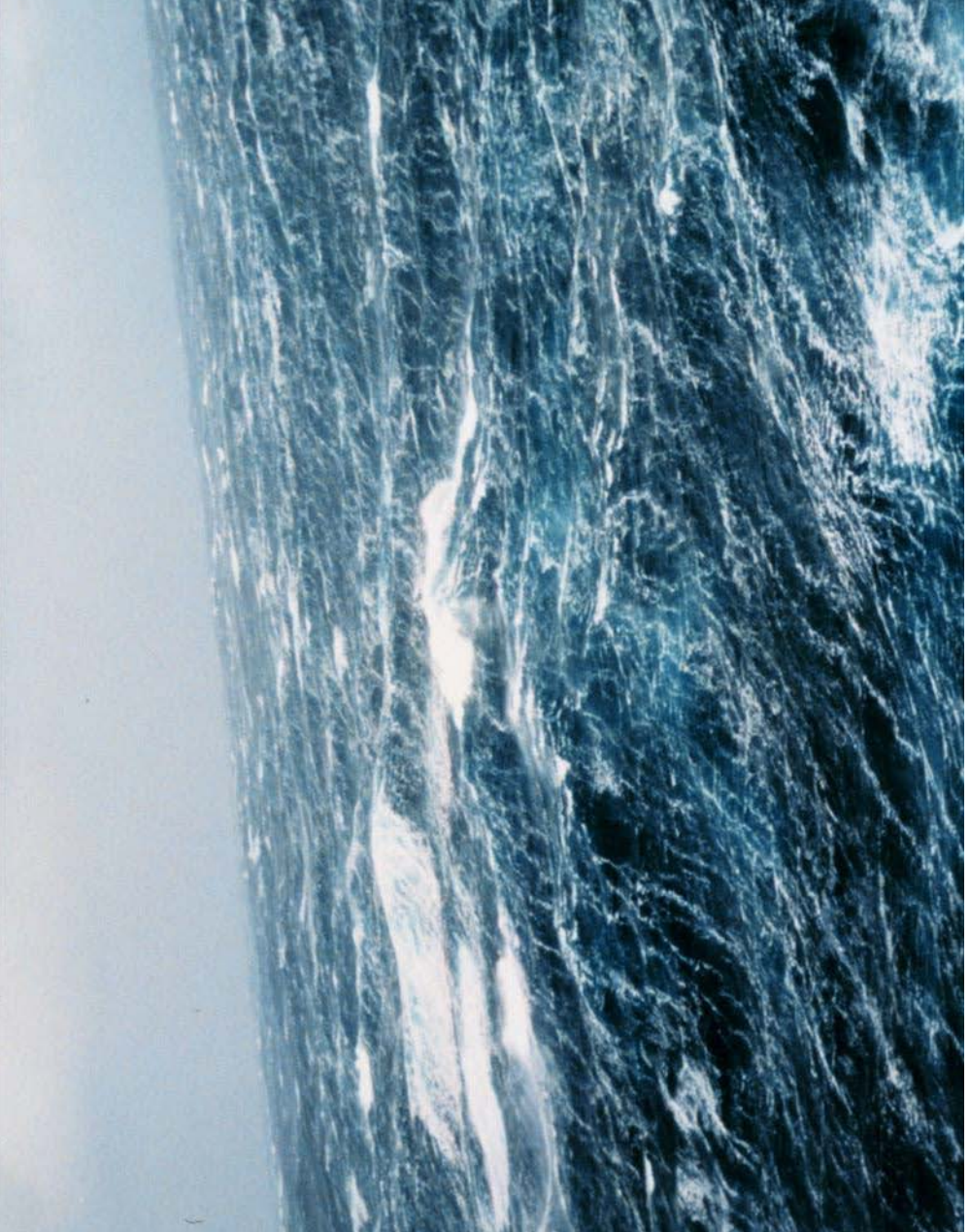
FAU™

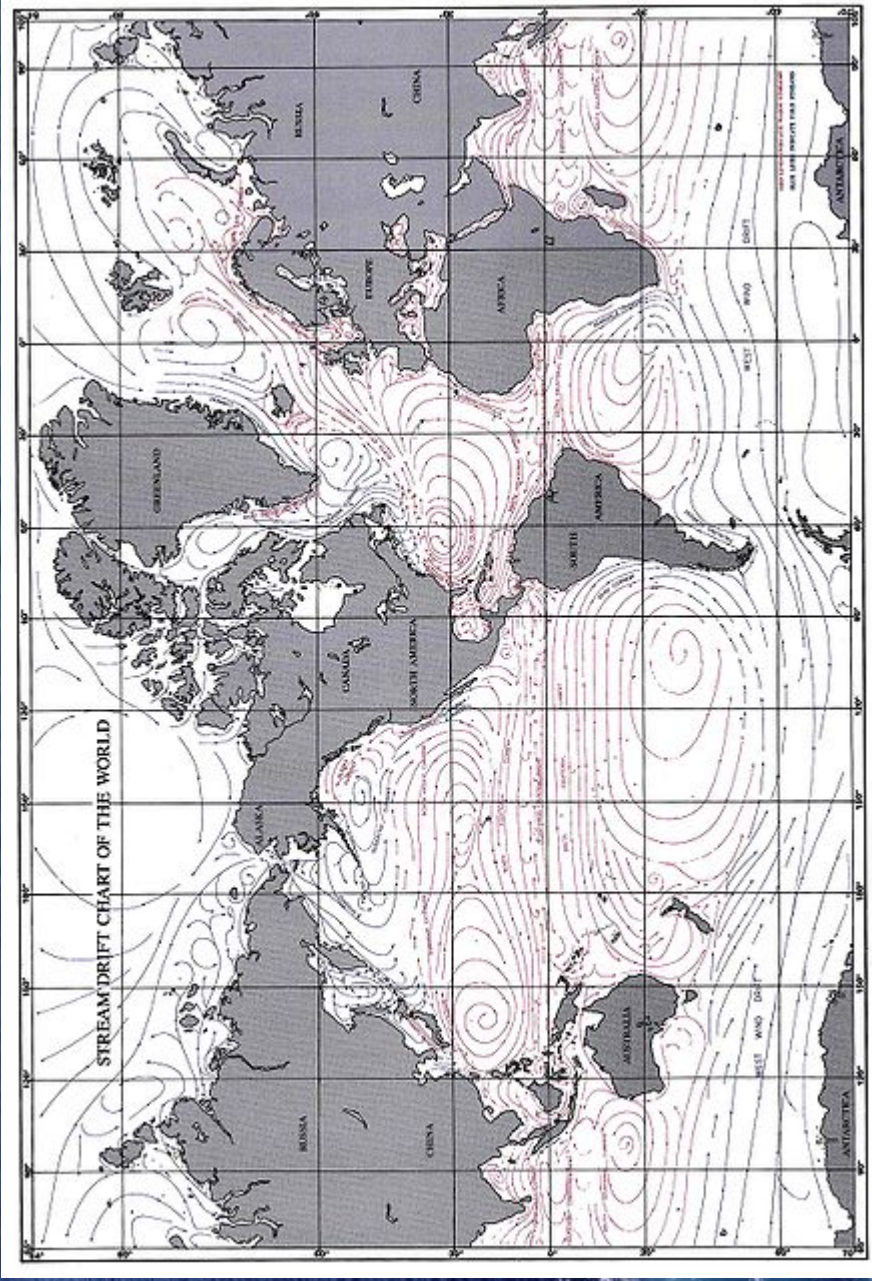
SOUTHEAST NATIONAL MARINE
RENEWABLE ENERGY CENTER

A U.S. Department of Energy Center
designated at Florida Atlantic University









07 21 2003

Ocean Current Power in Florida

45
TWh/y

4-6
GW

Ocean Current Energy Industry

Less than **10** openly active companies

More than **10** unique concepts proposed

From at least **5** countries

With less than **5** lab scale tests performed and

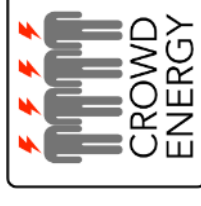
Less than **4** field demonstrations $\frac{1}{4}$ scale or larger

0 production-scale prototypes

0 commercial leases



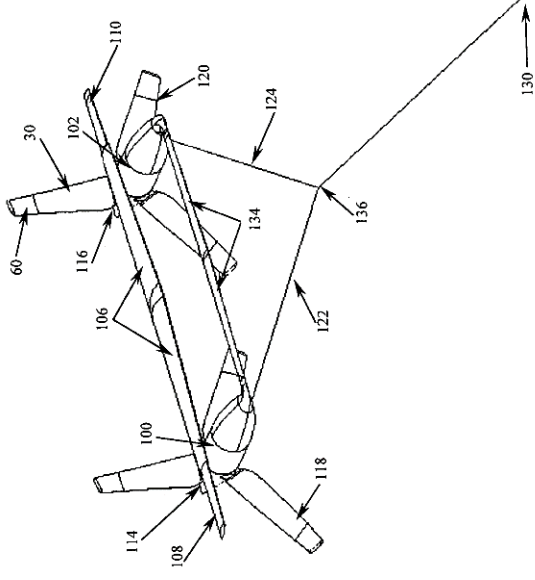
Tidal Energy Solutions



2007

- No formal U.S. regulatory framework
- One openly active ocean current company - Aquantis
- MMS (now BOEM – Bureau of Ocean Energy Management) IP rule and notice of interest issued
- UK EMEC opened tidal full scale testing site the year before (2006)
- FAU receives **\$5M** Centers of Excellence award to establish new center

Figure 1a



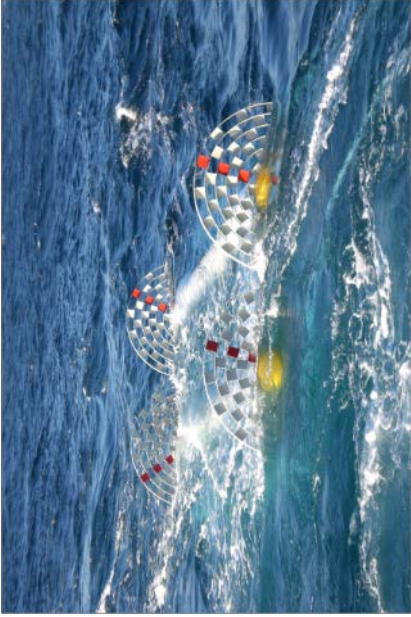
2008-09

- DOE releases 1st MHK Funding Opportunity Announcement (FOA) – centers established
- DOE Water Power Program (WPP) receives ~\$10M Congressional funding and ~\$30M following year
- OpenHydro 1st to generate electricity on UK grid
- FAU brings together USACE, Coast Guard, NOAA, and MMS together for first time RE MHK projects
- MMS Issues Final Rule for MHK on the OCS
- Verdant Power installs 4th generation tidal turbines in East River, NY
- Aquamarine deploys Oyster (world's largest working WEC) at EMEC





SOUTHEAST NATIONAL MARINE RENEWABLE ENERGY CENTER



2010-12

- U.S. DOE awards FAU with SNMREC designation
- ORPC submits its grid-connected FERC lease application
- Anadarko tows small scale prototype OCT
- Verdant Power receives 1st US commercial MHK FERC license
- ORPC receives 1st US PPA
- NNMREC installs small scale test berth and tests first customer WEC
- More than 11 full scale projects installed and under test at EMEC
- Siemens becomes majority shareholder in UK-based Marine Current Turbines, Ltd.



BOEM
BUREAU OF OCEAN ENERGY MANAGEMENT



2013-16

- SNMREC research turbine 1st tow test
- ORPC installs first US MHK grid-connected project
- SNMREC signs first MHK lease on the U.S. outer continental shelf
- New IEC conformity assessment and certification for renewables System formed
- HINMREC/US Navy complete WEC testing facility
- US EERE MHK funding preserved at \$50M+

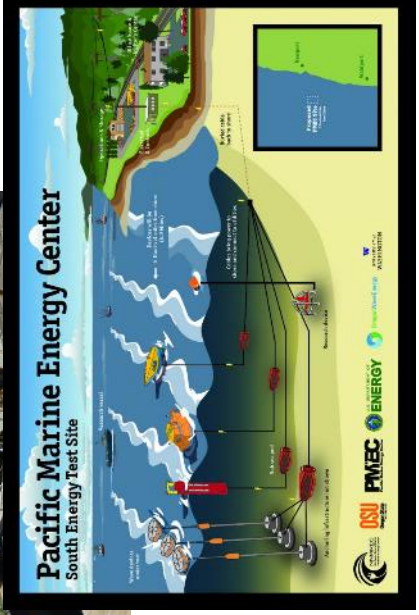


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Teknikbolaget Min

ENTREPRENÖR

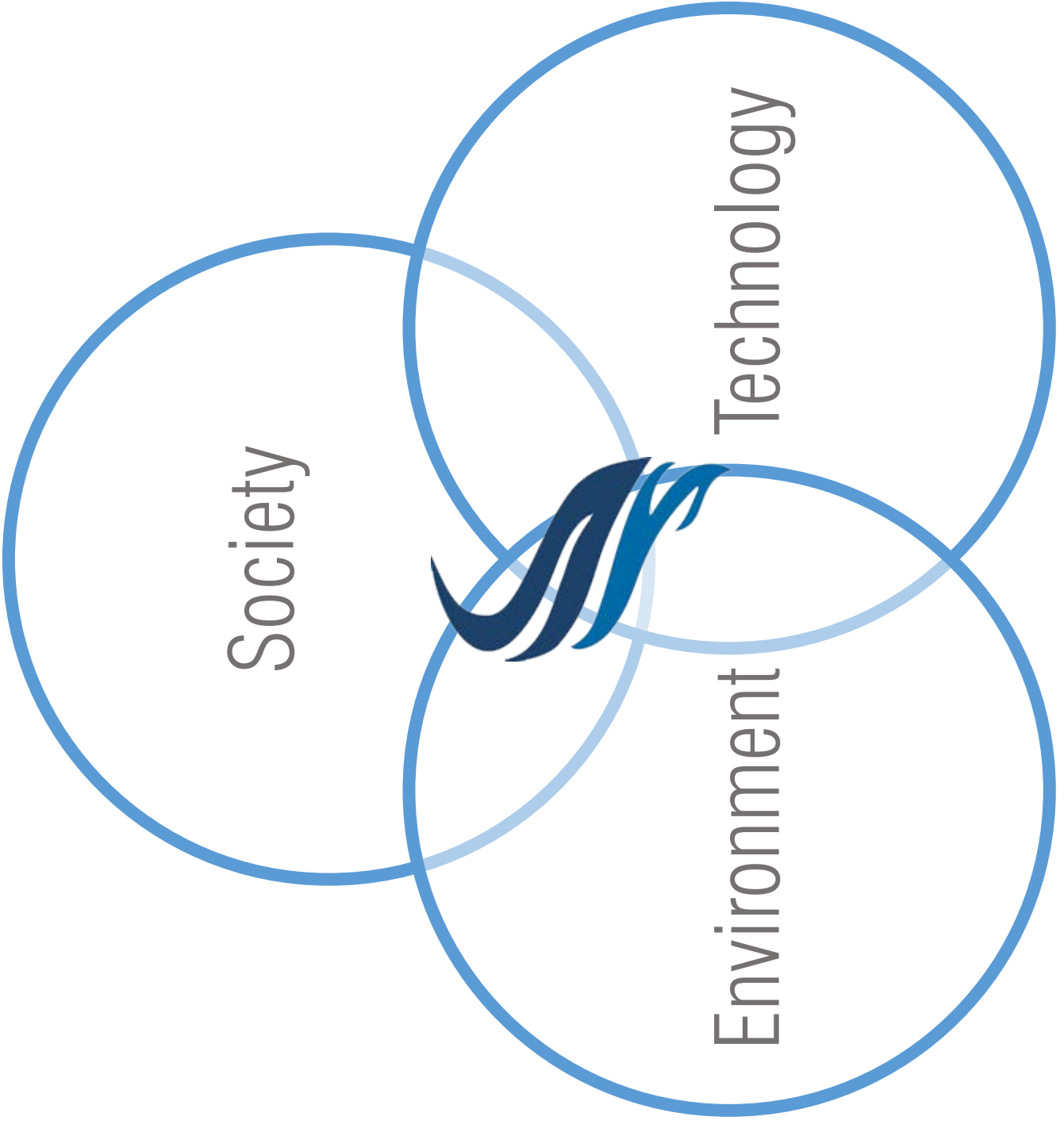
STORAGÅRE Mohammed Al-Arshad
Teknikchef

BOTTENSTRÖMMAR
Teknikchef
Teknikchef



2017+

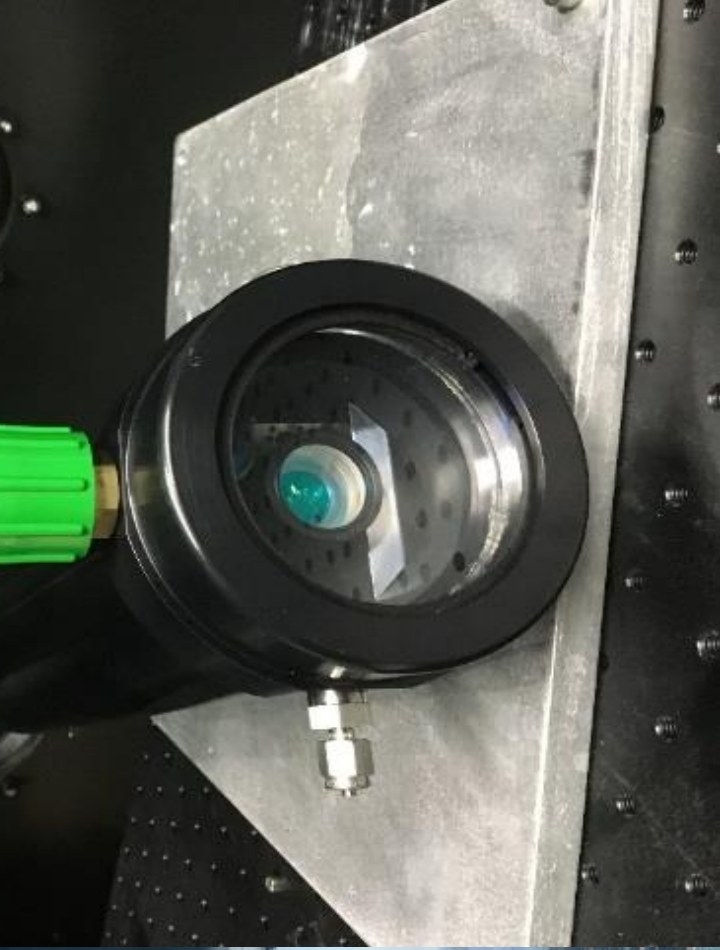
- Minesto awarded consent for 0.5MW Whales tidal installation
- IHI expected to test scaled prototype under tow in Japan
- NIMREC awarded \$30M for fully energetic grid-connected WEC test facility



Society

Technology

Environment











What is left to do?

- Help companies refine concepts into viable products
- Establish offshore/onshore grid infrastructure to receive generated power during testing
- Continue to identify and reduce barriers to siting
- Foster community ecosystem to support industry

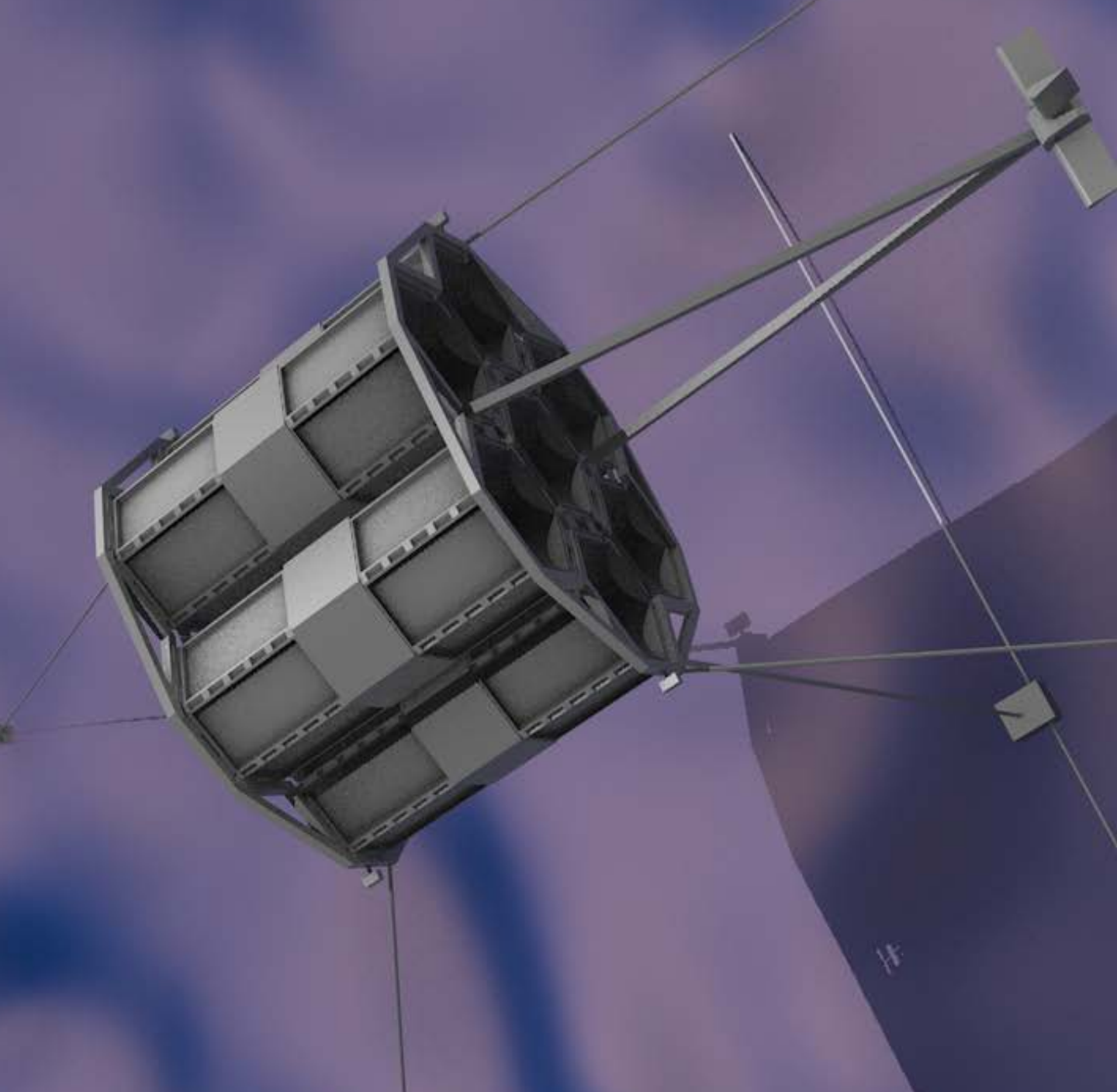


*City of
Lake Worth*

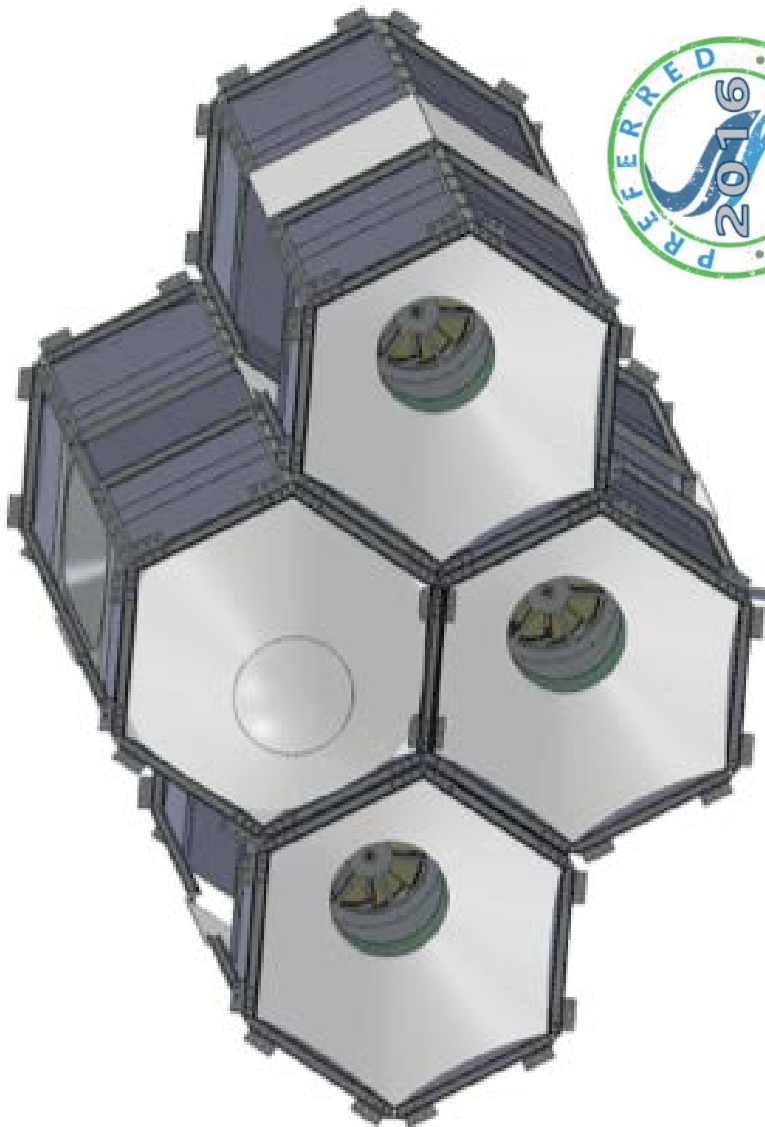
LAKE WORTH

GALAXY

DAKTRONICS



 OCEAN CURRENT ENERGY



Categories

Academic/Campus Life
Research
Student Life
Arts & Culture
University Initiatives
Master Calendar
For Reporters
Experts Database
Media Contacts

RESEARCH

FAU's SNMREC Lands \$360,000 Grant from NSF

FAU's Southeast National Marine Renewable Energy Center, a U.S. Department of Energy designated center, has received a \$360,000 grant from the National Science Foundation for undergraduate research.





FAU[™]

SOUTHEAST NATIONAL MARINE
RENEWABLE ENERGY CENTER

snmrec@fau.edu

<http://snmrec.fau.edu>

@SNMREC

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: August 29, 2017
TO: Braulio L. Baez, Executive Director
FROM: Office of Industry Development & Market Analysis (Williams, Bates) *CW* *CB*
Office of the General Counsel (Page) *FHP* *S.M.C.* *GT* *CH*
RE: Recertification of Florida's Relay Program with the Federal Communications Commission.

Critical Information: Please place on the September 7, 2017 Internal Affairs. **APPROVAL OF THE ATTACHED DRAFT PAGES IS SOUGHT FOR INCLUSION IN THE RELAY RECERTIFICATION FILING.** The recertification filing is due to the FCC by October 1, 2017.

Telecommunications Relay Service (TRS) enables persons who are Deaf, Hard of Hearing, Deaf-Blind, or Speech Impaired to access the telephone system to communicate with voice telephone users. Congress created the TRS program in Title IV of the Americans with Disabilities Act of 1990 and codified it in Section 225 of the Telecommunications Act. TRS services are intended to be functionally equivalent to voice telephone service. The TRS regulations set forth mandatory minimum standards that TRS providers must follow in offering service and are intended to ensure that TRS meets the functional equivalency mandate. Pursuant to Section 225, states and territories must obtain certification from the Federal Communications Commission (FCC) to operate their own TRS program. Further, FCC rules require states and territories to apply for recertification every five years demonstrating that they are in compliance with federal rules. **APPROVAL OF ATTACHMENT A IS SOUGHT FOR INCLUSION IN THE RELAY RECERTIFICATION FILING.**

The FCC has primary regulatory oversight over TRS programs. Section 225(f)(1) of the Telecommunications Act authorizes the FCC to certify state TRS programs, affirming that the FCC shall certify a state program if it determines that:

- (A) the program makes available to hearing-impaired and speech-impaired individuals, either directly, through designees, through a competitively selected vendor, or through regulation of intrastate common carriers, intrastate telecommunications relay services in such State in a manner that meets or exceeds the requirements of regulations prescribed by the Commission under subsection (d) of this section; and

Florida Public Service Commission
Florida Relay Program Recertification
August 29, 2017

(B) the program makes available adequate procedures and remedies for enforcing the requirements of the State program.

The Florida Public Service Commission (FPSC) has oversight authority for the Florida relay program pursuant to Section 427.704(1), Florida Statutes:

The commission shall establish, implement, promote, and oversee the administration of a statewide telecommunications access system to provide access to telecommunications relay services by persons who are hearing impaired or speech impaired, or others who communicate with them. The telecommunications access system shall provide for the purchase and distribution of specialized telecommunications devices and the establishment of statewide single provider telecommunications relay service system which operates continuously.

On July 19, 2017, the FCC released a Public Notice (DA 17-697) to inform states that current TRS certifications for all states and territories will expire July 25, 2018. The FCC requests that applications for renewal of relay certifications be filed by October 1, 2017. As stated earlier, states and territories are required to apply for recertification with the FCC every five years demonstrating that they are in compliance with federal rules. Once the recertification petitions are filed by the states, the FCC will release Public Notices seeking comments on the filings.

The state certification process is intended to ensure that TRS is provided in a uniform manner throughout the United States and territories. The FCC is specific about what must be included in a relay recertification filing. The draft filing contains documentation that Florida meets or exceeds all of the applicable mandatory minimum standards set forth in Section 64.604 of the Code of Federal Regulations.

Attachment A to this memorandum includes draft pages of the filing created by staff. The remainder of the filing was either provided by Sprint or are reference documents required to be in the filing. Although the filing is voluminous (approximately 500 pages), the majority of it contains copies of the following reference information:

- Sprint provided pages which contain Sprint Operational, Technical, and Functional Standards used to provide relay services;
- §64.606 TRS Program Certification;
- Appendix A is the FCC Public Notice reminding states to file for recertification;
- Appendix B is the Checklist of FCC Mandatory Minimum Standards;
- Appendices C through E were supplied by Sprint to demonstrate that Sprint meets the requirements necessary to provide captioned telephone relay service in Florida;
- Appendix F contains a copy of the Florida Relay Annual Report;
- Appendix G contains a list of Florida Telecommunications Relay, Inc. (FTRI) Outreach Activities;
- Appendix H includes copies of FTRI newsletters;

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August 29, 2017

- Appendix I contains copies of brochures and other promotional items for relay services in Florida;
- Appendix J is a copy of Chapter 427, F.S. (Telecommunications Access System Act of 1991);
- Appendix K contains copies of the annual relay complaint logs submitted to the FCC;
- Appendix L is a copy of the Florida TRS request for proposals approved by Commissioners in Docket No. 20170039-TP at the May 4, 2017 Agenda Conference;
- Appendix M is a copy of the Florida Relay Service Surcharge Order;
- Appendix N are pages from FPSC, Sprint, and FTRI Relay Websites;
- Appendix O is a listing of the TASA Advisory Committee members; and
- Appendix P are Notifications of Substantive Program Changes.

Staff is requesting approval of Attachment A for inclusion in the relay recertification filing. Copies of the complete draft filing are available for review if requested.

Attachment

cc: Keith Hetrick, General Counsel
Mark Futrell, Deputy Executive Director, Technical
Apryl Lynn, Deputy Executive Director, Administrative

State Program Narrative

The Florida Legislature passed the Telecommunications Access System Act of 1991 (TASA) in order to establish a system whereby the citizens of Florida who are Deaf, Hard of Hearing, Deaf-Blind, or Speech Disabled have access to basic telecommunications services at a cost no greater than that paid by other telecommunications service customers. In addition, the cost of specialized telecommunications equipment necessary to ensure that citizens who are Deaf, Hard of Hearing, Deaf-Blind, or Speech Disabled have access to basic telecommunications services and the provision of telecommunications relay service is borne by all the telecommunications customers of the state.

In order to accomplish the stated goals of TASA, the Florida Public Service Commission (FPSC) was given the responsibility to establish, implement, promote and oversee the administration of a statewide telecommunications access system to provide access to telecommunications relay services by persons who are Deaf, Hard of Hearing, Deaf-Blind, or Speech Disabled, or others who communicate with them. The telecommunications access system provides for the purchase and distribution of specialized telecommunications devices and the establishment of a statewide single provider of telecommunications relay service. The FPSC is required to determine the most cost-effective method for providing telecommunications relay service and distributing specialized telecommunications devices. The users of telecommunications relay service are to pay rates no greater than the rates paid for functionally equivalent voice communication services. The privacy of the users of relay service must be maintained and the operators must maintain the confidentiality of the relay service messages. The relay service system must comply with the regulations adopted by the Federal Communications Commission (FCC) to implement Title IV of the Americans with Disabilities Act.

In order to assist the FPSC, TASA directed that an advisory committee be established. The advisory committee is appointed by the FPSC and consists of members that can present the perspective of the Deaf, Hard of Hearing, Deaf-Blind, or Speech Disabled community and the telecommunications industry. The advisory committee advises the FPSC on matters relating to the quality and cost-effectiveness of the telecommunications relay service and the distribution of the specialized telecommunications devices.

TASA requires the FPSC to establish a nonprofit corporation to carry out certain administrative responsibilities. On June 13, 1991, Florida Telecommunications Relay, Inc. (FTRI) was incorporated and designated to perform the administrative functions for the telecommunications access system. As such, FTRI has the responsibility of purchasing, storing, distributing and maintaining the specialized telecommunications devices and training users on how to operate the equipment. In addition to fulfilling the equipment needs, FTRI is responsible for outreach and advertising for the telecommunications access system. Finally, FTRI is responsible for maintaining an operational fund and making payments to the relay provider for services rendered.

A monthly surcharge is assessed and appears on the bill for each access line a subscriber obtains from a local exchange telecommunications company. The surcharge is assessed to recover the costs associated with the relay provider charges, outreach, equipment and distribution, and the administrative costs associated with FTRI. The FPSC determines the amount of the surcharge at least once annually. The current surcharge is \$0.11 per line per month (up to 25 lines per account); however, the surcharge has ranged from a low of \$0.05 to a high of \$0.15 per line per month in previous years. Under TASA, the surcharge is capped at \$0.25 per line per month. The local exchange telecommunications companies are responsible for collecting and remitting the surcharge to FTRI.¹

The relay provider is selected by the FPSC through a Request for Proposals (RFP) process. The current relay contract was awarded to Sprint. Sprint and the FPSC signed a contract for the provision of relay services which began on March 1, 2015, for a period of three years ending February 28, 2018. The current Sprint contract fee is \$1.09 per session minute for traditional relay service and \$1.63 per session minute for CapTel service. The contract contains options to extend the contract for four additional one-year periods upon mutual consent by both parties.

Sprint elected to not extend the current relay contract beyond the required three year period, and a new RFP process was initiated on February 24, 2017, through Docket No. 20170039-TP. Proposals to provide relay service were submitted by Sprint and Hamilton Relay. Both proposals are currently being evaluated by the Commission. The RFP is attached as Appendix L.

In order to provide more detail of the requirements of TASA, Section 427, Florida Statutes, has been attached as Appendix J. In addition, the 2016 Florida Relay Annual Report is attached as Appendix F. This report will give you a brief history, financial information, and usage data.

¹ Based on the Commission's vote in Docket No. 20140029-TP on the September 7, 2017 Commission Agenda Conference, the surcharge may be reduced to \$0.10.

C.2 Contact Persons

Section 64.604(c)(2) Contact persons. Beginning on June 30, 2000, State TRS Programs, interstate TRS providers, and TRS providers that have state contracts must submit to the Commission a contact person and/or office for TRS consumer information and complaints about a certified State TRS Program's provision of intrastate TRS, or, as appropriate, about the TRS provider's service. This submission must include, at a minimum, the following: (i) The name and address of the office that receives complaints, grievances, inquiries, and suggestions; (ii) Voice and text telephone (TTY) telephone numbers, fax number, e-mail address, and web address; and (iii) The physical address to which correspondence should be sent.

Florida TRS Contact Information

Sprint (Service Provider) Customer Service:

English: 800-676-3777 (Voice/TTY/ASCII)

Spanish: 800-855-2886 (Voice/TTY)

Fax: 877-877-3291

Florida Relay Service:

711 – The simple, free, easy-to-remember number to access Florida Relay services.

800-955-8770 (Voice)

800-955-8771 (TTY)

800-955-1339 (ASCII)

877-955-8773 (Spanish)

877-955-5334 (STS)

877-955-8260 (VCO)

TRS Complaints:

Florida Public Service Commission

Office of Consumer Assistance and Outreach

2540 Shumard Oak Boulevard

Tallahassee, Florida 32999-0850

Toll Free Complaint Line (Voice): 800-342-3552

Telephone Number: 850-413-6100

E-mail: contact@psc.state.fl.us

Web Address: www.floridapsc.com

Florida Public Service Commission Staff Contacts:

Curtis Williams: 850-413-6924; Fax-850-413-6925; E-mail-cjwillia@psc.state.fl.us

Jeff Bates: 850-413-6538; Fax-850-413-6539; E-mail-jbates@psc.state.fl.us

Pamela Page: 850-413-6504; Fax: 850-413-6215; E-mail-phpage@psc.state.fl.us

C.3 Public Access to Information

Section 64.604(c)(3) Public access to information. Carriers, through publication in their directories, periodic billing inserts, placement of TRS instructions in telephone directories, through directory assistance services, and incorporation of TTY numbers in telephone directories, shall assure that callers in their service areas are aware of the availability and use of all forms of TRS. Efforts to educate the public about TRS should extend to all segments of the public, including individuals who are hard of hearing, speech disabled, and senior citizens as well as members of the general population. In addition, each common carrier providing telephone voice transmission services shall conduct, not later than October 1, 2001, ongoing education and outreach programs that publicize the availability of 711 access to TRS in a manner reasonably designed to reach the largest number of consumers possible.

Section 427.705, Florida Statutes, (Appendix J) requires FTRI to perform advertising and outreach services as required by the FPSC. FTRI's outreach campaign includes the use of its website, newsletters, brochures, press releases, newspaper advertisements, and social media. Appendix I of this filing shows outreach materials produced by FTRI.

FTRI contracts with 24 Regional Distribution Centers (RDCs) throughout Florida that are responsible for distributing equipment, providing training on the equipment, and passing out consumer education information on the relay program.

The FPSC has a website that, in part, is dedicated to relay service. The website is used to communicate FCC and FPSC decisions and announcements, provide contact information, and provide general program information related to relay service. Links to Sprint and FTRI are also provided. Appendix N provides copies of FPSC, Sprint, and FTRI relay websites.

The FPSC distributes relay information in conjunction with its general consumer information program. The brochures distributed by the FPSC vary in topic from when to call the FPSC, to what to do if you have problems with utility service or rates.

Florida has an advisory committee created by statute and appointed by the FPSC that is comprised of members that represent the hearing or speech impaired and the telecommunications industry. As participants of various organizations and communities, the advisory committee excels in keeping the public informed of what may be happening with relay. Members of the current advisory committee represent the telecommunications industry, the Florida Coordinating Council for the Deaf and Hard of Hearing, the Florida Association of the Deaf, the Association for Late-Deafened Adults, Deaf and Hard of Hearing Services of the Treasure Coast, and the Florida Deaf-Blind Association. The FPSC convenes biannual advisory committee meetings to receive input. The meetings are open to the public and offer a public input session. A listing of the current advisory committee members is included in Appendix O.

Section 64.606 Internet-Based TRS Provider and TRS Program Certification

Section 64.606(a) Documentation-(1) Certified state program. Any state, through its office of the governor or other delegated executive office empowered to provide TRS, desiring to establish a state program under this section shall submit, not later than October 1, 1992, documentation to the Commission addressed to the Federal Communications Commission, Chief, Consumer & Governmental Affairs Bureau, TRS Certification Program, Washington, DC 20554, and captioned "TRS State Certification Application." All documentation shall be submitted in narrative form, shall clearly describe the state program for implementing intrastate TRS, and the procedures and remedies for enforcing any requirements imposed by the state program. The Commission shall give public notice of states filing for certification including notification in the Federal Register.

The Florida Relay Service meets all operational, technical, and functional minimum standards required by the FCC.

Appendix L is the Florida Relay RFP showing the FPSC commitment to meet all minimum TRS requirements. Florida offers several services that are not required by the FCC. Florida exceeds the FCC standards by offering TurboCode, Caller ID, and CapTel as services in its contract with Sprint. These are enhanced services for relay users that add functionality, but do not circumvent or conflict with any federal requirements.

The FRS is funded through a surcharge added to all subscribers of local exchange telecommunications companies. The relay surcharge is itemized on the customer's monthly bill and at least annually, is explained in detail. At any time, a customer may call the local exchange company to ask for an explanation of the surcharge. The relay surcharge Order is included in Appendix M.

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: August 23, 2017

TO: Braulio L. Baez, Executive Director

FROM: Gregory D. Fogleman, Public Utilities Supervisor, Office of Industry Development & Market Analysis *GF*
Sakina Deas, Public Utility Analyst I, Office of Industry Development & Market Analysis *S.D.*
Catherine S. Beard, Public Utility Analyst II, Office of Industry Development & Market Analysis *CSB*
Cynthia L. Muir, Director, Office of Consumer Assistance & Outreach *CM*

RE: 2016 Annual Lifeline Report regarding the Number of Customers Subscribing to Lifeline Service and the Effectiveness of Any Procedures to Promote Participation.

Critical Information: ACTION IS NEEDED – Please place on the September 7, 2017 Internal affairs agenda. **Commission approval of the draft Lifeline Report is sought.** The 2017 Lifeline Report is due to the Governor, President of the Senate, and Speaker of the House by December 31, 2017.

Staff is seeking approval of the draft 2017 Annual Lifeline Report regarding the number of customers subscribing to Lifeline Service and the effectiveness of any procedures to promote participation. The report details regulatory action impacting the Lifeline Program and Lifeline Awareness promotions in Florida. As of June 30, 2017, 685,864 eligible households participated in the Lifeline program in Florida.

Section 364.10(2)(h), Florida Statutes, requires the FPSC to provide this report to the Governor, President of the Senate, and Speaker of the House of Representatives by December 31 each year. The attached draft report has been prepared to fulfill the Florida legislative requirement. **Commission approval of the draft Lifeline report is sought.**

Attachment

cc: Mark Futrell, Deputy Executive Director, Technical

DRAFT



A report to the
Governor
President of the Senate
Speaker of the House of Representatives

FLORIDA

LIFELINE

ASSISTANCE

Number of Customers
Subscribing to Lifeline Service
And the Effectiveness of
Procedures to Promote Participation

December 2017



A report to the
Governor
President of the Senate
Speaker of the House of Representatives

FLORIDA

LIFELINE

ASSISTANCE

Number of Customers
Subscribing to Lifeline Service
And the Effectiveness of
Procedures to Promote Participation

Office of Industry Development & Market Analysis
Office of Consumer Assistance & Outreach

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List of Acronyms

CFR	Code of Federal Regulations
DCF	Department of Children and Families
ETC	Eligible Telecommunications Carrier
FCC	Federal Communications Commission
FPSC	Florida Public Service Commission
NLAD	National Lifeline Accountability Database
OPC	Office of Public Counsel
SNAP	Supplemental Nutrition Assistance Program (formerly Food Stamps)
USAC	Universal Service Administrative Company

I. Executive Summary

The Florida Public Service Commission (FPSC) is required to report to the Governor, the President of the Senate, and the Speaker of the House of Representatives each year on the number of customers subscribing to Lifeline service and the effectiveness of procedures to promote participation in the program. This report is prepared pursuant to the requirements contained in Section 364.10, Florida Statutes.

The Lifeline program is designed to enable low-income households to obtain and maintain basic telephone and broadband services. The Lifeline program offers qualifying households a discount on their monthly bills. Alternatively, consumers can select a free Lifeline cell phone and monthly minutes and/or measured data service from certain wireless providers. This report presents Lifeline program participation data from July 2016 through June 2017, and evaluates procedures put in place to strengthen and streamline the Lifeline program.

As of June 30, 2017, there were 685,864 eligible households that participated in the Lifeline program in Florida. This equates to approximately one of every twelve Florida households participating in the Lifeline program.¹ Lifeline assistance participation includes the involvement of the FPSC, the Florida Department of Children and Families (DCF), the Florida Office of Public Counsel (OPC), and other agencies that provide benefits to persons eligible for Lifeline service.²

Forty-one percent of all Lifeline-eligible Florida households are receiving Lifeline assistance. The Supplemental Nutrition Assistance Program (SNAP) continues to be the largest qualifying program for Lifeline assistance in Florida. Based upon May 2017 SNAP participants, the number of Lifeline eligible households decreased by 3.4 percent compared to June of last year.³

“Stay Connected Florida!” was the slogan for Florida’s 2017 Lifeline Awareness Week, September 10-16. In addition to increasing awareness among eligible citizens, this year’s Lifeline Awareness Week educated residents on the Federal Communications Commission (FCC) rule changes that expanded support to include broadband services.

¹ Florida Legislature Office of Economic and Demographic Research, Demographic Estimating Conference, Florida Households Jul. 2017: 8,024,836, <http://edr.state.fl.us/Content/conferences/population/ConferenceResults.pdf>, accessed Aug. 4, 2017, p. T-2.

² Section 364.10(2)(g)1., Florida Statutes.

³ USDA, Supplemental Nutrition Assistance Program: Households Participating, Florida SNAP households for May 2017: 1,653,545, <https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>, accessed Aug. 4, 2017.

The FPSC continues to focus on improving the enrollment process, while eliminating any waste, fraud, and abuse in the program. Specific enrollment initiatives include the following:

- FPSC Lifeline Coordinated Online Application Process
- FPSC/DCF Coordinated Lifeline Enrollment
- Annual Recertification Procedures
- DCF Certification/Verification Web Services Interface
- National Lifeline Accountability Database

II. Lifeline Program

The Lifeline program has provided phone service discounts for qualifying low-income consumers since 1985. The stated goal of the program has been to ensure that all Americans have the opportunities and security that phone service brings, including being able to connect to jobs, family and emergency services. Lifeline is part of the federal Universal Service Program, which also includes the high-cost, rural healthcare, and schools and libraries programs. The Lifeline program is available to eligible low-income households in every state, territory, commonwealth, and on Tribal lands.

In accordance with Section 364.10, Florida Statutes, the FPSC has oversight over the Florida Lifeline program. The federal Universal Service Program provides the funding in Florida for the Lifeline program. The rules affecting the Lifeline program are established by the Federal Communications Commission (FCC); however, the FCC has designated the Universal Service Administrative Company (USAC) to be the program's administrator.⁴ USAC is responsible for data collection and maintenance, support calculation, and disbursement for the low-income program. USAC's website provides information regarding administrative aspects of the low-income program, as well as program requirements.

On March 31, 2016, the FCC adopted a comprehensive reform and modernization of the Lifeline program.⁵ In the 2016 Lifeline Modernization Order, the FCC included broadband as a supported service in the Lifeline program. As a result, qualifying households are eligible to receive up to a \$9.25 discount on their monthly phone or broadband bills. Alternatively, customers may choose a free Lifeline cell phone and limited voice or broadband from certain wireless carriers. While current significant effects of the 2016 Lifeline Modernization Order are discussed in this section, the order also includes reforms that are intended to be implemented over time. The longer-term implementation issues of 2016 Lifeline Modernization Order are discussed in Section V.

As part of the 2016 Lifeline Modernization Order, the FCC also set out minimum service standards for Lifeline-supported services to ensure maximum value for the universal service dollar. Beginning on December 1, 2017, the FCC will require wireless carriers to increase the number of voice minutes from 500 minutes to 750 minutes per month and increase their mobile broadband usage allowance from 500 megabits to 1 gigabyte (GB) per month. By comparison, wireline companies seeking reimbursement from the program for fixed broadband will be required to increase both broadband speed and usage allowances from 10 Megabits per second (Mbps) download with a 150 GB usage allowance to 15 Mbps download with 250 GB usage allowance. The FCC has established annual increases in these standards.

⁴ The Universal Service Administrative Company (USAC) is an independent, not-for-profit corporation designated by the Federal Communications Commission as the administrator of the Universal Service Fund. USAC collects contributions from telecommunications carriers and administers support programs designed to help communities across the country secure access to affordable telecommunications services.

⁵ FCC 16-38, WC Docket No. 11-42, Lifeline and Link Up Reform and Modernization, Third Report and Order, released April 27, 2016, https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-38A1.pdf, accessed on August 18, 2017.

6

In Florida, if an applicant uses the electronic Lifeline Coordinated Enrollment Process⁶ to apply for Lifeline, the process will confirm if the applicant is currently participating in the Medicaid or SNAP programs. If a program other than Medicaid or SNAP is used for certification, the customer must provide documentation of participation from the administering agency.

If a Lifeline applicant chooses to apply for Lifeline directly with an eligible telecommunications carrier (ETC), the ETC can access the DCF Web Services Interface in real-time to confirm program participation for Medicaid and SNAP.⁷ In the 2016 Lifeline Modernization Order, the FCC directed USAC to develop a national eligibility verifier by 2019, which will remove carriers from the process of verifying customer eligibility. The FPSC has also reviewed and updated its rules to comply with changes in the program.

The National Lifeline Accountability Database (NLAD), which is maintained by USAC, is designed to help carriers identify and resolve duplicate claims for Lifeline program supported services and prevent future duplicates. This database provides a means for carriers and state commissions to check, on a real-time and nationwide basis, if the household is already receiving a Lifeline program supported service.

⁶ The electronic Lifeline Coordinated Enrollment Process was developed by the FPSC and DCF to allow an applicant for Medicaid or SNAP to request and receive Lifeline assistance after being approved for the DCF program.

⁷ The Web Services Interface allows Florida ETCs a secure gateway into the DCF computer to verify that a Lifeline customer is participating in the Medicaid or SNAP programs administered by DCF. The ETC enters the person's first and last name, date of birth, and last four digits of the person's social security number. The DCF computer responds as to whether the person currently participates in one of the DCF programs without identifying the program because of confidentiality. An ETC must pre-register with DCF to use the Web services interface to ensure security is maintained.

III. Lifeline Eligibility and Participation

Federal rules allow up to a \$9.25 reimbursement per Lifeline-eligible customer per month from USAC to a participating Lifeline carrier. Additional support of up to \$25.00 per month is available only to eligible subscribers living on Tribal lands. Consumers can sign-up for Lifeline service based on either participation in a qualifying program or household income.

Program-Based Eligibility

Customers can qualify for Lifeline service in Florida by enrollment in any one of the following programs:⁸

- Supplemental Nutrition Assistance Program (SNAP)
- Medicaid
- Federal Public Housing Assistance
- Supplemental Security Income (SSI)
- Veterans or Survivors Pension program
- Bureau of Indian Affairs Programs: Tribal Temporary Assistance to Needy Families, Head Start Subsidy and National School Lunch Program

Income-Based Eligibility

In addition to the program-based criteria, OPC certifies customer eligibility under the income-based criteria. Effective on December 2, 2016, the 2016 Lifeline Modernization Order allows income based eligibility to be up to 135 percent of the Federal Poverty Guidelines.⁹ The Federal Poverty Guidelines used are updated annually by U.S. Department of Health and Human Services. The 2017 Federal Poverty Guidelines are shown in Attachment A.

Participation

The number of subscribers enrolled in Lifeline was 685,864 as of June 30, 2017, a 19 percent decrease from the number of subscribers last year. Figure 1 shows the number of Lifeline subscribers from June 2010 through 2017.

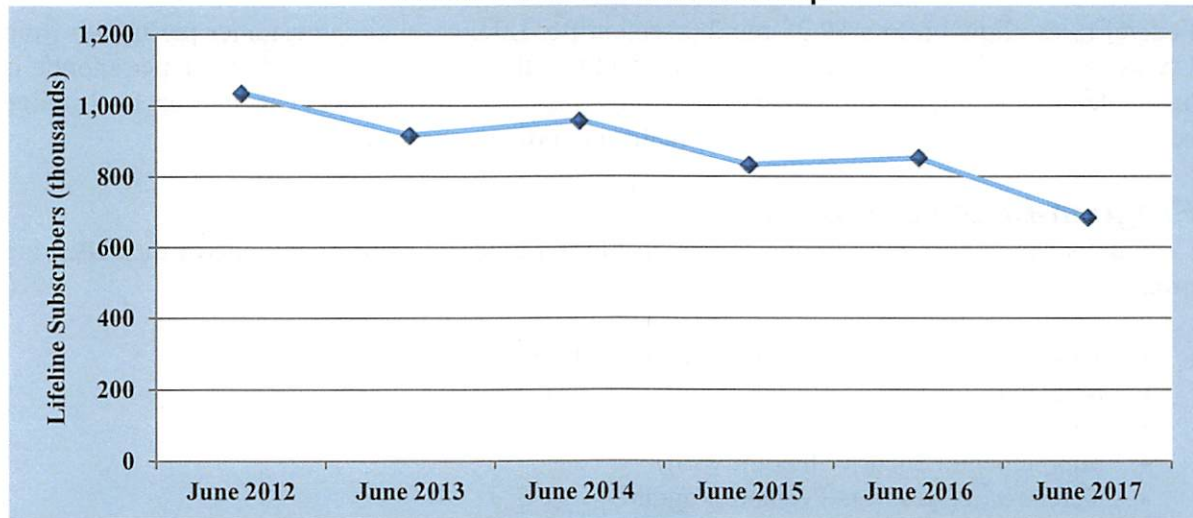
In 2013, the decrease in subscribership was largely attributable to the FCC rules adopted in 2012, which require annual recertification of every subscriber receiving Lifeline discounts. Many customers failed to respond to the ETCs' recertification requests and were removed from the program.

In 2017, the number of Lifeline subscribers declined for both wireless and wireline service providers. The number of Lifeline subscribers who receive service from wireless service providers declined 19 percent from 2016. By comparison, the decline from wireline service providers was 25 percent from 2016. Some providers noted that the decline is a result of an intentional slowdown in acquisition of customers as a result of higher costs attributed to the FCC's new Lifeline service standards.

⁸ Rule 25-4.0665(1) and (2), Florida Administrative Code.

⁹ FCC 16-38, WC Docket No. 11-42, Lifeline Reform and Modernization, Third Report and Order, released April 27, 2016, https://apps.fcc.gov/edocs_public/attachmatch/FCC-16-38A1.pdf, accessed on September 26, 2016.

Figure 1
Florida Lifeline Subscribership



Source: Industry responses to FPSC data requests (2010-2017)

Overall Lifeline subscribership declined by 166,391 households, or 19 percent, for the fiscal year ending June 2017. At the same time, the number of Lifeline eligible households decreased by 58,460 (for May), or 3 percent. The resulting participation rate for 2017 was 41.5 percent.¹⁰ This was a decrease of 8.3 percentage points compared to 2016. Figure 2 shows participation rates in Florida households from June 2014 through June 2017.

Considering the number of households which are eligible to receive Lifeline in Florida and the current participation rate, these numbers continue to demonstrate the need for Lifeline outreach. However this need for greater outreach is at odds with the changing costs associated with offering the expanded Lifeline services. Specifically, some carriers have noted that with the implementation of the FCC's 2016 Lifeline Modernization Order, it has become increasingly difficult to profitably acquire Lifeline subscribers at the current monthly support amount of \$9.25.

Figure 2
Lifeline Participation Rate in Eligible Florida Households for 2014-2017

Year	Lifeline Enrollment	Eligible Households	Percent Participation Rate
June 2014	957,533	1,930,106	49.6%
June 2015	833,426	2,011,166	41.4%
June 2016	852,255	1,712,005	49.8%
June/May 2017	685,864 (June)	1,653,545 (May)	41.5%

Source: U.S. Department of Agriculture

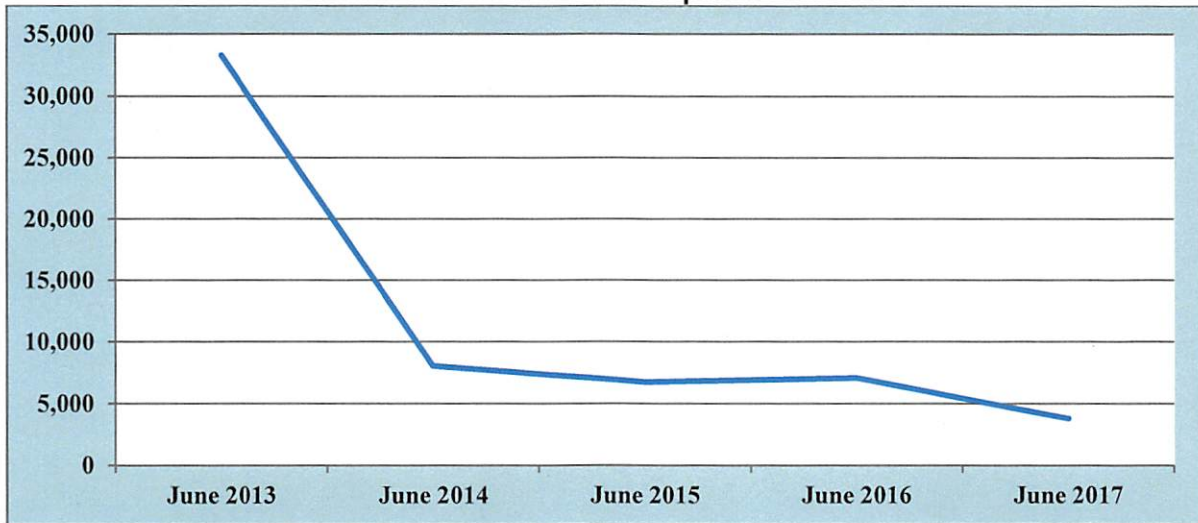
¹⁰ USDA, Supplemental Nutrition Assistance Program: Households Participating, Florida SNAP households for May 2017: 1,653,545, <https://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap>, accessed Aug. 4, 2017.

Transitional Lifeline

Transitioning from Lifeline service means that the consumer’s socio-economic status may have improved, and the customer may have advanced beyond the qualifying eligibility criteria. In accordance with Section 364.105, Florida Statutes, current Lifeline customers who no longer meet eligibility criteria and are removed from Lifeline service are eligible to receive a 30 percent discount on the residential basic local service rate for a period of one year. For example, a former Lifeline customer with a phone bill that includes a \$25.00 basic rate would receive a \$7.50 monthly discount for one year.

Figure 3 presents the number of Transitional Lifeline customers for AT&T, Frontier (formally Verizon), and CenturyLink for June 2013 through June 2017. The large increase in the number of Transitional Lifeline participants in 2013¹¹ is attributable to customers being de-enrolled from the Florida Lifeline program due to the new FCC requirement to annually recertify Lifeline customers.

Figure 3
Transitional Lifeline Participants 2013-2017



Source: Industry responses to FPSC data requests (2011-2016)

¹¹ In 2013, AT&T reported 32,783; CenturyLink reported 488; and Verizon reported 23. By comparison in 2016, AT&T reported 6,033; CenturyLink reported 747; and Frontier Florida reported 329.

IV. Lifeline Providers

As part of the Telecommunications Act of 1996, Congress allows state commissions to designate carriers as ETCs if they meet certain requirements.¹² Conversely, a state commission also has the authority to rescind the ETC status of any ETC that does not follow the requirements of the Lifeline Assistance Program. Currently, the FPSC only evaluates wireline ETC applications, while wireless ETC applications are evaluated by the FCC.¹³

To qualify as an ETC, a telecommunications carrier must offer services that are supported by federal universal service support mechanisms.¹⁴ The carrier must advertise the availability of such services and charges. These services must be offered either using its own facilities or a combination of its own facilities and another carrier's resold service.

The FPSC has determined that before designating a telecommunications carrier as an ETC, it should make an affirmative determination that such designation is in the public interest, regardless of whether the applicant seeks designation in an area served by a rural or non-rural carrier.¹⁵ A company applying and qualifying for designation as an ETC must demonstrate good management and legitimate business practices to successfully administer the Lifeline program.¹⁶

In 2011, the FCC took a technology-neutral approach and determined that ETCs can use any platform to provide voice service. As a result, cable and wireless companies could seek ETC designation and request support from the program. Figure 4 shows the 18 companies that had ETC status and participated in the Lifeline program in Florida as of June 30, 2017. Attachment B represents the historic enrollment figures for the Lifeline program listed by each of the ETCs.

Figure 4
ETCs Participating in Florida Lifeline Program

Access Wireless (i-wireless)	ITS Telecommunications
Assurance Wireless (Virgin Mobile)	Knology of Florida, Inc. (WOW!)
AT&T Florida (AT&T)	NEFCOM
CenturyLink	Quincy Telephone Company (TDS)
Cox Florida Telecom, LP	SafeLink Wireless (TracFone)
FairPoint Communications	Smart City Telecom
Frontier Communications of the South	Tele Circuit Corporation
Frontier Florida, LLC (formerly Verizon)	T-Mobile Wireless
Global Connection Inc.	Windstream Florida, Inc.
Phone Club Corporation	

Source: Industry responses to 2017 FPSC data requests

¹² Section 214(e)(2) of the Telecommunications Act of 1996.

¹³ The Florida 2011 Legislature (HB 1231), removed the FPSC authority to designate ETC wireless providers. Effective July 1, 2012, wireless providers must directly apply for Florida ETC designation with the FCC.

¹⁴ 47 C.F.R. §54.101(a)(1); Those services include: (1) voice grade access to the public switched network, (2) minutes of use for local service provided at no additional charge to end users, (3) toll limitation to qualifying low-income consumers, and (4) access to the emergency services 911 and enhanced 911 services.

¹⁵ Docket No. 120165-TP, Order No. PSC-12-0500-PAA-TP, issued September 28, 2012.

¹⁶ 47 C.F.R. §54.201(h).

Prior to August 15, 2016, resellers could sell Lifeline discounted service from an ETC through a resale agreement. The ETC would receive the support from USAC, and reduce the price of service to the reseller by the corresponding amount. The FCC's 2015 Lifeline Reform Order amended the Lifeline rules to eliminate Lifeline reimbursement for non-ETC resellers provisioning service through resale agreements out of concern of possible waste and abuse of program funds.¹⁷ As a result, some affected carriers have left the Florida market. The FCC did provide a way for affected carriers to become an ETC and provide Lifeline service by filing a compliance plan that addresses the FCC's concerns regarding potential waste and abuse of the program. Specifically, such non-facilities based carriers must file a plan that demonstrates:

- 1) Commitment and ability to provide the supported services throughout the designated area;
- 2) Ability to remain functional in emergency situations;
- 3) Ability to satisfy consumer protection and service quality standards;
- 4) Provision of local usage comparable to that offered by the incumbent local exchange companies (ILEC).

As previously mentioned, the FPSC no longer has authority to designate wireless ETCs in the State of Florida. Wireless ETC applications for Florida are now filed directly with the FCC. Figure 5 shows the 40 Florida wireless ETC petitions pending at the FCC. Some of these companies applied with the FCC as early as August 2011. Each company's respective initial wireless ETC petition is included.

Figure 5
FL Pending Wireless ETC Designation Petitions at FCC as of June 2017

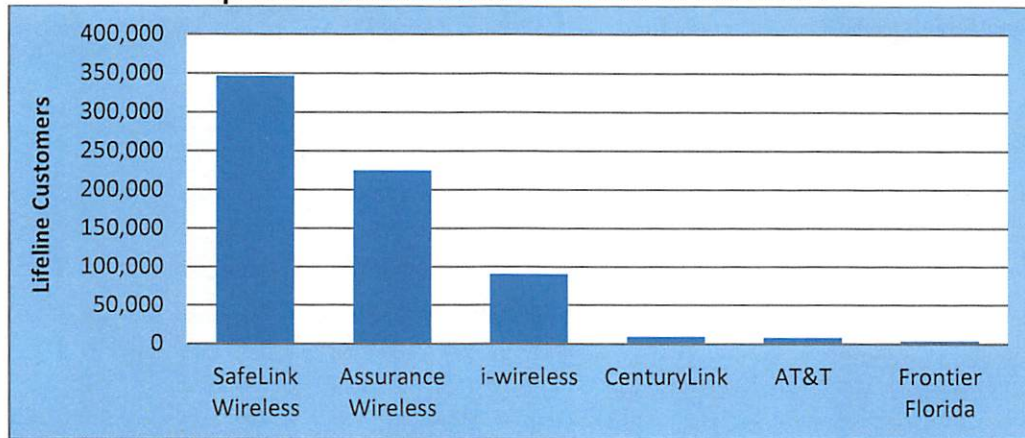
Airvoice Wireless (2/13)	NewPhone Wireless (9/12)
American Broadband (6/13)	Pinnacle Telecommunications (2/13)
Amerimex (2/13)	Q Link Wireless (8/15)
AmTel (1/13)	Sage Telecom Communications, LLC (8/13)
Assist Wireless (1/13)	SelecTel Wireless (8/15)
Blue Jay Wireless (5/12)	TAG Mobile (6/11)
Boomerang Wireless (8/16)	TNT Wireless (1/13)
Budget PrePay, Inc. (8/11)	Tele Circuit Network (7/12)
Cintex Wireless (5/12)	Telrite (4/12)
Consumer Cellular (4/12)	Tempo Telecom (11/14)
EZ Reach Mobile (5/12)	TerraCom (4/12)
Free Mobile, Inc. (9/12)	Total Call Mobile (4/13)
Global Connection (4/12)	True Wireless (5/12)
IM Telecom, LLC (1/16)	TX Mobile (11/12)
Kajeet (3/12)	Vast Communications (4/13)
LTS of Rocky Mount (10/12)	You Talk Mobile (2/13)
Millennium 2000 (4/13)	ZING PCS (12/12)
Mobile Net POSA (5/14)	

Source: FCC Lifeline Compliance Plans & ETC Petitions

¹⁷ FCC 15-71, WC Docket No. 11-42, Lifeline Reform and Modernization, Second Report and Order, released June 22, 2015, https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-71A1.pdf, accessed on September, 28, 2016.

Figure 6 shows the six Florida ETCs with the largest number of Lifeline customers as of June 2017. These ETCs represent 99 percent of the total Lifeline customer participation.

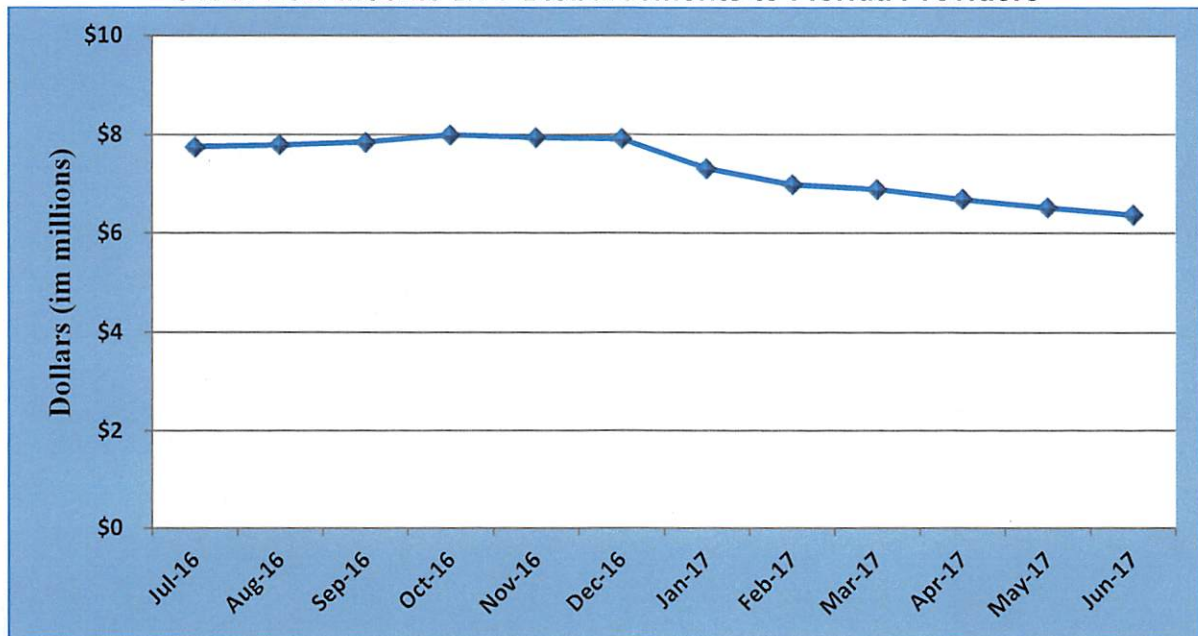
Figure 6
Top Six Florida Lifeline ETCs as of June 2017



Source: Industry responses to 2017 FPSC data requests

Figure 7 reflects USAC Lifeline disbursements to Florida ETCs between July 2016 and June 2017. The total amount disbursed during this 12 month period was \$87,989,539, an average of \$7.3 million per month. These amounts also include support corrections or true-ups from prior months when errors are made.

Figure 7
USAC Low Income ETC Disbursements to Florida Providers



Source: USAC Disbursements Florida July 2016-June 2017

V. Lifeline Enrollment Process and Improvement Activities

A. Lifeline Electronic Coordinated Enrollment Process

Florida has in place a streamlined, efficient, and verifiable Lifeline Electronic Coordinated Enrollment process. This advanced process involves a computer interface between the FPSC and the DCF for Lifeline applicants who currently participate in the Medicaid and SNAP program. The FCC and USAC have commended the Florida Lifeline Electronic Coordinated Enrollment process and said that it is a good example of an enrollment process that states should use for the Lifeline coordinated enrollment process.¹⁸

B. Florida Public Service Commission Activities

FPSC Continues Actions to Prevent Waste, Fraud and Abuse of the Federal Universal Service Fund

Florida continues to enforce safeguards to prevent waste, fraud, and abuse of the Universal Service Fund. Florida's participation with the National ETC State Coordinating Group enables information sharing with all states to monitor prospective and existing ETC activities across the country.¹⁹ The FPSC strives to protect the integrity of the Lifeline program in the State of Florida and takes appropriate enforcement action when necessary. The FPSC has statutory authority to grant wireline ETC designations, and can also revoke ETC status when warranted. Unlawful and inappropriate federal Universal Service Fund disbursements are inconsistent with public trust and negatively impacts states like Florida, which contribute more into the Universal Service Fund than it receives. Therefore, the FPSC monitors federal Universal Service Funds disbursed to Florida ETCs to ensure that funds are being disbursed and expended according to state and federal regulations and guidelines.

AT&T Partial ETC Relinquishment

In July 2017, the FPSC granted AT&T partial relinquishment of its ETC designation in Florida. AT&T receives high-cost funding from the FCC, which obligates AT&T to remain an ETC and offer Lifeline discounts to eligible customers in those high-cost areas for the duration of the funding term.²⁰ Thus, AT&T's petition sought to retain its ETC designation in high-cost areas and relinquish its ETC designation in all other portions of its remaining service territory. According to AT&T, its request for relinquishment was driven by the changes in the telecommunications market. AT&T asserted that over the years customers have been replacing traditional wireline residential voice services with wireless, Voice over Internet Protocol and other competitive options.

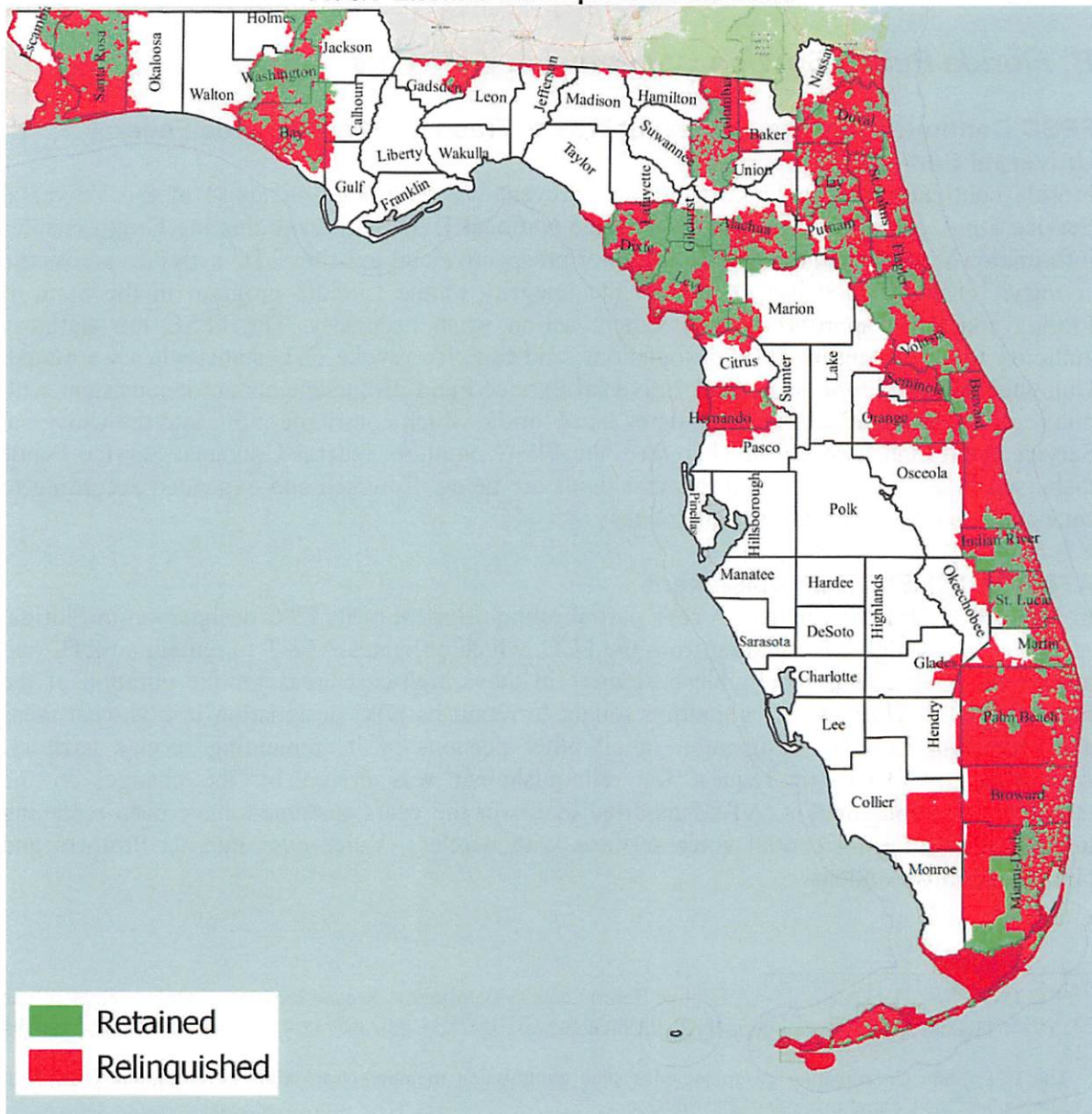
¹⁸ FCC 15-71, WC Docket No. 11-42, Lifeline Reform and Modernization, Second Report and Order, released June 22, 2015, https://apps.fcc.gov/edocs_public/attachmatch/FCC-15-71A1.pdf, accessed August, 17, 2017, Footnote 215.

¹⁹ The ETC State Coordinating group includes state commission members from all fifty states, the District of Columbia, and the Commonwealth of Puerto Rico.

²⁰ FPSC Order No. PSC-2017-0290-PAA-TP, Docket Nos. 20170082-TP, Request for relinquishment of partial eligible telecommunications carrier (ETC) status, by BellSouth Telecommunications, LLC d/b/a AT&T Florida, issued August 7, 2017.

AT&T is the first ILEC to request ETC relinquishment in Florida. At the end of 2016, AT&T Florida had 7,219 lifeline customers in the relinquishment area. According to federal law, prior to permitting an ETC's relinquishment state commissions must require the remaining ETCs to ensure that existing customers will continue to be served.²¹ The FPSC's review and analysis determined that in each of AT&T Florida's service territories where the Company was requesting relinquishment, customers would continue to be served by one or more ETC. Figure 8 is a map of AT&T's retained and relinquished areas.

Figure 8
AT&T Lifeline Relinquishment Areas



²¹ 47 U.S.C. §214(e)(4).

C. Federal Communications Commission Activities

2016 Lifeline Modernization Reform Order

On April 27, 2016, the FCC released its Lifeline Modernization Order. In this Order, the FCC took steps to both expand services supported and also limit the qualifying criteria consumers can use to sign up for Lifeline services. Some of the FCC's new rules became effective in December 2016. Specific changes regarding qualifications can be found in Section III of this report. Consumers that are already enrolled in the Lifeline program will continue to be eligible for up to one year from their initial application or recertification. In addition to reforming eligibility, the FCC has also refocused the program goal on broadband adoption, encouraging adoption of minimum broadband standards by tying compliance with funding eligibility.²² Figure 9 below outlines the FCC's dates for new phased-in standards for wireline and wireless services.

Figure 9
Mobile and Fixed Service Standards

Effective Dates	Mobile Voice	Mobile Broadband	Fixed Broadband
12/2/16 to 11/30/17	500 Minutes	Usage Allowance: 500 MB	Speed 10/1 Usage Allowance: 150 GB
12/1/17 to 11/30/18	750 Minutes	Usage Allowance: 1 GB	Speed 15/2 Usage Allowance: 250 GB
12/1/18 to 11/30/19	1,000 Minutes	Usage Allowance: 2 GB	Updated annually based on usage reported to FCC
12/1/19 to 11/30/20	1,000 Minutes	Updated annually based on usage reported to FCC	

Source: FCC, "Lifeline Program for Low-Income Consumers," <https://www.fcc.gov/general/lifeline-program-low-income-consumers#block-menu-block-4>, accessed August 14, 2017.

The FCC states that to be sustainable and achieve its goals of providing low-income consumers with robust, affordable and modern service offerings, a forward-looking Lifeline program must focus on broadband services. Therefore, the FCC concluded it is necessary, following an extended transition period, to re-evaluate whether Lifeline will continue to apply to a voice-only offering. The FCC currently plans the phase out of voice-only support by December 2021. The FCC did include an exception in those census blocks with only one Lifeline provider. The Lifeline program will continue to support voice services when bundled with a broadband service that meets the FCC's minimum service standards. Figure 10 outlines the FCC's phase down schedule.

Figure 10
Lifeline Support Phase Down Schedule

Effective Dates	Fixed Voice	Mobile Voice	Fixed Broadband	Mobile Broadband
Through 11/30/19	\$9.25	\$9.25	\$9.25	\$9.25
From 12/1/19 to 11/30/20	\$7.25	\$7.25	\$9.25	\$9.25
From 12/1/20 to 11/30/21	\$5.25	\$5.25	\$9.25	\$9.25
After 11/30/21	\$0 ²³	\$0	\$9.25	\$9.25

Source: FCC 2016 Lifeline Modernization Order (FCC 16-38)

²² Upon written notification to the FCC, certain ETCs do not have to comply with the broadband standards.

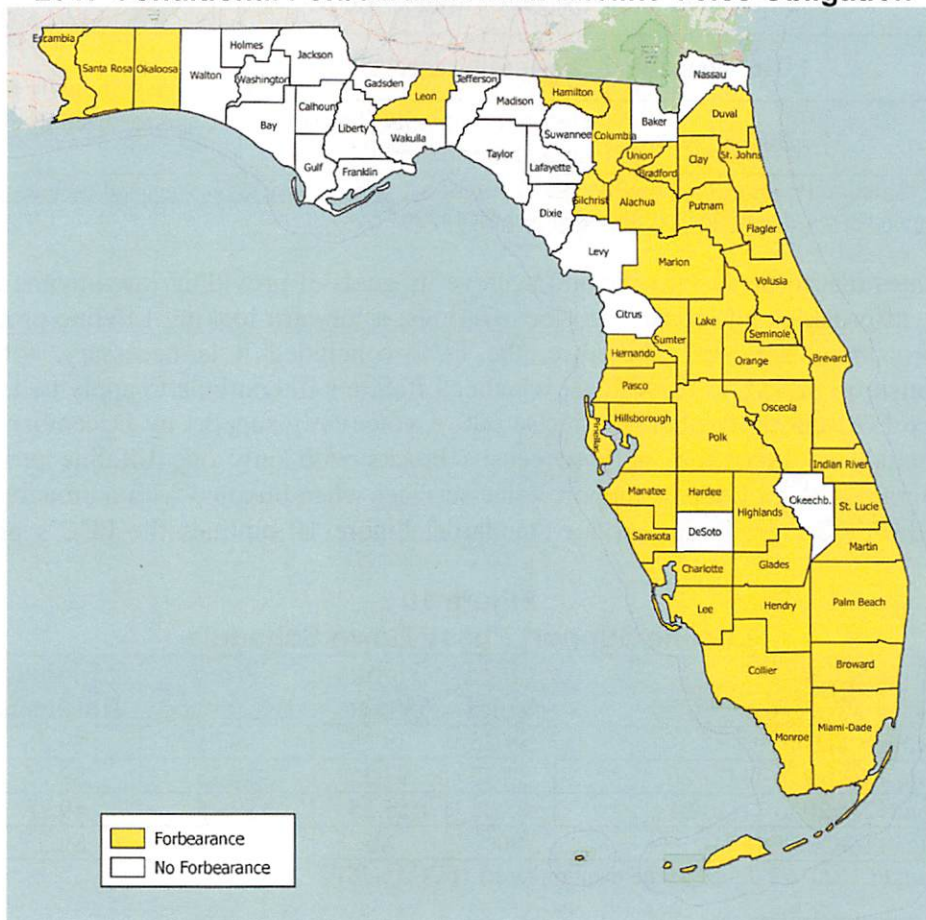
²³ If determined that a voice-only service is no longer eligible for Lifeline support.

Forbearance from Lifeline Voice Obligation

The 2016 Lifeline Modernization Order established forbearance from Lifeline voice service obligations in targeted areas where certain competitive conditions are met. In particular, the FCC granted forbearance from high-cost/Lifeline ETCs' obligation to offer and advertise Lifeline voice service in counties where the following conditions are met: (a) 51 percent of Lifeline subscribers in the county are obtaining broadband Internet access service; (b) there are at least three other providers of Lifeline broadband Internet access service that each serve at least five percent of the Lifeline broadband subscribers in that county; and (c) the ETC does not actually receive federal high-cost universal service support.

The counties identified in Figure 11 meet the first two conditions; and for ETCs that are receiving high-cost support in these counties, the forbearance applies only in areas within the county where the ETC does not receive high-cost support.²⁴ The FCC noted that this forbearance does not grant relief from the Lifeline voice service obligation for Lifeline subscribers that the high-cost/Lifeline ETC currently serves. Additionally, this forbearance does not preclude ETCs from electing to provide and receive reimbursement for Lifeline-discounted voice service.

Figure 11
2017 Conditional Forbearance from Lifeline Voice Obligation



²⁴ FCC, Public Notice, WC Docket No. 11-42, DA 17-684, released July 17, 2017.

National Lifeline Eligibility Verifier

The FCC's Order directed USAC to develop a national Lifeline eligibility verifier (national verifier) to determine all subscriber eligibility starting in 2017. The national verifier will provide electronic and manual methods to determine initial subscriber eligibility, conduct annual recertification, populate the Lifeline database and provide support payments to providers. The FCC's actions intend to achieve the following:

- Allows a National Verifier to act as a neutral third-party entity that removes the opportunity for providers to enroll ineligible subscribers
- Refines list of federal programs that may be used to validate Lifeline eligibility to those that support electronic validation, are most accountable, and best identify people needing support (SNAP, SSI, Medicaid, Veterans and Survivors Pension, Tribal), along with income-based eligibility
- Increases transparency by making program data publicly available and understandable, including subscriber counts by provider and uniform disclosure of annual subscriber recertification data

The National Verifier is expected to go live in five states by December 31, 2017. By December 31, 2019, the FCC expects the National Verifier to be live in all states and territories. As the National Verifier is deployed, the responsibility to verify eligibility will transition from ETCs or state administrators to the National Verifier. There are implementation concerns to be settled before Florida's transition to the National Verifier.

2016 Recertification of Florida Lifeline Subscribers

The FCC adopted a set of uniform recertification procedures that all ETCs must perform annually to verify the ongoing eligibility of their Lifeline subscribers.²⁵ To comply with the annual requirement for 2016, all ETCs and state Lifeline administrators were required to recertify the eligibility of their Lifeline subscriber base by the end of 2016, and report the results to USAC by January 31, 2017. Subscribers failing to respond to recertification efforts had to be de-enrolled from Lifeline. As a result of the 2016 recertification process, 25,957 customers, or three percent, were de-enrolled from the Florida Lifeline program.²⁶ Of the 25,957 customers de-enrolled, 46 percent were as a result of Lifeline subscribers not responding to the recertification request. Results of the recertification by company are presented in Attachment C.

ETCs have the option of recertifying subscribers in one of three ways. The first is to verify program or income-based eligibility where an ETC can query the available database to confirm the subscriber's continued eligibility. In the absence of a database, the ETC must recertify the continued eligibility of a subscriber by writing, phoning, text messaging, emailing, Interactive Voice Response, or otherwise through the Internet using an electronic signature.

The third method of recertifying Lifeline customers would be to have the ETC elect USAC to perform Lifeline recertification for their subscribers. USAC recertifies subscribers by mailing each subscriber a letter that provides the subscriber a notice, informing the subscriber that the

²⁵ 47 C.F.R. § 54.410(f).

²⁶ By comparison, the 2014 recertification processes de-enrolled 142,248 customers or 14 percent of participants from the Florida Lifeline program.

subscriber has 30 days to recertify the subscriber's continued eligibility to receive Lifeline service or the subscriber will be de-enrolled from the Lifeline program. The letter would also explain the recertification process and how the subscriber may confirm his or her eligibility. Subscribers also would receive a call or text message during the 30-day period to prompt a response. Any subscriber response submitted after the 30-day deadline will not be processed, and the subscriber would be considered ineligible for the program and de-enrolled.

Duplicate Lifeline Support

Eligible consumers can only receive one Lifeline-supported service per household.²⁷ If there are two households residing at one address and each desires to participate in Lifeline, each applicant has to complete a one-per-household worksheet to demonstrate that each applicant is living in a separate economic unit and not sharing living expenses (bills, food, etc.) or income with another resident.²⁸

The FCC directed USAC to establish a database to both eliminate existing duplicative support and prevent duplicative support in the future.²⁹ To prevent waste in the Universal Service Fund, the FCC created a National Lifeline Accountability Database (NLAD) and mandated its use to ensure that multiple ETCs do not seek and receive reimbursement for the same Lifeline subscriber. NLAD conducts a nationwide real-time check to determine if the consumer or another person at the address of the consumer is already receiving a Lifeline program-supported service. Florida ETCs were operational on NLAD starting March 6, 2014. At Florida's request, the FCC has agreed to allow states to have read-only access to this database to help prevent waste, fraud, and abuse of the Lifeline program.

²⁷ 47 C.F.R. § 54.409(c).

²⁸ A household Lifeline eligibility pre-screening tool is available at www.lifelinesupport.org.

²⁹ FCC 12-11, WC Docket No. 11-42, Lifeline Reform and Modernization, Report and Order, released Feb. 6, 2012, https://apps.fcc.gov/edocs_public/attachmatch/FCC-12-11A1.pdf, accessed Oct. 27, 2016.

VI. Lifeline Promotion Activities

Promotional activities in 2017 featured National Lifeline Awareness Week, National Consumer Protection Week, Older Americans Month, and ongoing “grassroots” efforts to increase awareness and enrollment in the Lifeline program. Figure 12 represents the various events and locations where Lifeline information was shared in Florida as of July 2017.

To prepare for changes associated with the implementation of the 2016 Lifeline Modernization Order, Florida PSC staff has participated in the National Association of Regulatory Utility Commissioners (NARUC)/ USAC Lifeline Task Force and the State Lifeline Task Force calls since October 2016. During the calls, USAC has made announcements about the National Verifier and the National Lifeline Accountability Database and discussed the recertification process and recordkeeping implications. The Lifeline Across America Working Group that included representatives from the FCC, NARUC, and National Association of State Utility Consumer Advocates has been inactive. The working group agreed no further conference calls and/or promotional planning was necessary until the new federal Lifeline guidelines were implemented. The working group’s primary national effort was to ensure that low income families and individuals are aware of the Lifeline program and understand the participation requirements, including annual recertification and only one Lifeline discount per household is allowed. Supported by the working group, Lifeline Awareness Week promotes these messaging efforts.

National Lifeline Awareness Week (September 10-16, 2017)

Lifeline program changes from the April 2016 FCC Modernization Order caused NARUC to cancel its annual Lifeline Awareness Week last year. This year, while the FCC and USAC work to implement the new guidelines, NARUC decided to observe Lifeline Awareness Week, again in September for those states able to participate. While the FPSC’s jurisdiction is limited to wireline offerings, staff scheduled “Stay Connected Florida!” Lifeline Awareness Week events throughout the state, which are intended to promote the modernized Lifeline program.

National Consumer Protection Week and Other Community Events

The FPSC seeks existing community events as well as new venues and opportunities where Lifeline educational materials can be distributed and discussed with consumers. National Consumer Protection Week, March 5-11, 2017, was a good back drop for Lifeline outreach activities. An annual consumer education campaign, National Consumer Protection Week encourages consumers to take advantage of their consumer rights. For this year’s event, FPSC Chairman Julie Brown highlighted the importance of consumer education and awareness about utility services and avoiding potential scams. With social media reshaping how news is received, the FPSC launched a Twitter campaign, #PSCCelebratesConsumersNCPW. Each day, the campaign featured a consumer tip from PSC Commissioners and highlighted the FPSC’s educational activities. During the 19th Annual National Consumer Protection Week, the FPSC made a total of seven presentations to consumers in Winter Springs, Winter Park, Orlando, Hollywood, Miramar, and Hallandale Beach, showing them how to save money through energy and water conservation and how to sign up for the Lifeline Assistance telephone and broadband discount program, if they qualify.

For the sixth year, the FPSC participated in a national project called Older Americans Month – celebrated each May to honor and recognize older Americans for their contributions to families, communities, and society. “Age Out Loud” was this year’s theme. The FPSC hosted five educational sessions, distributing Lifeline, conservation, and fraud prevention information at senior communities in Duval, Hillsborough, Leon, and Marion Counties.

Each month, the FPSC also names a valued partner agency or organization as a “Helping Hand,” for helping raise public awareness about the Lifeline program, energy and water conservation, and utility impersonation scams. One ongoing FPSC partner is the Jacksonville Senior Expo, where the record-breaking 7,900 seniors who attended had access to FPSC staff and Commission brochures and publications.

Figure 12
Commission Lifeline Promotion in Florida

Lifeline Events and Locations	
2017 Elder Abuse and Fraud Prevention Summit–Tallahassee Community College	Lynn Haven Senior Center
2017 World Elder Abuse Awareness Day–Quincy	Marion Senior Services Center
34th Annual Children’s Day–FL Museum of History	Mary L. Singleton Center
Active Living Expo	Miramar Senior Center
Austin Hepburn Senior Center	New Mt. Zion–Feeding Northeast Florida–Jacksonville
Barbara Washington Senior Center	Osceola Senior Center
Bayshore Dining Center–Tampa	Putnam County School–Feeding Northeast Florida - Crescent City
El Beth–Feeding Northeast Florida–Jacksonville	Renaissance Senior Center
Feeding Northeast Florida	Senior Citizens Council of Madison County
Fraud Prevention Seminar–Pensacola	Senior Day at the Capitol
Fred Lippman Multi–Purpose Center	Sunset Lake Senior Center
Jacksonville Senior Expo	Suwanee County Health and Wellness Fair at Advent Christian Village in Dowling Park
Jefferson County Senior Citizens Center	Suwanee County Health and Fitness
Kings Arm–Tampa	Suwanee River Economic Council–Lake City
L. Claudia Allen Senior Center	Taylor Senior Citizens Center–Perry
Lafayette County Senior Center	Town N’ Country and Oaks Senior Center
LifeStyle Enrichment Center–Lake City	Wealth of Information Fair–Lake City
Light of the World–Feeding Northeast Florida–Jacksonville	William Beardall Senior Center
Lunch and Learn–Chaires Senior Center	Winter Park Senior Center
Lunch and Learn–Ft. Braden	Winter Springs Senior Center
Lunch and Learn–Wildwood Presbyterian	Woodville Senior Center
Lunch and Learn–Woodville Senior Center	

Source: Florida Public Service Commission, Office of Consumer Assistance & Outreach

Library Outreach Campaign

Each year the FPSC provides educational packets, including FPSC publications and Lifeline brochures and applications in English, Spanish, and Creole to Florida public libraries across the state for consumer distribution. The FPSC's Library Outreach Campaign reached 555 state public libraries and branches in 2017. For the third year, the FPSC sent the materials via a CD that included a print-ready copy of FPSC brochures for easy reproduction. Following the Campaign, many libraries' requests for additional publications have been filled.

Community Services Block Grant Program

The Florida Department of Economic Opportunity (DEO) includes Lifeline services as an indicator in its work plan, allowing Community Action Agencies to report the number of clients they help to secure Lifeline services. During the October 1, 2015–September 30, 2016 reporting period, 1,696 households applied for Lifeline benefits through local Community Action Agencies, providing \$230,114 in benefits to clients. For the reporting period, 12 of the 27 Community Action Agencies provided Lifeline enrollment services to clients.

Income-Based Lifeline Applicants

OPC provides assistance to consumers applying for Lifeline Assistance based upon income level. During the July 2016–June 2017 reporting period, OPC received over 4,000 calls from potential applicants seeking assistance and processed 11,786 applications. OPC verifies consumers' income eligibility for the following telecommunication carriers: Access Wireless, Assurance Wireless, AT&T Landline, CenturyLink Landline, Frontier Landline (formally Verizon), SafeLink Wireless, and T-Mobile Wireless.

Ongoing Lifeline Outreach

Ensuring easy access to Lifeline information through the agencies and organizations having regular interaction with eligible consumers is crucial to the Lifeline awareness effort. The FPSC partners with many agencies year-round to make sure eligible consumers know about Lifeline and know how to apply. Additionally, the FPSC schedules and conducts two monthly community events to promote Lifeline. Each month, the FPSC sends a cover letter and informational packet to two organizations to encourage continued Lifeline outreach to their eligible clientele.

Lifeline Partners

The local, state, and federal agencies, organizations, businesses, and telecommunications companies listed in Attachment D are involved in the collaborative effort to increase awareness and participation in the Lifeline program. These Lifeline Partners have continued to develop new partnerships, participate in local community events, offer training sessions, provide updates about program changes, and supply brochures and applications.

VII. Conclusion

As of June 30, 2017, 685,864 eligible customers participated in the Florida Lifeline Program. The success of the Florida Lifeline program can be attributed to the continued partnership between the FPSC, DCF, OPC, and other agencies around the state that assist Florida low-income families.

As a result of Florida Lifeline participation, USAC Low Income disbursements for Florida ETCs for the 12-month period ending June 2017 totaled approximately \$88 million. These dollars enabled Florida citizens qualifying for Lifeline benefits to receive discounted monthly bills for voice or broadband service with a credit of up to \$9.25, or a free Lifeline wireless phone with free monthly minutes and/or mobile measured broadband. This year, wireless providers such as SafeLink Wireless, Assurance Wireless, and Access Wireless, provided the majority of Lifeline services in Florida as they have for the last several years.

The FPSC continues to focus on enrollment process issues as a means of increasing participation. As previously discussed in this report, specific enrollment process initiatives include the following:

- FPSC Lifeline Coordinated Online Application Process
- FPSC/DCF Coordinated Lifeline Enrollment
- Annual Recertification Procedures
- DCF Certification/Verification Web Services Interface
- National Lifeline Accountability Database

Efforts to increase Lifeline participation can be separated into two categories: consumer outreach and enrollment process. The FPSC, in cooperation with other state and federal agencies, the OPC, ETCs, and other organizations, remains engaged in extensive outreach efforts. Because most of these efforts run concurrently, measuring the impact of any single activity on Lifeline participation is difficult. Nevertheless, outreach efforts overall are having a positive outcome and should be continued. Outreach efforts are also being expanded to include more competitive local exchange carrier and wireless ETCs.

The FPSC remains committed to enabling low-income households in Florida to obtain and maintain basic local telephone service to help them find jobs, contact community services, call doctors and schools, and connect to family and friends. The FPSC will continue to identify and find solutions to barriers that may prevent Lifeline from achieving greater success for the benefit of Florida's low-income consumers. The FPSC will also continue its work on streamlining the Lifeline enrollment process and refining the FPSC/DCF Lifeline coordinated application procedure in Florida so that applying for the Lifeline program is easier and faster than in previous years while implementing the new FCC requirements.

**Attachment A
2017 U.S. Poverty Guidelines**

Persons in family / household	2017 U.S. Federal Poverty Guidelines	135% of Federal Poverty Guidelines	Monthly income at 135% of Federal Poverty Guidelines
1	\$12,060	\$16,281	\$1,357
2	\$16,240	\$21,924	\$1,827
3	\$20,420	\$27,567	\$2,297
4	\$24,600	\$33,210	\$2,768
5	\$28,780	\$38,853	\$3,238
6	\$32,960	\$44,496	\$3,708
7	\$37,140	\$50,139	\$4,178
8	\$41,320	\$55,782	\$4,649

For families/households with more than 8 persons, add \$4,180 for each additional person.

Source: Department of Health and Human Services, Annual Update of the Department of Health and Human Service Poverty Guidelines. Federal Register Notice, January 31, 2017.

<https://www.federalregister.gov/documents/2017/01/31/2017-02076/annual-update-of-the-hhs-poverty-guidelines>

**Attachment B
Lifeline Net Enrollment and Year-to-Year Net Growth Rate**

	ETCs	June 2014	June 2015	Net Growth Rate	June 2016	Net Growth Rate	June 2017	Net Growth Rate
Wireless	SafeLink	543,174	470,695	-13%	405,506	-14%	346,488	-15%
	Assurance	249,664	208,902	-16%	232,481	11%	224,282	-4%
	i-wireless/ Access	97,044	106,440	10%	179,429	69%	89,904	-50%
	T-Mobile*	3,091	2,110	-32%	762	-64%	630	-17%
Incumbent Wireline	CenturyLink	18,756	16,163	-14%	12,528	-22%	9,108	-27%
	AT&T	28,156	18,302	-35%	11,404	-38%	7,871	-31%
	Frontier Florida	8,245	4,721	-43%	3,896	-17%	3,116	-20%
	Windstream	4,348	2,746	-37%	2,436	-11%	2,004	-18%
	FairPoint	1,307	671	-49%	526	-22%	561	7%
	NEFCOM	545	458	-16%	286	-38%	366	28%
	TDS Telecom	406	264	-35%	179	-32%	138	-23%
	ITS Telecom	77	80	4%	86	8%	69	-20%
	Frontier of the South	84	46	-45%	28	-39%	26	-7%
	Smart City	12	7	-42%	11	57%	4	-64%
Competitive Wireline	Cox Telecom	522	659	26%	689	5%	675	-2%
	TeleCircuit	666	337	-49%	646	92%	321	-50%
	Knology d/b/a WOW	294	138	-53%	79	-43%	58	-27%
	Global Connection ³⁰	16	8	-50%	3	-63%	95	3067%
	Phone Club	n/a	n/a	n/a	n/a	n/a	148	n/a
	ETCs which Relinquished Designation	468	184	-61%	0	-100%	0	0%
Total	957,533	833,426	-13%	850,975	2%	685,864	-19%	

Sources: FPSC data requests (2014-2017). *Data from USAC.

**Attachment C
Lifeline Subscriber Recertification as of February 2016**

	ETCs	Lifeline Subscribers	No Subscriber Recertification Response	Subscribers Reported - No Longer Eligible	Finding of Ineligibility	Lifeline Subscribers De-Enrolled	Percent of Lifeline Subscribers De-Enrolled
Wireless	SafeLink	426,216	1,075	0	26,442	1,075	6%
	Assurance	243,861	9,025	996	0	10,021	4%
	i-wireless/ Access	138,148	5,900	13	0	5,913	4%
	T-Mobile	477	113	0	0	890	187%
Incumbent Wireline	CenturyLink	12,720	2,142	0	0	2,142	17%
	AT&T	11,788	4,495	1	0	4,496	38%
	Frontier Florida	4,013	0	0	1,106	0	28%
	Windstream	2,282	874	0	0	874	38%
	FairPoint	565	203	3	0	206	36%
	NEFCOM	392	157	0	0	157	40%
	TDS Telecom	168	59	0	0	59	35%
	ITS Telecom	93	20	0	0	20	22%
	Frontier of the South	30	0	0	7	0	23%
	Smart City	9	0	0	0	0	0%
Competitive Wireline	Cox Telecom	626	0	0	291	0	46%
	TeleCircuit	444	52	52	0	104	23%
	Knology d/b/a WOW	91	0	0	33	0	36%
	Global Connection	3	0	0	0	0	0%
	Total	841,926	24,115	1,065	27,879	25,957	3%

Source: Form 555 submitted to FCC and Universal Service Administrative Company by ETCs, Due by January 31, 2017.

Attachment D
Agencies, Organizations, and Business Lifeline Partners

Florida Lifeline Partners	
AARP - Florida Chapter	Ability Housing of Northeast Florida
ACCESS Florida Community Network Partners	Agency for Health Care Administration (AHCA)
Agency for Persons with Disabilities	Aging Matters in Brevard County
Aging With Dignity	Florida Senior Medicare Patrol
Alliance for Aging, Inc.	Florida Senior Program
America's Second Harvest of the Big Bend, Inc.	Florida Telecommunications Relay, Inc. (FTRI)
Area Agencies on Aging	Florida Voters League
Big Bend 2-1-1 and other 2-1-1 Agencies	1000 Friends of Florida, Inc.
Boley Centers, Inc.	Habitat for Humanity – Florida
Braille and Talking Book Library	HANDS of Central Florida
Brain Injury Association of Florida, Inc.	Hemophilia Foundation of Greater Florida
Broward County Elderly and Veterans Services Division	Hispanic Office for Local Assistance
Bureau of Indian Affairs Programs	HOPE Connection
Capital Area Community Action Agency, Inc. (CACAA)	Leon County School Board
Catholic Charities of Central Florida	Little Havana Activities and Nutrition Centers of Dade County, Inc.
Centers for Drug Free Living	Living Stones Native Circle
Centers for Independent Living	Marion Senior Services
Central Florida Community Action Agency	Mid-Florida Housing Partnership, Inc.
City and County Consumer Assistance Departments	Miccosukee Tribe of Indians of Florida
City and County Housing Authorities	Monroe County Social Services
Communities In Schools Foster Grandparent Program	Feeding South Florida
Community Partnership Group	NAACP (Florida Associations)
Disability Rights Florida	One-Stop Career Centers (DEO)
Faith Radio Station and other Florida radio stations	Seminole County Government Community Development
Federal Social Security Administration (SSA) - Tallahassee District	Seniors First
First Quality Home Care	Senior Resource Alliance
Florida Alliance for Information and Referral Services (FLAIRS)	South East American Council, Inc.

Florida Lifeline Partners (continued)	
Florida Assisted Living Association	Refuge House of the Big Bend
Florida Association for Community action (FACA)	Tallahassee Memorial Hospital (TMH) and other Florida hospitals
Florida Association of Community Health Centers	Tallahassee Urban League
Florida Association of Counties	Tampa Vet Center
Florida Association of County Human Service Administrators	Three Rivers Legal Services, Inc.
Florida Association of Food Banks (FAFB)	United Home Care Services
Florida Association of Housing and Redevelopment Officials (FAHRO)	United Way of Florida
Florida Coalition for Children	Urban Leagues of Florida
Florida Coalition for the Homeless	U.S. Department of Housing and Urban Development (HUD)
Florida Council on Aging	Washington County Council on Aging
Florida Deaf Services Centers Association	Wakulla County Senior Citizens Council
Florida Department of Children and Families (DCF)	Nursing Homes Administrators
Florida Department of Community Affairs (DCA)	Florida Department of Education
Florida Department of Economic Opportunity (DEO)	Florida Department of Revenue (DOR)
Florida Department of Elder Affairs (DEA)	Florida Developmental Disabilities Council
Florida Department of Veterans' Affairs (DVA)	Florida Home Partnership
Florida Elder Care Services	Florida Housing Coalition
Florida Hospital Association	Florida League of Cities, Inc.
Florida Housing Finance Corporation	Florida Nurses Association
Florida Low Income Housing Associates	Florida Public Libraries
Florida Office of Public Counsel (OPC)	Florida Rural Legal Services, Inc.
Florida Public School Districts	HOPE Community Center
ASPIRE Health Partners	National Church Residences
Goodwill Industries of Central Florida	Good News Outreach
Florida Department of Education	Aging True Community Senior Services
Elder Options	

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: August 30, 2017

TO: Braulio L. Baez, Executive Director

FROM: Pamela H. Page, Senior Attorney, Office of the General Counsel *PHP/SMC*

RE: FPSC's Draft 2017 Regulatory Plan Pursuant to Section 120.74, F.S.

CRITICAL INFORMATION: Please place on the September 7, 2017 Internal Affairs

Commission approval is sought.

Pursuant to Section 120.74, F.S., the Commission must prepare a regulatory plan and provide the plan to the Joint Administrative Procedures Committee by October 1 of each year. The statute also states that the Commission shall publish its plan on the Commission website. In the regulatory plan, the Commission must designate new laws which create or modify the Commission's duties or authority. The Commission must also designate those rules which the Commission plans to amend before July 1, 2018. The statute requires the Commission to report any laws or updates to the 2016 Regulatory Plan.

The list of laws which create or modify the Commission's duties or authority is attached hereto as Attachment A. Attachment B is the Commission's list of rules that it intends to amend before July 1, 2018. The Commission's report that it has no laws or updates to the 2016 Regulatory Plan is Attachment C. Staff is seeking approval of the draft 2017 Regulatory Plan.

COMMISSIONERS:
JULIE I. BROWN, CHAIRMAN
ART GRAHAM
RONALD A. BRISÉ
DONALD J. POLMANN

STATE OF FLORIDA



KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

September xx, 2017

DRAFT

Kenneth J. Plante
Coordinator
Joint Administrative Procedures Committee
680 Pepper Building
111 W. Madison Street
Tallahassee, FL 32399-1400

Re: Florida Public Service Commission's 2017 Regulatory Plan

Dear Mr. Plante:

The Florida Public Service Commission (Commission) hereby files its 2017 Regulatory Plan pursuant to Section 120.74, Florida Statutes (F.S.).

Section 120.74(1)(a), F.S., requires a listing of each law enacted or amended during the previous 12 months which creates or modifies the duties or authority of the agency, a statement whether rule adoption is required to implement the law, and if so, whether a notice of rule development has been published; and an identification of the date by which the agency expects to publish the notice of proposed rule. The Commission's report of laws pursuant to Section 120.74(1)(a), F.S., is attached hereto as Attachment A.

Section 120.74(1)(b), F.S., states that the regulatory plan must also include a listing of each law not listed pursuant to Section 120.74(1)(a), F.S., which the agency expects to implement by rulemaking before the following July 1, including a statement whether rulemaking is intended to simplify, clarify, increase efficiency, improve coordination with other agencies, reduce costs, or delete obsolete, unnecessary, or redundant rules. The Commission's report of laws pursuant to Section 120.74(1)(b), F.S., is attached hereto as Attachment B.

Section 120.74(1)(c), F.S., requires an identification and listing of laws which were previously identified in a prior year's regulatory plan as requiring rulemaking to implement, but for which a notice of proposed rule has not been published. The Commission has no laws or updates to report pursuant to Section 120.74 (1)(c), F.S. The Commission's report that it has no laws or updates to the 2016 Regulatory Plan is attached hereto as Attachment C.

Section 120.74 (1)(d), F.S., requires the Commission to submit a certification regarding the regulatory plan. Pursuant to Section 120.74(1)(d), F.S., we hereby verify that we have reviewed the attached regulatory plan and that the Commission regularly reviews all of its rules.

The Commission's rules were most recently reviewed for the period July 2, 2015, through July 1, 2017, to determine if the rules remain consistent with the Commission's rulemaking authority and the laws implemented.

JULIE I. BROWN
Chairman
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770

KEITH HETRICK
General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770

PHP

FLORIDA PUBLIC SERVICE COMMISSION
2017 REGULATORY PLAN

ATTACHMENT A

DRAFT

LAWS CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(a), F.S.

Laws	Rulemaking Necessary	Notice of Rule Development Published	Expected Date of Notice of Proposed Rule	Reason Why Rulemaking Is Not Necessary
2017-21 – An act relating to public records.	No	None	None	Statute is clear on specific circumstances under which a court must assess and award reasonable costs of enforcement actions against an agency in a civil action to enforce Chapter 119, F.S.

FLORIDA PUBLIC SERVICE COMMISSION
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ATTACHMENT B

LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S. DRAFT

Laws	Intent of Rulemaking
Section 120.525, F.S.	Repeal Rule 25-22.017, F.A.C., Rulemaking Proceeding – Adoption, as obsolete and not required for the most efficient operation of the Commission.
Section 120.54(3), F.S.	Repeal Rule 25-22.017, F.A.C., Rulemaking Proceeding – Adoption, as obsolete and not required for the most efficient operation of the Commission.
Section 120.54(5)(a)3., F.S.	Amend Rule 25-40.001, F.A.C., Exceptions to the Uniform Rules of Procedure, to delete the reference to repealed Uniform Rules of Procedure chapters and update the rule when Rule 25-22.039, F.A.C., Intervention, is repealed.
Section 120.569, F.S.	Repeal Rule 25-22.039, F.A.C., Intervention, is not required for the most efficient operation of the Commission and instead is replaced it with the Uniform Rules of Procedure Rule 28-106.205, F.A.C., Intervention.
	Amend Rule 25-22.060, F.A.C., Motion for Reconsideration, to delete obsolete language and clarify the rule on petitions for reconsideration.
Section 120.57, F.S.	Repeal Rule 25-22.039, F.A.C., Intervention, is not required for the most efficient operation of the Commission and instead is replaced it with the Uniform Rules of Procedure Rule 28-106.205, F.A.C., Intervention.
	Amend Rule 25-22.060, F.A.C., Motion for Reconsideration, to delete obsolete language and clarify the rule on petitions for reconsideration.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY- SECTION 120.74(1)(b), F.S. DRAFT

Laws	Intent of Rulemaking
Section 350.113, F.S.	<p>Repeal Rule 25-4.005, F.A.C., Transfer of Certificate of Necessity or Authority, and for clarification include provisions of former Rule 25-4.005, F.A.C., in Rule 25.4.004, F.A.C., Certificates Necessity or Authority; Application.</p>
	<p>Amend Rule 25-6.0131, F.A.C., Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives to clarify that exclusions to the required remission of regulatory assessment fees are identified as all wholesale sales and all intrastate retail sales.</p>
	<p>Amend Rule 25-7.0131, F.A.C., Regulatory Assessment Fees; Gas Utilities, Gas Municipals, and Gas Districts, to clarify that exclusions to the required remission of regulatory assessment fees are identified as all wholesale sales and all intrastate retail sales.</p>
Section 350.115, F.S.	<p>Repeal Rule 25-4.520, F.A.C., Reporting Requirements, and include provisions of former Rule 25-4.520, F.A.C., in Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to clarify information that must be kept current with the Commission.</p>
Section 350.117, F.S.	<p>Repeal Rule 25-4.520, F.A.C., Reporting Requirements, and include provisions of former Rule 25-4.520, F.A.C., in Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to clarify information that must be kept current with the Commission.</p>
Section 350.127(1), F.S.	<p>Amend Rule 25-4.004, F.A.C., Certificates Necessity or Authority; Application, to clarify and simplify requirements for applications for certificates of necessity, authority, and transfers of certificate of necessity or authority.</p>

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S.

DRAFT

Laws	Intent of Rulemaking
Section 364.016, F.S.	Amend Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to identify information that must be submitted to the Commission by current certificate holders and to add form to guide companies when submitting required information. Rule 25-4.520, F.A.C., Reporting Requirements, will be repealed and the provisions of the rule will be included in Rule 25-4.0051, F.A.C.
Section 364.10, F.S.	Amend Rule 25-4.0665, F.A.C., Lifeline Service, so that the rule complies with Federal Communications Commission Lifeline requirements.
Section 364.105, F.S.	Amend Rule 25-4.0665, F.A.C., Lifeline Service, so that the rule complies with Federal Communications Commission Lifeline requirements.
Section 364.183, F.S.	Amend Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to identify information that must be submitted to the Commission by current certificate holders and to add form to guide companies when submitting required information. Rule 25-4.520, F.A.C., Reporting Requirements, will be repealed and the provisions of the rule will be included in Rule 25-4.0051, F.A.C.
Section 364.183(1), F.S.	Amend Rule 25-4.0665, F.A.C., Lifeline Service, so that the rule complies with Federal Communications Commission Lifeline requirements.
Section 364.32, F.S.	Amend Rule 25-4.511, F.A.C., Application for Certificate, and combine provisions of Rule 25-4.511, F.A.C., and former Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and to clarify and simplify the rule on Payphone Certificates.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY- SECTION 120.74(1)(b), F.S.

DRAFT

Laws	Intent of Rulemaking
Section 364.32, F.S., cont.	Repeal Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and combine provisions of Rule 25-4.511, F.A.C., Application for Certificate, and former Rule 25-4.512, F.A.C., and clarify and simplify the rule on Payphone Certificates.
Section 364.33, F.S.	Amend Rule 25-4.004, F.A.C., Certificates Necessity or Authority; Application, to clarify and simplify requirements for applications for certificates of necessity, authority, and transfers of certificates of necessity or authority.
	Amend Rule 25-4.511, F.A.C., Application for Certificate, and combine provisions of Rule 25-4.511, F.A.C., and former Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and to clarify and simplify the rule on Payphone Certificates.
	Repeal Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and combine provisions of Rule 25-4.511, F.A.C., Application for Certificate, and former Rule 25-4.512, F.A.C., and clarify and simplify the rule on Payphone Certificates.
Section 364.335, F.S.	Amend Rule 25-4.004, F.A.C., Certificates Necessity or Authority; Application, to clarify and simplify application requirements for applications for certificates of necessity, authority, and transfers of certificates of necessity or authority.
	Repeal Rule 25-4.005, F.A.C., Transfer of Certificate of Necessity or Authority, and include provisions of former Rule 25-4.005, F.A.C., in Rule 25.4.004, F.A.C., Certificates Necessity or Authority; Application, to clarify the application and streamline it to reduce costs for companies and the Commission.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S.

DRAFT

Laws	Intent of Rulemaking
Section 364.335, F.S., cont.	Amend Rule 25-4.511, F.A.C., Application for Certificate, to combine provisions of Rule 25-4.511, F.A.C., and former Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and to clarify and simplify the rule on Payphone Certificates.
Section. 364.336, F.S.	Amend Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to identify information that must be submitted to the Commission by current certificate holders and add a form to guide companies when submitting required information. Rule 25-4.520, F.A.C., Reporting Requirements, will be repealed and the provisions of that rule will be included in Rule 25-4.0051, F.A.C.
	Repeal Rule 25-4.005, F.A.C., Transfer of Certificate of Necessity or Authority, and include provisions of former Rule 25-4.005, F.A.C., in Rule 25.4.004, F.A.C., Certificates Necessity or Authority; Application, to clarify the application and streamline it to reduce costs for companies and the Commission.
Section. 364.3375, F.S.	Amend Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to identify information that must be submitted to the Commission by current certificate holders and add a form to guide companies when submitting required information. Rule 25-4.520, F.A.C., Reporting Requirements, will be repealed and the provisions of that rule will be included in Rule 25-4.0051, F.A.C.
	Amend Rule 25-4.511, F.A.C., Application for Certificate, to combine provisions of Rule 25-4.511, F.A.C., and former Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and clarify and simplify the rule on Payphone Certificates.
	Repeal Rule 25-4.512, F.A.C., Application for Approval of Sale or Transfer of Certificate, and combine provisions of Rule 25-4.511, F.A.C., Application for Certificate, and former Rule 25-4.512, F.A.C., and clarify

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S.

DRAFT

Laws	Intent of Rulemaking
Section. 364.3375, F.S., cont.	and simplify the rule on Payphone Certificates.
	Repeal Rule 25-4.520, F.A.C., Reporting Requirements, and include provisions of former Rule 25-4.520, F.A.C., in Rule 25-4.0051, F.A.C., Current Certificate Holder Information, to clarify information that must be kept current with the Commission.
Section 366.03, F.S.	Amend Rule 25-6.094, F.A.C., Complaints and Service Requests, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 366.04(2)(d), (5), F.S.	Amend Rule 25-6.094, F.A.C., Complaints and Service Requests, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 366.04(2)(f), F.S.	Amend Rule 25-17.015, F.A.C., Energy Conservation Cost Recovery, to update and clarify the Energy Conservation Cost Recovery rule.
Section 366.05(1), F.S.	Amend Rule 25-6.021, F.A.C., Records of Complaints, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S. DRAFT

Laws	Intent of Rulemaking
Section 366.05(1), F.S., cont.	Amend Rule 25-6.094, F.A.C., Complaints and Service Requests, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
	Amend Rule 25-7.020, F.A.C., Record of Complaints, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
	Amend Rule 25-7.080, F.A.C., Complaints - Service Requests, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 366.06(1), F.S.	Amend Rule 25-17.015, F.A.C., Energy Conservation Cost Recovery, to update and clarify the Energy Conservation Cost Recovery rule.
Section 366.06(2), F.S.	Amend Rule 25-7.080, F.A.C., Complaints - Service Requests, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 366.14, F.S.	Amend Rule 25-6.0131, F.A.C., Regulatory Assessment Fees; Investor-owned Electric Companies, Municipal Electric Utilities, Rural Electric Cooperatives, so that it identifies exclusions to the required remission of regulatory assessment fees as all wholesale sales and all intrastate retail sales.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY- SECTION 120.74(1)(b), F.S.

Laws	Intent of Rulemaking
Section 366.14, F.S., cont.	Amend Rule 25-7.0131, F.A.C., Regulatory Assessment Fees; Gas Utilities, Gas Municipals, and Gas Districts, so that it identifies exclusions to the required remission of regulatory assessment fees as all wholesale sales and all intrastate retail sales.
Section 366.82(3), (5), F.S.	Amend Rule 25-17.015, F.A.C., Energy Conservation Cost Recovery, to update and clarify the Energy Conservation Cost Recovery rule.
Section 367.071(5), F.S.	Amend Rule 25-30.0371, F.A.C., Acquisition Adjustments, to update rule to address current industry practices.
Section 367.081, F.S.	Amend Rule 25-30.433, F.A.C., Rate Case Proceedings, to codify the operating ratio methodology and to address the current industry conditions and current Commission practice in review of utility quality of service procedure.
Section 367.081(2), (3), F.S.	Amend Rule 25-30.4325, F.A.C. Water Treatment and Storage Used and Useful Calculations, to update methodology for used and useful calculations.
Section 367.081(2)(a), F.S.	Amend Rule 25-30.0371, F.A.C., Acquisition Adjustments, to update rule to address current industry practices.
Section 367.0814, F.S.	Amend Rule 25-30.455, F.A.C., Staff Assistance in Rate Cases, to update the threshold for staff assisted rate proceedings pursuant to Section 367.0814(1), F.S.
	Amend Rule 25-30.456, F.A.C., Staff Assistance in Alternative Rate Setting, to update the threshold for staff assisted alternative rate settings pursuant to Section 367.0814(1), F.S.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S. DRAFT

Laws	Intent of Rulemaking
Section 367.0814, F.S., cont.	Amend Rule 25-30.457, F.A.C., Limited Alternative Rate Increase, to update the threshold for limited alternative rate increases pursuant to Section 367.0814(1), F.S.
Section 367.091, F.S.	Amend Rule 25-30.335, F.A.C., Customer Billing, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 367.121, F.S.	Amend Rule 25-30.130, F.A.C., Record of Complaints, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 367.121(1)(a), (b), F.S.	Amend Rule 25-30.335, F.A.C., Customer Billing, to update for consistency with current agency practice or policy and Chapter 120, F.S., rulemaking requirements and delete obsolete, unnecessary, or duplicative rule provisions.
Section 376.1213, F.S.	Amend Rule 25-30.0371, F.A.C., Acquisition Adjustments, to update rule to address current industry practices.
Section 376.1213, F.S.	Amend Rule 25-30.433, F.A.C., Rate Case Proceedings, to codify the operating ratio methodology and to address the current industry conditions and current Commission practice in review of utility quality of service procedure.

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LAWS NOT CREATING OR MODIFYING DUTIES OR AUTHORITY - SECTION 120.74(1)(b), F.S.

DRAFT

Laws	Intent of Rulemaking
Section 427.703(8), F.S.	Amend Rule 25-4.150, F.A.C., The Administrator, to update the rule on information concerning the Administrator of the relay program, remove language redundant with the statute, and clarify the rule.
Section 427.704, F.S.	Repeal Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company, so that the rule is consistent with amendments to Chapter 364, F.S.
Section 427.704(4)(5), F.S.	Amend Rule 25-4.160, F.A.C., Operation of Telecommunications Relay Service, so that provisions in the rule are no longer redundant with Section 427.704(4), (5), F.S.
Section 427.705(1), F.S.	Amend Rule 25-4.150, F.A.C., The Administrator, to update the rule on information concerning the Administrator of the relay program, remove language redundant with the statute, and clarify the rule.

UPDATES TO 2016 REGULATORY PLAN- SECTION 120.74(1)(c), F.S.

DRAFT

The Commission has no laws or updates to the 2016 Regulatory Plan to report pursuant to Section 120.74(1)(c), F.S.

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

**UPDATED
OUTSIDE PERSONS WHO WISH
TO ADDRESS THE COMMISSION AT**

**INTERNAL AFFAIRS
September 7, 2017**

<u>Speaker</u>	<u>Representing</u>	<u>Item #</u>
Joel McManus, Senior Manager	Lockheed Martin	1
John Pericci, Director of Business Development, Rotary and Mission Systems	Lockheed Martin	1
Anthony Pellegrino, Research Engineering Senior Manager and EnerGENIUS	Lockheed Martin	1

III. Supplemental Materials for Internal Affairs

Discussion of Issues

Issue 1: Is the quality of service provided by Beaches Sewer Systems, Inc. satisfactory?

Recommendation: Yes, the quality of service provided by Beaches Sewer Systems, Inc. should be considered satisfactory. The Utility's wastewater treatment plant (WWTP) and related facilities are in substantial compliance with DEP's requirements and is working towards full compliance. (Ellis)

Staff Analysis: Pursuant to Section 367.081(2)(a)1, F.S., in water and wastewater rate cases, the Commission shall consider the overall quality of service provided by a utility. Rule 25-30.433(1), Florida Administrative Code (F.A.C.), provides for the evaluation of three separate components of the utility's operations. The components evaluated are (1) the quality of the utility's product; (2) the operational conditions of the utility's plant and facilities; and (3) the utility's attempt to address customer satisfaction. The Rule further states that sanitary surveys, outstanding citations, violations, and consent orders on file with the Florida Department of Environmental Protection (DEP) and the county health department over the preceding three year period shall be considered. In addition, customer comments or complaints received by the Commission are also reviewed.

Quality of Utility's Product

Environmental jurisdiction of Beaches' wastewater facilities is under the DEP. To evaluate Beaches' product quality, staff reviewed the Utility's compliance with the DEP environmental requirements regarding effluent quality. For the period of August 2016 through May of 2017, a review of the Utility's discharge monitoring reports shows all testing of effluent quality is currently within the DEP standards.

Operating Condition of the Utility's Plant and Facilities

Beaches is a wastewater service only utility. Staff conducted a site visit to inspect the facility on March 9, 2017. Several components of the system were noted by staff to be in disrepair, in need of replacement, or in need of additional equipment. These items are included in the list of pro forma projects discussed in Issue 16.

On May 3, 2017, the DEP conducted an inspection of the Beaches WWTP and noted several areas of non-compliance such as out of date chemicals and no receipt for flow meter calibration that have already been corrected by the Utility. The only remaining item of concern to be addressed by the Utility is the failure to rotate and rest the percolation ponds as described in the WWTP's permit. This concern was previously noted in the prior DEP inspection conducted on August 29, 2016. As noted above, the Utility has proposed pro-forma projects to address this concern.

The Utility's Attempt to Address Customer Satisfaction

The final component of the overall quality of service that must be assessed is the Utility's attempt to address customer satisfaction. As part of staff's evaluation of customer satisfaction, staff held a customer meeting in Port St. Joe, Florida, on March 9, 2017, to receive customer comments concerning Beaches' quality of service. Only one customer attended the customer meeting, and the customer provided general comments regarding wastewater systems. The

Parties/Staff ^{COMM} Handout
Internal Affairs/Agenda
on 9 / 7 / 17
Item No. 4

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IV. Transcript

BEFORE THE
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PROCEEDINGS: INTERNAL AFFAIRS

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD BRISÉ
COMMISSIONER DONALD J. POLMANN

DATE: Thursday, September 7, 2017

TIME: Commenced at 10:55 a.m.
Concluded at 12:07 p.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

1
2 **CHAIRMAN BROWN:** We are on now. This is our
3 Internal Affairs meeting. Today is September 7th. The
4 time is roughly 11:00 o'clock. And we have some special
5 guests here with us today. We have -- and I want to
6 extend our thanks. These -- some of them are -- may be
7 affected by Hurricane Irma, and they took the time out
8 of their schedules to be here today. This has been on
9 our schedule here, and it's very relevant. So I
10 appreciate you all coming down here to Tallahassee, and
11 thank you.

12 And with that, if you could, just introduce
13 yourselves, and I'll -- you know the Commissioners here.
14 So, again, it's a very informal process here. We may
15 interrupt you, we try not to, just to ask questions.
16 But if you could start with you.

17 **MR. PELLEGRINO:** Sure. I'm Anthony
18 Pellegrino. I'm the chief engineer for Lockheed Martin
19 in the, the advanced energy generation market segment.
20 So I'll be here to talk to you a little bit about tidal
21 power, how it works, what we've been doing in that area,
22 and hopefully learn a little bit from, from the
23 conversation.

24 **MR. McMANUS:** Joel McManus. I'm the southeast
25 business development director for Lockheed Martin

1 Energy. I'm based in Myrtle Beach, South Carolina, so I
2 feel your pain. We certainly will be pulling for
3 each other over the next few days. Yeah, and so I
4 represent the full portfolio of energy solutions
5 products, and a former Lakeland Electric employee.

6 **CHAIRMAN BROWN:** Yes.

7 **COMMISSIONER BRISÉ:** All right.

8 **MR. PERICCI:** My name is John Pericci. I'm
9 the director of business development for the Lockheed
10 Martin Energy business area.

11 **CHAIRMAN BROWN:** Well, thank you. If you want
12 to kick off your presentation -- we do have copies, but
13 for those of you in the audience and watching on TV, we
14 have a screen up. So you have the floor.

15 **MR. McMANUS:** Members of the Commission, thank
16 you so much for having us. When you think of Lockheed
17 Martin, I'm certain that you think of our energy line of
18 business first rather than our defense line of business.
19 But while energy is a small line of business, we
20 certainly have a very active and robust portfolio of
21 energy solutions.

22 I was listening to your agenda meeting this
23 morning. Some of the things that you guys are sort of
24 wrestling with and focused on are some of the solutions
25 that we're involved in. For example, the ITOT world,

1 that's certainly something that's within our
2 capabilities.

3 And just this morning I was communicating with
4 your utilities in Florida about our quadcopters, which
5 are ready and active to go to do storm assessment after,
6 after the fact.

7 And so, you know, we're involved in a lot of
8 different areas that are complementary to utility
9 operations. And John is going to kind of cover what
10 those specifically are, and then we're going to get into
11 the specific topic of today's meeting. So --

12 **CHAIRMAN BROWN:** Thank you.

13 **MR. McMANUS:** And I did listen this morning.
14 Yes, it does represent the Gamecocks.

15 (Laughter.)

16 **COMMISSIONER POLMANN:** Great. Glad to know
17 that. This represents nothing in particular.

18 (Laughter.)

19 **MR. McMANUS:** Thank you for having us.

20 **CHAIRMAN BROWN:** Thank you.

21 **MR. McMANUS:** John.

22 **MR. PERICCI:** Thanks, Joel. Just, as Joel
23 mentioned, just a brief introduction about Lockheed
24 Martin Energy before we get into tidal power.

25 As Joel mentioned, I know when you think of

1 Lockheed Martin, you think of our operations here in
2 Orlando and Ocala and Clearwater and the products that
3 we make. Not many people think about Lockheed being in
4 the energy segment or a segment or energy market, but
5 for a very, very long period of time we've, we've
6 supported energy as well as our core markets.

7 When you look at our history of over 70 years
8 in nuclear power, 60 years of experience in advanced
9 batteries, the patents that we have across the energy
10 lines of business, and, of course, cyber security runs
11 across all those.

12 Our expertise in space converts over to the
13 advanced batteries. Think about the duration of a
14 satellite and, and the power that has to be provided to
15 that over a period of time.

16 The safety of nuclear reactors in, in the
17 military for subs and aircraft carriers, and the high
18 reliability and, and long-term use of those to maintain
19 safe operation in, in space with propulsion and
20 propellers, how that converts over to what Anthony is
21 going to talk about with tidal energy with some of the
22 advanced technologies.

23 And then our SEView platform, which we
24 introduced into Lockheed Martin very early in its
25 infancy to, to manage and to create energy efficiency

1 within our business to, to improve what would be the
2 operations that we have across the, the globe.

3 And then finally the systems integration
4 experience that we have and bringing all these
5 technologies together, manufacturing, and, and carrying
6 those into the different energy products that we have.

7 We have an advanced energy, waste-to-energy
8 technology and facility that we're converting feedstock
9 and municipal solid waste over to what would be
10 gasification, then into power.

11 So all of these technologies came from, in
12 many cases, our core business that we're converting
13 over, and quietly we've done that for a very long period
14 of time.

15 So Lockheed Martin Energy as a business was
16 formed a few years ago. We took all of the different
17 business units that we had and combined all of those
18 capabilities, those technologies, and those products
19 under, under one business area. And our focus is,
20 again, on, on not what's here and now, but it's what's
21 next. So when you think about energy storage and how
22 that enables all of energy and power, we're producing,
23 we're designing and developing what would be an advanced
24 energy flow battery for a long duration, high
25 efficiency, and we can talk more about that in another

1 period of time. But, again, next generation type ready
2 to be released in '17.

3 The waste-to-energy facility I mentioned; the
4 nuclear systems and solutions, those control systems
5 safely controlling nuclear reactors; as well as the
6 marine turbine energy, which I mentioned we're going to
7 talk about. And then finally our distributed energy
8 solutions, which has application in pretty much any
9 power application energy usage.

10 So all combined under one business. And,
11 again, we'd be glad to talk about more of those things,
12 but we're going to transition here to the tidal power.

13 **CHAIRMAN BROWN:** Before you transition, you
14 said Lockheed Martin Energy was formed recently. How --

15 **MR. PERICCI:** About two and a half years ago.

16 **CHAIRMAN BROWN:** How big is it in terms of
17 scope of the portfolio?

18 **MR. PERICCI:** Oh, it's in Lockheed Martin, a
19 publicly --

20 **CHAIRMAN BROWN:** No, the Lockheed Martin
21 Energy. Yeah.

22 **MR. PERICCI:** Yeah. It's, it's a very small
23 percentage. You know, when you think about Lockheed
24 being a \$50 billion company, it's a very small
25 percentage.

1 **CHAIRMAN BROWN:** But it's growing.

2 **MR. PERICCI:** Yes, it is growing. It's a
3 growing segment.

4 **CHAIRMAN BROWN:** Thank you.

5 **MR. PERICCI:** You're welcome.

6 We are across the globe. Our presence is not
7 just in the United States. In many of the countries
8 that we do business in for other, other products, we've,
9 we've pushed out the Lockheed Martin energy portfolio to
10 those. And we're doing business here, just in -- but we
11 are headquartered, by the way, in, in Grand Prairie,
12 Texas.

13 Just a listing of some of the companies that
14 we're dealing with, all, all very, very notable
15 companies. We've been doing business in these different
16 business areas for a long period of time, and you can
17 see some, some Florida power companies that are listed
18 within there.

19 **COMMISSIONER POLMANN:** Those are not in
20 Greenland.

21 **MR. PERICCI:** No.

22 Okay. Anthony, you want to --

23 **MR. PELLEGRINO:** Yeah. So I guess we'll
24 transition over a little bit to the topic at hand. And
25 I apologize if I have my, my back to the back of the

1 room here.

2 **CHAIRMAN BROWN:** Oh, they don't care. You
3 just want to focus over here.

4 (Laughter.)

5 **MR. PELLEGRINO:** Yes. So we'll talk about
6 tidal turbines. We'll go through kind of how the
7 technology works, what's involved, what makes up a
8 turbine. The particular turbine that we've designed,
9 we'll go into some of the specifics there. If I talk
10 about something, something is not making sense, just
11 feel free to interrupt. I want to make sure you
12 understand what I'm saying as opposed to waiting till
13 the end and then losing the question, so by all means.

14 John, you can flip.

15 **MR. PERICCI:** Sure.

16 **MR. PELLEGRINO:** So, well, we already went
17 through the agenda, so we can keep going.

18 So this is a picture, just to set the stage a
19 bit, this is a picture of a turbine that we just
20 deployed in February of this past year. We'll talk
21 about some of the project specifics. But it gives you a
22 sense of what the, what the unit actually looks like.
23 Very similar to a wind turbine, and so you'll notice a
24 lot of, you know, similarities. There are some
25 differences. We'll talk through some of those things

1 and we'll, we'll get into those details.

2 So move on to the next slide. So I know the
3 words are a little small on this, but if you can read
4 them, it's good. This is nice for, like, a tri-fold
5 handout. And it explains, explains tidal turbines, how
6 they work, the constituent parts that make them up.

7 There's really four, four different parts.
8 One is the turbine which you see in the gray color
9 there, which is the picture we saw just in the slide
10 before. That mounts on, on a base. We call it a
11 gravity-based system, or a GBS, basically a unit that
12 sits on the seabed floor. It sits there based on its
13 own weight. So it's a very heavy unit with concrete
14 blocks there that keep it stationary and stable on the
15 seabed floor.

16 There's an under, there's an undersea cable
17 that goes back to shore. That's a third part. And
18 finally you get up to a substation that's onshore that
19 does all the, you know, the power distribution back to
20 the, to the grid.

21 As you can see some of the dimensions there,
22 the unit stands about, you know, 20, 25 meters in
23 height. So you typically need about 30, 35 meters of
24 depth of water minimum in order to kind of still keep,
25 still keep it below where you're not actually, you know,

1 piercing the surface of the, of the water.

2 And the unit is fairly large. It's about,
3 about two, two-plus meters in diameter. So if you're
4 looking kind of straight on to the unit, that's about
5 the size -- about 12 meters in length, to give you a
6 sense of the size of these units.

7 The -- we'll go through some of the parts of
8 the turbine and specifically the technology that sort of
9 makes that possible in a few slides later, which I think
10 kind of better, better depict those things.

11 You can see in the little graphic there,
12 that's highlighted in blue where there's possible sites
13 for tidal energy. And I know it's real hard to see, but
14 believe me when I say it. Actually there's a part of
15 Florida -- the southeast coast of Florida actually is
16 one of the areas that is, you know, selected for
17 possible development.

18 **CHAIRMAN BROWN:** This week would probably be a
19 rough week.

20 **MR. PELLEGRINO:** Yes. Obviously when you have
21 storm surges and stuff like that and different wave
22 profiles, it, it imparts extra load onto the system. So
23 these systems do have to be designed to withstand
24 extreme, you know, hundred-year storm type conditions,
25 which, you know, unfortunately it looks like one of

1 those might be coming.

2 **CHAIRMAN BROWN:** Do they, do they stay on
3 during storms?

4 **MR. PELLEGRINO:** If there's -- if the storm
5 condition is so, so high, what we'll do is we actually
6 "safe" the unit. We just turn it off rather than try to
7 generate through it.

8 Interesting thing with it is if you, if you
9 put too much energy in, so the flows are getting too
10 high, you actually can overdrive the system and then
11 actually break it. Almost like redlining your car.
12 Right? You don't want to go too fast. You want to keep
13 it in that range where the engine actually functions.
14 Same kind of concept.

15 So, but, you know, what we do is when we -- we
16 look at different sites and we develop these solutions
17 for those sites. You size something to withstand the
18 conditions that you would see in, you know, normal
19 operations and even extreme environments.

20 **COMMISSIONER POLMANN:** I assume the turbine
21 only works in one direction.

22 **MR. PELLEGRINO:** Yes. So there's actually --
23 well, is it the next -- no, it's a couple of slides
24 down. But we actually spin the turbine to then face the
25 ebb or the flow of the tide. So there's a unit that we

1 call the all-drive system, which is basically like a
2 large, very large lazy Susan that just basically spins
3 the unit and then locks it into place so it doesn't get
4 knocked around.

5 **COMMISSIONER POLMANN:** Oh, rotates the --

6 **MR. PELLEGRINO:** Right.

7 **COMMISSIONER POLMANN:** Okay. Got you.

8 **CHAIRMAN BROWN:** How long would, would you
9 generate power, I mean, would it run?

10 **MR. PELLEGRINO:** So a tidal cycle is usually,
11 about --

12 **CHAIRMAN BROWN:** Peak power.

13 **MR. PELLEGRINO:** -- about six -- in fact, go
14 to the next slide. It actually -- it's -- so the
15 graphic there on the upper right, the red lines that you
16 see there is the, the available power that's produced
17 with a tidal turbine. One of the real, kind of,
18 benefits -- a common question is, "Well, what's -- how
19 is tidal turbine, you know, technology any different
20 than, like, wind energy or solar? It's all renewable.
21 It's green. What are the differences?"

22 One of the main difference is it's very
23 predictable. Tides come in and out every six hours. We
24 know what they are. You can forecast them years in
25 advance. With wind, you know, wind sometimes is there,

1 sometimes is not. Solar, you know, 12 hours a day, you
2 know, you're not getting any sun. So there's large
3 periods of time that you're not getting power. With
4 tide -- tidal power, it's extremely reliable, so you
5 know it's there.

6 So in large enough quantities it can be
7 counted on as baseload power for the grid, which, you
8 know, a lot of renewable sources have struggled with
9 that. And that kind of graphic sort of depicts that.

10 You see wind and kind of the chaotic pattern
11 of wind, especially solar behind that as well in the
12 different colors. So there's a peak period of time that
13 it produces when the flow is strongest. But then
14 obviously once you get into the flow when it starts to,
15 starts to stop, that's when we actually rotate and turn
16 to the other direction, and then we kick back up as the
17 flow starts coming in again.

18 **CHAIRMAN BROWN:** What is the cost for a
19 generator like that or a turbine like that?

20 **MR. PELLEGRINO:** They're -- it all depends on
21 the size, so it's hard to give you a direct figure. But
22 there -- for a single turbine --

23 **COMMISSIONER POLMANN:** You didn't really
24 expect an answer.

25 **CHAIRMAN BROWN:** I did. A ballpark?

1 **MR. PELLEGRINO:** You're talking in the
2 millions of dollars for a turbine. But, again, it
3 depends on the size. If you go with something much
4 smaller, it's going to be a much smaller number.
5 Something larger is going to --

6 **CHAIRMAN BROWN:** Installation costs?

7 **MR. PELLEGRINO:** Installation costs will be --

8 **COMMISSIONER POLMANN:** It depends on where you
9 put it.

10 **MR. PELLEGRINO:** Can you go to the next -- I
11 think it might be the next slide.

12 **CHAIRMAN BROWN:** He's sounding like a lawyer.

13 **MR. PELLEGRINO:** If you go to the next slide,
14 I can show you kind of what we've, what we've done. We
15 don't have a real good picture of it. Go back one,
16 John.

17 The -- for -- here's the big difference
18 between wind and tidal. Right? Tidal you're going
19 subsea -- right? -- so the cost for a unit is going to
20 be, is going to be higher. But what does that mean? So
21 we look at it from a -- as a technical problem, a wind
22 field, you know, wind array, you can drive a truck out
23 there, you can go up, you can service it. It's, it's
24 readily accessible. So there your O&M costs are not
25 going to be quite as, you know, difficult to handle as

1 you have with tidal.

2 So when you design a tidal turbine, it's got
3 to be able to stay underwater for long periods of time.
4 And then if you do have to retrieve it, you need to be
5 able to retrieve it very quickly and easily. So one of
6 the things that we've really concentrated on with this
7 AR1500 turbine, which we'll get to in a couple of
8 slides, is how it actually gets deployed.

9 And there's what we call a cable management
10 system or connection management system that has these,
11 these connectors that are wet mate. So you basically
12 install the unit from a ship that's, you know, on the,
13 on the surface. It goes down onto that gravity-based
14 system and just connects right up.

15 You don't have to worry about kind of doing
16 dry-mate connectors with cables that are offshore and
17 dropping them down. And the deployment times we've had
18 are actually less than an hour long. I think we did 45
19 minutes for the turbine, which, you know, is, is
20 incredible. That's -- that was actually way better than
21 we even hoped it would be.

22 **CHAIRMAN BROWN:** Wow.

23 **MR. PELLEGRINO:** Which is important because
24 when you do put these things in strong tidal fields, you
25 don't want to do it when the tide is coming in. I mean,

1 it's hard to imagine. People sometimes that aren't used
2 to these strong tidal fields think of tides that just,
3 you know, when they're at the beach or whatever, water
4 comes in, water comes out. But these are like raging
5 torrents that come through. And to have a ship that's
6 on station out when the tide is coming in is dangerous
7 and there's a lot of risk to deploying.

8 So if you can minimize that time, and that's
9 what we did with this, is we wanted a turbine that would
10 install quickly and then it would last underwater. So
11 our predictions for this turbine is that it stays
12 underwater -- what we designed to is over six years. So
13 we're not going to go up and service it every six
14 months. We're not looking to touch it even every couple
15 of years. It's long periods of time. And, and that's
16 how we think tidal energy is competitive with wind
17 because we're designing for not touching the unit. But
18 that's difficult, that's a tough engineering problem to
19 solve to have something that lasts, you know.

20 To figure -- you run your car. How often do
21 you change the oil in your car? Right? Can you imagine
22 running it for over six years and just never touching
23 it? You don't even put gas in it, nothing. You just --
24 there's nothing that gets -- happens to it, and it's got
25 to just continually operate, you know, all the time.

1 So it's -- John mentioned, you know, why is
2 Lockheed Martin into these types of things, you know?
3 We're really a technology provider for the government.
4 And we have leveraged a lot of that learning and
5 know-how that we've done on normal products and tried to
6 push that into the energy market, and this was an area
7 that we thought, you know, we could be successful in
8 doing so. So that's sort of the -- kind of the how and
9 the why we got into this.

10 **COMMISSIONER BRISÉ:** What are the risks to the
11 turbine?

12 **MR. PELLEGRINO:** So the risk to the turbine
13 is, one, if you have, you know, crazy storm conditions
14 that are coming through, could you actually have some
15 damage to it? But we have econ-ops (phonetic) in place
16 that we, you know, we "safe" the system, break it, so
17 that we don't try to operate through those things. And
18 then if you have a failure subsea and you do need to go
19 in and retrieve the system prior to its planned, you
20 know, maintenance period, then you now have to bear the
21 cost of doing an unplanned retrieval. But, you know,
22 that's -- you know, again, we try to design around that
23 so that you don't have that, so you have that longevity.
24 But those are, those are the real two risks to, to these
25 units.

1 **MR. BAEZ:** When you say -- sorry. Over here.
2 When you say "safe mode," what are you doing? Are you
3 just freewheeling the --

4 **MR. PELLEGRINO:** Yeah. So you can -- it
5 depends on the condition, but you can either freewheel
6 or just break the system and make sure that the blades
7 are not moving.

8 **MR. BAEZ:** Okay, okay.

9 **MR. PELLEGRINO:** So the way that we actually
10 designed the architecture is if the -- if there is
11 such -- if there's a storm surge that happens and
12 somehow there's, like, some internal wave that comes
13 through and that really loads up the system, the first
14 things to break you'd actually want are the blades.
15 They're the easiest thing to, to replace on the unit.
16 You don't want to actually damage all the internals. It
17 just -- that's harder and harder.

18 **MR. BAEZ:** Right.

19 **MR. PELLEGRINO:** So you have kind of this what
20 breaks first, what breaks second.

21 **MR. BAEZ:** There's a, there's a priority of
22 what you're going to allow.

23 **MR. PELLEGRINO:** Right, exactly. Now
24 obviously you don't want anything to break. Right? But
25 that's why we usually stop the unit and try not to

1 operate through those conditions if they, if they occur.

2 But we also -- we're not designing for, you
3 know, a five-year storm or a ten-year storm. We try to
4 design for things like hundred-year storm conditions so
5 that, you know, you don't have to do that on a regular
6 basis.

7 **MR. BAEZ:** What are the blades made of?

8 **MR. PELLEGRINO:** These are carbon fiber
9 composite. There's, there's other technology out there
10 for other turbines that use steel blades. They're much,
11 much, much heavier. It becomes harder to balance the
12 turbine.

13 **MR. BAEZ:** And lower, lower RPM?

14 **MR. PELLEGRINO:** They'll both rate the same
15 RPM. But what happens -- when I was mentioning before
16 about deploying the turbine and making it easy to
17 deploy, how quickly we can deploy this turbine is really
18 because of the balance of the system. You can get a
19 nice pick point and drop it in. The thing is if you
20 have it kind of where it's unbalanced and it's a little
21 bit listing one side or other, the operation to do it
22 takes such a long time. And in comparison, from things
23 that have taken, like, 12 to 18 hours to deploy, they
24 said ours was, you know, like, 45 minutes, which was
25 incredible because you can do it, you know, right when

1 you have a neap tide, in-between the changeover of the
2 tides when the water is most, most calm. And, again,
3 everything becomes more safe and you don't have as much
4 risk in your, in your deployment or retrieval
5 operations.

6 **CHAIRMAN BROWN:** Commissioner Brisé, you have
7 --

8 **COMMISSIONER BRISÉ:** Yeah, just one follow-up.
9 In terms of recognizing that the turbine is moving
10 real -- the blades are moving really slowly, what is the
11 risk to wildlife?

12 **MR. PELLEGRINO:** So the -- that's one of the
13 reasons why we do move fairly slow. Right? If it was
14 moving super fast, it would be obviously be higher.
15 Right? That goes without saying.

16 **COMMISSIONER BRISÉ:** Well, it would be a
17 blender.

18 **MR. PELLEGRINO:** Yeah.

19 **CHAIRMAN BROWN:** Chum.

20 **MR. PELLEGRINO:** It would be a chum, chum
21 machine obviously.

22 (Laughter.)

23 That is obviously not the intent of the
24 turbine. But for the most part, marine life actually do
25 sense that there's a disturbance in the, in the water.

1 **COMMISSIONER BRISÉ:** Sure.

2 **MR. PELLEGRINO:** They don't like being near
3 those disturbances, especially if they can sense it when
4 it's coming straight on. When there's disturbances that
5 are kind of coming suddenly from the top or below,
6 that's the one that catches them by, by surprise a
7 little bit more and it becomes harder for them to
8 navigate around it.

9 But, but that's the -- that -- we don't
10 anticipate large, you know, casualties from -- in the
11 marine life populations. And when you do put one of
12 these systems in, you know, you go through the due
13 diligence of doing an environmental study prior, during,
14 and then after for periods of time, I think it's about
15 two years prior and after, to see what the ramifications
16 are of anything. And if there are, you know, how to,
17 how to remediate them. So trying to be environmentally
18 conscious with this.

19 **COMMISSIONER BRISÉ:** Sure.

20 **MR. PELLEGRINO:** You know, that is sort of --
21 it all falls in the same, I'd say, bucket as, you know,
22 being, you know, good stewards of renewable energy. You
23 don't want to be destroying the environment in the
24 process. That sort of --

25 **CHAIRMAN BROWN:** So how extensive is the

1 permitting process?

2 **MR. PELLEGRINO:** The permitting process
3 actually isn't, isn't too bad. We've already gone
4 through it with the site at MeyGen. I think that's at
5 the end of the slides or something. And that's a tidal
6 field over in the north of Scotland between the northern
7 part of Scotland and the Orkney Islands. There's a very
8 strong tidal current that comes through there. It's
9 probably one of the most energetic in the world. And
10 very difficult to design for a turbine that survives
11 there, but that's the -- that's what we went for. We
12 tried to do that, and I'd like to say very successful
13 with it.

14 So we've gone through the permitting process
15 there. But, again, it does require doing a study for a
16 period of time prior to you installing it. And then
17 once you've installed it, monitoring what the
18 environment looks like and then submitting reports, and
19 then that gets reviewed by, you know, organizations like
20 the EPA and so forth.

21 **CHAIRMAN BROWN:** Uh-huh. Uh-huh.

22 Oh, Commissioner -- I'm sorry. Commissioner
23 Polmann.

24 **COMMISSIONER POLMANN:** Thank you.

25 You have a cable from the unit to shore.

1 **MR. PELLEGRINO:** Yes.

2 **COMMISSIONER POLMANN:** Does that also include
3 control system cables, or how is this thing controlled?

4 **MR. PELLEGRINO:** So, yeah, it's a single cable
5 that runs back and forth. It has control on there as
6 well as the, obviously the power that gets generated.
7 And so it's not, like, wireless or anything.

8 **COMMISSIONER POLMANN:** Right. Okay.

9 **MR. PELLEGRINO:** It is a direct line of
10 communication to the, to the turbine.

11 We have a fair amount of electronics that are
12 packaged within the turbine to do most of the sensor
13 monitoring and power conditioning and distribution of
14 stuff within the turbine, and then that goes back to a
15 remote station onshore where you actually control the
16 field. So you see the data that comes back, you
17 understand how the system is working, the internal
18 diagnostics that we've designed in, in order to see, you
19 know, if there's something, you know, deteriorating, if
20 something bad happens, you need to change an operating
21 parameter in order to, to make the unit work.

22 And you're -- what you're doing with this,
23 this unit -- and, you know, in fact, why don't you go to
24 the slide of the cutaway. Yeah. So these, these are
25 the parts. Let's talk about that for just a minute.

1 This is -- to me, this is the fun, most fun stuff.

2 Within the, within the unit there's a, there's
3 a few different pieces. If you look all the way to the
4 left, what we call -- we use the -- we use acronyms a
5 lot at Lockheed Martin. Right? So VPS, or variable
6 pitch system, that has the blades on it. What that does
7 is that rotates around and that what's actually, you
8 know, generating the motion that gets converted over
9 into electricity. So that unit moves around. The
10 blades are on there and the blades change, change
11 position. So just like a -- the rudder propeller system
12 on a ship, it's the same kind of technology that works
13 there.

14 And what that does is the blades are
15 constantly feathering back. So if you just leave the
16 blades at, like, their most aggressive angle, the system
17 will want to overspeed. It'll just want to continue to
18 get faster and faster and faster until something bad
19 happens. So what you're doing is you're constantly
20 monitoring the overall speed, and you're changing your
21 blade positions to then kind of keep it a constant RPM.
22 Right? And that's kind of the sweet spot where the
23 generator is that generates electricity.

24 So that, that moving mechanism goes through
25 the -- we call them the cell main body, which is where

1 you see that big, long metal shaft up there in the
2 cutaway. And then it goes into a gear box on the back
3 end, so further to the right. That kicks up the RPMs so
4 that you're at a faster speed. Again, keeping marine
5 life and everything, you want to go kind of slow. And
6 then that goes into an actual generator that then
7 produces the electricity that gets pumped back to,
8 pumped back to shore.

9 And on the bottom there, the cutaway with the
10 little yellow motors and kind of the blue, bluish plate
11 you see in there, that's the yaw drive. And that's a
12 mechanism that, again, rotates the unit so it's always
13 facing within the direction of the flow and, and locks
14 it into place. So we have some pretty neat technology
15 there that kind of keeps it locked in place. It can
16 point it in increments of less than 2 degrees of
17 accuracy. So if the tide does suddenly change a little
18 bit from one direction to the other, it's easy enough to
19 make a very small adjustment, and you're always kind of
20 optimizing your energy generation that way. Because
21 obviously if you're not pointed directly in the flow,
22 it's -- you're getting off-axis type flows. It's not,
23 you know, it's not optimal. So this was our, our way to
24 do that.

25 **COMMISSIONER POLMANN:** Okay. Another

1 question. The -- you say a minimum depth. Is there a
2 maximum depth that, that you design for?

3 **MR. PELLEGRINO:** About, about 100 meters would
4 be maximum. The -- as you get further and further down,
5 offshore operations become harder and harder to do
6 because you're deploying from the surface. So it just
7 becomes, you know --

8 **COMMISSIONER POLMANN:** Just a practical
9 matter.

10 **MR. PELLEGRINO:** Yeah, it becomes harder.

11 **COMMISSIONER POLMANN:** Not necessarily in
12 terms of this unit.

13 **MR. PELLEGRINO:** No, just the seals we design
14 are, are for -- the way a lot of the seals work is
15 they're pressurized from the outside pushing in.

16 **COMMISSIONER POLMANN:** Sure.

17 **MR. PELLEGRINO:** So they actually get --

18 **COMMISSIONER POLMANN:** Better.

19 **MR. PELLEGRINO:** -- tighter -- right? -- as
20 you get --

21 **COMMISSIONER POLMANN:** Okay.

22 **MR. PELLEGRINO:** -- higher and higher
23 pressures. So that's not really a concern there. But,
24 again, there's the practical, you know, limitations and
25 difficulties of trying to land a unit on a --

1 **COMMISSIONER POLMANN:** Sure.

2 **MR. PELLEGRINO:** -- down in there. And if you
3 ever had to put divers, which, again, normally that's
4 not how we work, this works, but if it was there,
5 further and further down, the harder and harder it is to
6 do stuff like that, so.

7 **COMMISSIONER POLMANN:** Thank you.

8 **CHAIRMAN BROWN:** Well, I'm a certified diver,
9 and I'd be happy to, happy to dive down there in
10 Scotland and check it out.

11 (Laughter.)

12 **MR. PELLEGRINO:** That might be hard because
13 you'd probably be swept away when these tides come
14 through. I don't think it's going to be as pretty as
15 some of the waters down around here.

16 **MR. BAEZ:** Bring a sweater.

17 **CHAIRMAN BROWN:** Site visit.

18 **MR. PELLEGRINO:** So we'll go into MeyGen and,
19 and kind of where we are on things there.

20 This -- the slide back, John, just to talk to
21 that picture. That's actually the -- us deploying this
22 unit we call the AR1500. 1500 means 1.5 megawatts of
23 energy. So that's what its rated power is. That's what
24 we designed it for. We had just deployed it in
25 February. It stayed underwater for a few months. We

1 pulled it out to do some planned interventions with it.
2 You know, it's our first unit. We're learning with it.
3 We're trying to figure out some things. And actually
4 we're getting ready to put it back into the water either
5 the end of this month or beginning of next month. We'll
6 see what works out well.

7 And -- but that was actually the deployment
8 that we did back in February. Everything worked really
9 well with that. We were real happy with how that, how
10 that went. And we'll talk a little bit about MeyGen and
11 what that, what that project is like.

12 So this slide sort of captures this MeyGen
13 project. So right there you can see -- that's the very
14 north of Scotland. Not a whole bunch of people are
15 probably real familiar with it. But John O'Groats is
16 kind of one of the most northern cities in the -- on the
17 island there in Great Britain. And so this, this area
18 called the Pentland Firth that's right between the
19 Orkney Islands that are right north of it and then the
20 mainland, a lot of water flows through that area during
21 the, during the tide. So you get up to, to speeds of
22 about 5 meters per second actually, and that's a real,
23 real, real -- a lot of energy -- right? -- that's moving
24 through there.

25 You know, these, these turbines, you know, in

1 comparison to wind turbines are much, much, much smaller
2 when you look at, like, windswept diameters because, you
3 know, water is about 8.5 times as dense as air. So, you
4 know, a little bit of current goes a long way as opposed
5 to a lot, a lot of wind.

6 So there was a graphic before, in one of the
7 slides before where it showed you a picture of, like, a
8 wind turbine and then it showed you a little picture of
9 a tidal turbine. They're roughly the same, at least
10 close to the same power scale. And there -- it's a
11 massive difference in size.

12 Also, you know, with wind, the higher you get,
13 the better, the more reliable it gets. But that's the
14 harder it is to build; right? And that's some of the
15 technology that the wind industry has been pushing is
16 these long, you know, structural columns to get up, you
17 know, into, into the air. But, again, everything
18 becomes harder and harder as you do stuff like that.

19 So here in this site here at MeyGen, right now
20 we're -- we've just deployed 6 megawatts of power for
21 what we call Phase 1A. So this a multiphase project
22 that's helped -- it's being funded through the Scottish
23 government to develop this, this, this area to produce
24 up to 400 megawatts of, of power.

25 The -- this Phase 1A, that was 6 megawatts.

1 We're looking at Phase 1B starting next year, and
2 that'll be another 6 megawatts. Then we'll go on to
3 what will be Phase 1C. That'll get up to about 50
4 megawatts. And then Phase 2 would then go to the full
5 400 megawatts. So all in all, it should be about
6 roughly 250 turbines or something like that. I think
7 it's 265, yeah. So it's a fair number of turbines. And
8 that'll be sort of the leading project for this, for
9 this technology. So a lot of our focus and our design,
10 you know, considerations have all been in this, this one
11 area.

12 There's another area of the world, the Bay of
13 Fundy. A lot of people, when you hear about tides,
14 people think, ah, Bay of Fundy up in Canada. That's
15 another area of focus for us as well because, again,
16 there's a lot of, lot of energy there.

17 But then there's places all over the globe,
18 and I think the next slide actually shows some of that
19 where there's potential projects that could be developed
20 and what -- you know, high level estimates of the amount
21 of power that actually could be generated in those,
22 those different areas of the world.

23 It also gets -- a question I think you were
24 asking about depth and kind of what the -- because,
25 again, you don't want to go beyond about that 100 meter.

1 It becomes just impractical. But these are the areas of
2 the world where you still have good flows in a
3 relatively not too deep, not too shallow area and where
4 you'd, where you'd develop these things.

5 **MR. HETRICK:** So on the Scotland project, what
6 level of population or geographic area can that serve?

7 **MR. PELLEGRINO:** Ooh, I forget the numbers
8 now. It was several thousand homes. We had, like, a
9 bunch of estimates and metrics. I can -- I'd have to go
10 back and remember those.

11 **MR. PERICCI:** Yeah, we'll get back to you.
12 I'm not sure what the --

13 **MR. PELLEGRINO:** Yeah, I don't want to quote
14 you the wrong thing. But it's in, it's in, like, the
15 thousands of homes and stuff like that that you can
16 generate just with this power.

17 **CHAIRMAN BROWN:** That would be helpful
18 definitely to know.

19 **MR. PELLEGRINO:** Absolutely, yeah. I just --
20 I should have that memorized, but --

21 **CHAIRMAN BROWN:** No, it's okay.

22 Commissioner Polmann.

23 **COMMISSIONER POLMANN:** Yes. Have you done an
24 analysis -- obviously it depends on the, the shape of
25 the -- where these are deployed obviously, the tidal

1 energy and so forth is, is critical.

2 **MR. PELLEGRINO:** Uh-huh.

3 **COMMISSIONER POLMANN:** But what about
4 navigation and so forth? Is there analysis that you've
5 done to -- a shipping channel that could affect the
6 energy you're able to capture? Maybe it's insignificant
7 compared to the tide.

8 **MR. PELLEGRINO:** Yeah. So anything in terms
9 of -- let me answer the question this way, and if I
10 don't answer it, just ask it again.

11 The fishing industry and stuff like that --

12 **COMMISSIONER POLMANN:** Sure.

13 **MR. PELLEGRINO:** -- that was -- all things
14 have to be controlled around here. The turbine itself
15 does have ways to cut nets, so we have rope cutters and
16 stuff like that that are around it when it's spinning so
17 you don't actually get tangled and then break something.
18 But obviously it's not helping local fishermen --
19 right? -- that are losing their, their nets. But, but
20 those are things that have to be controlled and
21 understood where these are getting deployed.

22 So there's usually a study that starts, it's
23 part of, like, the environmental impact about what's
24 actually happening in that particular, you know, area.
25 What does that do to the local, you know, industry that

1 depends on fishing and all that stuff, because you want
2 to control that around where these turbines are. But
3 they're also far enough -- you want to put them far
4 enough underwater so that you're not stopping shipping
5 traffic going across. So Maritime traffic, you know,
6 obviously is huge in, you know, everyone's -- you know,
7 our commerce. So you don't want to be precluding that
8 happening from anywhere, and that's why you want to go
9 to like these sort of minimum depths. You don't want
10 this thing right at the surface; otherwise, then you'd
11 have to have these keep out areas and that's not, not
12 useful.

13 So in terms of how does that -- does any of
14 that impact energy, all that kind of gets factored in as
15 to where you would actually position these, these
16 turbines, what the field actually looks like, how it's
17 all spaced out, how many, how close, how compact they
18 can be and, and all those things. So I don't --
19 hopefully I answered --

20 **COMMISSIONER POLMANN:** Oh, no, that's, that's
21 my point. Yeah. Thank you.

22 **MR. PELLEGRINO:** I don't think I have -- I
23 think that was the last slide.

24 **CHAIRMAN BROWN:** Yeah, I think that is the
25 last slide. That is the last slide. I have to tell

1 you, this is extremely intriguing and cutting edge, and
2 so we're definitely interested. I want to thank
3 Commissioner Brisé for getting you guys together and
4 coming down to the Public Service Commission here in
5 Florida, and, of course, our staff as well. This is
6 just a really interesting field. I appreciate you
7 bringing it to us, and we look forward to having future
8 information, future discussions on it.

9 Commissioners, any other questions?

10 Staff, do you have any questions?

11 **MR. BAEZ:** No.

12 **COMMISSIONER POLMANN:** I do have one.

13 **CHAIRMAN BROWN:** Commissioner Polmann.

14 **COMMISSIONER POLMANN:** In your comments
15 earlier, the tidal cycle you referenced was -- the
16 timeframe was about six hours.

17 **MR. PELLEGRINO:** Uh-huh.

18 **COMMISSIONER POLMANN:** That's kind of the
19 standard that I'm familiar with, having lived near the
20 water and so forth.

21 **MR. PELLEGRINO:** Uh-huh.

22 **COMMISSIONER POLMANN:** Clearly that's
23 associated with the rising and falling of, of the water
24 level. I'm assuming that doesn't, because you're at
25 depth, that doesn't really factor into the performance

1 of this.

2 **MR. PELLEGRINO:** Right.

3 **COMMISSIONER POLMANN:** But there are places
4 around the world where there is not a diurnal cycle, and
5 I'm wondering if that's been considered it has any
6 effect or that the -- a timeframe other than six hours.
7 Might that be important, or is that just -- doesn't make
8 a difference in terms of performance?

9 **MR. PELLEGRINO:** Oh, absolutely. For us, the
10 cycle time is just how we program the unit to move.
11 And, you know, this is all, you know, automated in
12 scripts and everything that we have. And we'll do a --
13 part of that assessment of a, of a site goes and you
14 monitor those, those flows, the consistency, the
15 direction. So you know all that as you go into. And
16 then when you set up your control system for the
17 automation of how this turbine works, it's all plugged
18 in, preplanned. Then you monitor it for the first, you
19 know, few months, even couple of years to make sure
20 everything is fine before kind of leaving it and saying
21 sort of hands off.

22 But the -- yeah, there's -- the other thing
23 which is -- you know, what we've, what we've designed
24 here, just to put this in perspective, and maybe I
25 should have started with some of this, this is a turbine

1 to go in the most aggressive tidal flows in the world.
2 So this is sort of like here's your Cadillac version of,
3 of what tidal turbines should be. And I, you know, I
4 may be a little prejudiced, so, okay, fair. But, you
5 know, I think this is the best turbine that's ever been
6 designed, the most, you know, robust, you know. This is
7 as good as it gets.

8 However, there's lots of areas of the world
9 that don't require that. Right? You don't necessarily
10 need something that's that, you know, reliable, that,
11 you know, that can withstand that. Sometimes it makes a
12 lot of sense to have, you know, a Chevrolet as opposed
13 to a Cadillac. And you may not be in areas that have so
14 much energetics where the flow is coming in quite that
15 fast, so you would design the turbine a little bit
16 different; right? It wouldn't have the same type of
17 characteristics. Maybe you'd have a little longer
18 blades to capture some extra energy as opposed to
19 shorter blades, you know, and maybe in different depths,
20 different sizes, and different power characteristics.
21 So there is customization that can happen based on the,
22 the area.

23 So when you talk about, you know, what the
24 tidal flows are in different places, absolutely, that
25 gets, that gets considered as to the solution that gets

1 presented for that particular, particular location.

2 **CHAIRMAN BROWN:** Thank you. Thank you.

3 Thank you, Commissioner Polmann.

4 And, again, I want to express our gratitude
5 for you coming down here. A very, very fascinating
6 presentation. Look forward to future discussions.

7 **MR. PELLEGRINO:** Cool.

8 **CHAIRMAN BROWN:** Thank you.

9 Please join me in thanking these gentlemen.

10 (Applause.)

11 Thank you so much. Thank you.

12 All right. Our, our second presenter is
13 unable to be here from Florida Atlantic as a result of
14 the hurricane, so we're going to thank these gentlemen
15 and move on to our other items on the Internal Affairs
16 agenda.

17 So the next one would be the recertification
18 of Florida's relay program with the FCC. It's listed as
19 Attachment 3 in your binders.

20 Hello again.

21 **MR. WILLIAMS:** Hello again, Commissioners.

22 Curtis Williams with the Office of Industry Development

23 --

24 **CHAIRMAN BROWN:** Push, push the button, pretty
25 please. Thank you.

1 **MR. WILLIAMS:** Curtis Williams with the Office
2 of Industry Development and Market Analysis.

3 Item 2 addresses the recertification of
4 Florida's relay program with the Federal Communications
5 Commission. Recertification of all state relay programs
6 is required every five years by the FCC.

7 The recertification filing contains
8 documentation that Florida meets or exceeds all
9 applicable relay mandatory standards. The filing
10 contains various reference documents, including the
11 Florida relay -- our request for proposals that we
12 recently addressed, the Florida relay service standards,
13 Florida relay annual report, Florida relay complaint
14 logs to the FCC, Florida Telecommunications Relay
15 Incorporated's outreach activities and newsletters, and
16 Florida statutory authority. Most of these documents
17 you've approved or, or you've seen, and staff has pulled
18 all that information together to include in the
19 recertification filing.

20 Staff is requesting approval of the, of the
21 recertification with the FCC by October 1st, 2017. The
22 actual certification, Florida's relay certification will
23 expire on July 25th, 2018. We want to go ahead and get
24 that information in to the FCC to allow -- because
25 they're getting information from all 50 states, to get

1 the information in for them to sort reviewing.

2 **CHAIRMAN BROWN:** Thank you. And I appreciate
3 you bringing this in to us.

4 There's just one thing I would probably
5 change. On page 5, update it, the second to last
6 paragraph to reflect the awarding of the Sprint contract
7 from this -- today's agenda. Other than that --

8 **MR. WILLIAMS:** Yes. Thank you, Chairman
9 Brown. And that's one thing I did -- I meant to
10 mention. And that is we -- staff would like to request
11 editorial privileges because there are several items
12 that we will need to, to update.

13 **CHAIRMAN BROWN:** Okay.

14 **MR. WILLIAMS:** And we are still working with
15 Sprint. It's a coordinated effort between staff and
16 Sprint in terms of pulling a lot of the information
17 together, and we'd just ask for editorial privileges.

18 **CHAIRMAN BROWN:** Okay. Commissioners, any
19 questions? If not, can I get a motion to approve with
20 editorial privileges given to staff?

21 **COMMISSIONER GRAHAM:** So move.

22 **CHAIRMAN BROWN:** Is there a second?

23 **COMMISSIONER BRISÉ:** Second.

24 **COMMISSIONER POLMANN:** Second.

25 **CHAIRMAN BROWN:** Any further discussion?

1 Seeing none, all those in favor, say aye.

2 (Vote taken.)

3 Motion passes.

4 Thank you for your work on this.

5 Moving on to Lifeline, which is noted as
6 Attachment 4 in your books.

7 **MR. FOGLEMAN:** Commissioners, Greg Fogleman
8 with the Office of Industry Development and Marketing
9 Analysis.

10 **CHAIRMAN BROWN:** Hi, Greg.

11 **MR. FOGLEMAN:** Item 3 is staff's draft
12 Lifeline report to the legislature that is due at the
13 end of the year. Staff seeks approval of the draft and
14 requests editorial privileges to update SNAP data, to
15 correct a few scrivener's errors, and to revise the
16 table in Attachment C to make it more intuitive.

17 Overall, the number of Lifeline eligible
18 households has decreased by about 3 percent from last
19 year. At the same time, the FCC has implemented reforms
20 that have raised the bar regarding broadband speeds and
21 the amount of data that carriers must make available to
22 Lifeline customers, while the support amount those
23 carriers receive remains the same at \$9.25.

24 This year participation of Lifeline eligible
25 households has declined to about 41 percent. This

1 compares to 50 percent from last year. Yet when we
2 compare it to 2015, it remains about the same. This
3 percent may change a little bit as the June SNAP data
4 becomes available, but we expect it to be about in that
5 range. Staff is available for your questions.

6 **CHAIRMAN BROWN:** Thank you, Greg. And I want
7 to thank Cindy for so much outreach that you spearhead
8 and do. And we have events scheduled for next week, and
9 I know they're kind of in flux.

10 **MS. MUIR:** We've canceled all of them but the
11 ones on Friday. But we're going to reschedule them for
12 the end of the month.

13 **CHAIRMAN BROWN:** Right. Well, excellent.
14 please make sure to include those in the report because
15 you guys do such a great job promoting Lifeline.

16 Commissioners, any questions or comments on
17 the report?

18 **COMMISSIONER POLMANN:** No. I had a good
19 discussion with staff on this. Very appreciative.

20 **CHAIRMAN BROWN:** Commissioner Brisé.

21 **COMMISSIONER BRISÉ:** Thank you. Good report.
22 And thank you for keeping everyone aware of, of the
23 reality of the Lifeline program with respect to how the
24 program needs to be addressed in terms of contribution
25 reform. And so that's, that's a real issue. And I

1 suppose it's a barometer to a certain degree on the
2 economy and how Floridians are feeling about our state
3 economy. So to a certain degree, that's good. And I
4 appreciate the, the work that goes into making sure that
5 people are aware of the program.

6 I had the opportunity to participate in a, in
7 a, I guess a health fair down in Orlando, and members of
8 our team were, were present at that, and it was greatly
9 appreciated, you know.

10 So not related to the report specifically,
11 trying to find out what impact, if any, the eligibility
12 database is going to have on us here in Florida,
13 recognizing that we're now one of the first five states
14 that are, that are supposed to be -- I don't want to say
15 part of a pilot, but part of the first rollout. So any
16 thoughts on that?

17 **MR. FOGLEMAN:** Well, I know that USAC has been
18 in touch with the Department of Children and Families.

19 **CHAIRMAN BROWN:** Greg, could you --

20 **MR. FOGLEMAN:** Oh, sorry.

21 **CHAIRMAN BROWN:** If you don't mind, speak up.

22 **MR. FOGLEMAN:** I know that USAC has been in
23 touch with the Department of Children and Families to
24 coordinate with them to try to get access and working
25 through the process. So I know that's still a work in

1 progress. And I know that a number of carriers are
2 desiring to kind of get out of that, that verification
3 process. So I think that's, that's going in the right
4 direction.

5 I think there are some issues that we have as
6 far as the statute. I mean, so when we get eligibility
7 information, we are restricted. We cannot provide that
8 information to USAC at this moment, and we have to go
9 through the carriers. And so I think that is an issue
10 that we still have facing us.

11 **COMMISSIONER BRISÉ:** Okay. So that's probably
12 our biggest hurdle -- right? -- in terms of being able
13 to --

14 **MR. FOGLEMAN:** Correct.

15 **COMMISSIONER BRISÉ:** -- to connect that
16 database that they're trying to put together. Okay.

17 **CHAIRMAN BROWN:** Thank you.

18 Commissioners, any other questions?

19 If not, we're ready for a motion to approve
20 the Lifeline report with editorial privileges for staff.

21 **COMMISSIONER BRISÉ:** Move staff.

22 **CHAIRMAN BROWN:** Is there --

23 **COMMISSIONER POLMANN:** Second.

24 **CHAIRMAN BROWN:** Okay. Any further
25 discussion?

1 All those in favor, say aye.

2 (Vote taken.)

3 Thank you. Thanks for working on this.

4 All right. We are on to the 2017 regulatory
5 plan, which is noted as Attachment 5.

6 Good morning, ladies.

7 **MS. CIBULA:** Good morning.

8 **MS. PAGE:** Good morning. Staff is seeking
9 approval for the Commission's 2017 regulatory plan which
10 reports on rulemaking in the upcoming year.

11 Section 120.74, *Florida Statutes*, requires the
12 Commission to prepare a regulatory plan and submit the
13 plan to the Joint Administrative Procedures Committee by
14 October 1 of each year. A certification by the Chairman
15 and the General Counsel that they have reviewed the plan
16 and that the Commission regularly reviews its rules for
17 correctness is required. The plan must be posted on the
18 Commission website and the certification submitted to
19 the Joint Administrative Procedures Committee by
20 October 1, 2017.

21 Some of the highlights of the plan are rules
22 that we are amending to address the operating ratio
23 methodology and the quality of service criteria to
24 clarify the used and useful calculations in the rules
25 and to also update and streamline the telecommunications

1 rules. We plan to work with the Chairman's office to
2 submit the recert -- the certification letter to the
3 Joint Administrative Procedures Committee and ask for
4 administrative authority to correct any scrivener's
5 errors as necessary before posting the plan.

6 **CHAIRMAN BROWN:** Just one second.

7 Okay. Thank you. Thank you for that.

8 What about the acquisition adjustment rule?
9 Was that contemplated in here?

10 **MS. CIBULA:** I believe that's included as
11 well.

12 **CHAIRMAN BROWN:** It is?

13 **MS. CIBULA:** Uh-huh. And we're working on
14 drafting language for that.

15 **CHAIRMAN BROWN:** So give us a timeline of how
16 this is going to occur.

17 **MS. CIBULA:** It depends on the rulemaking
18 itself. Some of them will, like, be able to go through
19 quicker depending on the number of workshops that will
20 be required. Others ones might take maybe approximately
21 six months to go through the process.

22 **CHAIRMAN BROWN:** Okay. And how are the
23 Commissioners going to be apprised of, of the status of
24 this?

25 **MS. CIBULA:** We'd have -- for workshops, we

1 notify you when we're having rule workshops. And then
2 once we get it to the point of bringing it to agenda to
3 propose, it'll be on the agenda, as an item on agenda.

4 **CHAIRMAN BROWN:** Okay.

5 **MR. HETRICK:** Can I --

6 **CHAIRMAN BROWN:** Sure.

7 **MR. HETRICK:** There we go.

8 I would add, Madam Chair, that for things that
9 I would consider other than technical updates, which
10 would go to agenda, if they involve significant issues,
11 we will brief the Commission at Internal Affairs and
12 have conversations --

13 **CHAIRMAN BROWN:** Good.

14 **MR. HETRICK:** -- with each of you as well as
15 the workshops we intend to proceed on this. So you'll
16 be kept in the loop on significant rules as we go
17 through the process.

18 **CHAIRMAN BROWN:** Well, obviously you've
19 highlighted some of them that we've talked about.
20 Quality of service is one that keeps coming up, that
21 Commissioners have expressed interest. So I would
22 definitely suggest those are the type of operating
23 ratio/acquisition adjustment -- I think Commissioners
24 really would like to have updates on those.

25 Commissioner Brisé.

1 **COMMISSIONER BRISÉ:** Yeah. So just so I'm
2 clear as to how this process -- because it's a lot of
3 rules that we're going to look at. So during the
4 workshops, all the interested parties and so forth will
5 participate in that conversation. And I suppose that
6 most of, of the ideas for change will come as a result
7 of that; right?

8 **MS. CIBULA:** Correct.

9 **COMMISSIONER BRISÉ:** And so, therefore, when
10 it comes to us, we are on the back end of that. Right?
11 Is there any -- does anything preclude us from being an
12 active participant in the workshop?

13 **MS. CIBULA:** No. We notice all the rulemaking
14 workshops for Commissioners to participate in those.
15 And we could also have Commissioner workshops, if that's
16 what you would desire as well.

17 **CHAIRMAN BROWN:** So if there are additional
18 rules too that the Commissioners would like to
19 individually have considered, is there a timeframe for
20 us to --

21 **MS. CIBULA:** No. You could let us know that
22 at any time, and we can -- you know, at a public meeting
23 or at the agenda, and we'll look into initiating
24 rulemaking as necessary.

25 **CHAIRMAN BROWN:** Commissioner Graham.

1 **COMMISSIONER GRAHAM:** Well, I think you hit it
2 right on the head. And since this is a public meeting
3 --

4 (Laughter.)

5 **CHAIRMAN BROWN:** For us to consider? I did
6 not know this was coming.

7 **COMMISSIONER GRAHAM:** If you could pass those
8 around.

9 You've heard me say at a couple of different
10 hearings that we've had before, and it's specifically on
11 page 9, it's Rule 25-30.433. And if you look at this,
12 the two pages I've passed out, the one that's
13 highlighted, I underlined the rule there.

14 And the issue that I have here is when it says
15 "components of that rule are the quality of the product,
16 the operation conditions of the plant, and the customer
17 satisfaction."

18 My only issue, and if you go back to the table
19 of contents, is when you're talking about quality of
20 service, I -- to me, I think quality of service is what
21 actually touches the customers. You know, either the
22 water that's produced, the quality of that water, the
23 smell, the taste, you know, all the things that we're
24 getting into. Or if it talks about the wastewater, it's
25 more of, you know, the odor around the wastewater or

1 what's being discharged into the local water bodies,
2 that sort of stuff. That's what, in my opinion, that
3 actually touches the customer. Or the customer service,
4 you know, if they're being billed incorrectly, if
5 they're not getting the phone calls back, that kind of
6 stuff.

7 I think, you know, more and more there's more
8 and more focus pushed on what the quality of service is.
9 And I think when you're talking about the quality of
10 plant, I'm not saying let's not do that, I mean, I think
11 it's very, very important, I just think it needs to be
12 pulled out of Issue No. 1 and addressed somewhere else.
13 And I think that's just the better focus to have. And
14 we've mentioned it before, and I've talked to both our
15 General Counsel and Executive Director, and I was
16 basically told that I need to make sure that you guys
17 all understood what I was looking to get done and that,
18 you know, your nod was that it's okay to move forward
19 with this when we're considering that rule.

20 **CHAIRMAN BROWN:** All right. I see Mr. Baez's
21 hand on the button.

22 **MR. BAEZ:** Madam Chair, thank you.

23 And, Commissioner, as you and I have discussed
24 and you've discussed also with the General Counsel,
25 first of all, on page 9 of that Attachment B to this

1 regulatory plan, you'll notice that the rule that you
2 referenced is on the list. So you have not just
3 assurances in writing but you have our assurances that
4 the rule is being -- is up for consideration. So that's
5 the first step. So no, no further formality necessary
6 to open up that consideration.

7 Secondly, as you've now mentioned and now
8 you've made your colleagues aware, you do have some
9 suggestions, I think, on an issue that you'd like
10 addressed, and we duly noted it both through our
11 conversations and now you've gone on the record by
12 saying it, and the record is --

13 **CHAIRMAN BROWN:** So I just want to be clear --

14 **MR. BAEZ:** We can, we can accommodate it.

15 **CHAIRMAN BROWN:** I just want to be clear, so
16 the suggestion is to pull that quality of service apart
17 from the analysis --

18 **COMMISSIONER BRISÉ:** The No. 2 portion of it,
19 the operational conditions of the utility plant and
20 facilities.

21 **CHAIRMAN BROWN:** Is that right? That's right.

22 **COMMISSIONER GRAHAM:** There's going to be some
23 overlap there and, you know, it's not going to be just
24 that simple. As they're going through the rule and, you
25 know, as the utilities get involved and other people get

1 involved and OPC gets involved, you know, they're going
2 to have different suggestions on how best to handle
3 that.

4 But I just think that when you're talking
5 about the quality of the plant, and we just had one with
6 Utilities, Inc., you know, it's not, it's not
7 significant to us that the recorder has ink in its pen.
8 You know, it's not significant to us that, you know,
9 that the walkways are clear. I mean, the operation of
10 the plant should be more of a managerial thing than it
11 is specifically, you know, a quality issue in my
12 opinion.

13 And we still need to help our fellow agencies.
14 You know, if, if they're having issues with the health
15 department not getting boil water notices out, I mean,
16 we should not be rewarding them over here with some sort
17 of a price increase or satisfactory service if they
18 still can't get those things out, you know, or if
19 they're running into problems with DEP. I mean, so that
20 stuff still needs to be addressed, but I just don't
21 think it should be under the quality. It shouldn't be
22 under Issue No. 1. And that's my only issue.

23 **CHAIRMAN BROWN:** Yeah, yeah. No, thank you
24 for the clarification. We keep seeing it. It's not
25 just Utilities, Inc. We've seen it in other water cases

1 as well.

2 **COMMISSIONER GRAHAM:** Yeah. That was just the
3 most recent one that came up that we talked about. And
4 through this process I think we can come to the best
5 solution of it all. I'm not saying specifically, you
6 know, how to reword all this.

7 **CHAIRMAN BROWN:** Right.

8 **COMMISSIONER GRAHAM:** But, you know, I, I
9 think it's something that just needs to be tweaked.

10 **CHAIRMAN BROWN:** Yeah. I like it. I don't
11 think we need to vote on that.

12 **MR. BAEZ:** No.

13 **CHAIRMAN BROWN:** I think it's already
14 considered. Thank you for --

15 **MR. BAEZ:** No, I think it's going to --

16 **CHAIRMAN BROWN:** Excuse me, Mr. Baez.

17 **MR. BAEZ:** Sorry.

18 **CHAIRMAN BROWN:** I think it's great that it's
19 already provided in here, and I'm happy that you've
20 expressed your concerns so that we can all -- that
21 staff's aware this is an issue to look at with more
22 attention.

23 Commissioner Brisé.

24 **COMMISSIONER BRISÉ:** Yeah. And I appreciate
25 the fact that it was, you know, that it was brought up

1 today, and I just want to make sure that the process
2 allows for all of us to participate in, in discussions
3 around the rule --

4 **MR. BAEZ:** Right.

5 **COMMISSIONER BRISÉ:** -- and so forth --

6 **CHAIRMAN BROWN:** Correct.

7 **MS. CIBULA:** Yes.

8 **COMMISSIONER BRISÉ:** -- and that adequate
9 notice is provided to, to the Commissioners so that we
10 can, at every step, provide input where appropriate so
11 that we're not -- when it's time to vote, that's not
12 when we're, we're receiving the package.

13 **CHAIRMAN BROWN:** Yeah.

14 **COMMISSIONER BRISÉ:** Okay.

15 **MR. BAEZ:** No. And you also do get a rule
16 status report every month that kind of tracks, tracks
17 where all the, where all the rules are, are moving
18 along.

19 And, lastly, nothing -- if ever you have a
20 specific interest in a rule that's being considered, you
21 know, it is your, you know, it is your right as your --
22 you know, you express your interest and --

23 **CHAIRMAN BROWN:** Thank you. We have another
24 Commissioner with a question, though.

25 Commissioner Polmann.

1 **COMMISSIONER POLMANN:** Thank you, Madam
2 Chairman.

3 To the same issue but beyond it, quality of
4 service, and we've had discussion on this on multiple
5 dockets, and it has to do with the secondary water
6 quality standards. Now it's mentioned here in the
7 quality of service on Item 1 in the rule, 30.433(1), and
8 I understand that's on the list. But my concern
9 specifically is that we include, under the quality of
10 the utility's product, the responsibility that we have
11 from the legislature to consider secondary standards.

12 Now recognizing that, that we're considering
13 that inside of Issue 1, there's been discussion, and
14 it's gone different ways, that the consideration of the
15 secondary standards at the plant, and this relates to
16 Issue 2 here under quality of service, is a DEP
17 responsibility with regard to secondary -- primary and
18 secondary standards.

19 I believe our responsibility from the
20 legislature is secondary standards in the distribution
21 system. So the distinction there is that DEP has a
22 specific requirement at the point of treatment as to the
23 quality of service delivered with regards to the
24 customers. There's a point of treatment and then
25 there's a point of delivery. So the water quality

1 delivered to the customer has to do with the
2 distribution system.

3 And I would like that to be clarified
4 explicitly somehow, and I don't know exactly where,
5 whether it's in this rule or requires consideration of a
6 different rule, as Commissioner Graham identified on
7 Issue 2. So I don't know where to put it. I just would
8 request that there be clarification of how we deal with
9 that.

10 **MS. CIBULA:** We'll explore that, yes.

11 **COMMISSIONER POLMANN:** And, and whether it is
12 appropriate to put it in a rule or some policy and
13 procedure, a sequence of steps so that the staff both
14 explains it and that the Commission is clear on what
15 actions are appropriate. And then, more importantly
16 perhaps, that the utilities know what our expectations
17 are when there are a series of complaints, whether it
18 comes in a rate case or not. I don't see that as
19 specific to a rate case.

20 **CHAIRMAN BROWN:** Thank you, Commissioner
21 Polmann. That is an excellent point and a point that
22 has caused confusion on the bench. And if it's causing
23 confusion on the bench, it's certainly causing confusion
24 among the parties as well.

25 **COMMISSIONER POLMANN:** Thank you.

1 **CHAIRMAN BROWN:** So I appreciate you bringing
2 that up.

3 Any other comments or questions,
4 Commissioners?

5 Staff, any questions or comments?

6 Do -- any of the parties would like to comment
7 on this at this time? All right.

8 Seeing that, you would like a motion at this
9 juncture, and what would -- okay, to approve the
10 regulatory plan.

11 **MS. CIBULA:** Yes, with the flexibility.

12 **MS. PAGE:** With the -- I'm sorry. With the
13 flexibility to make any corrections as to scrivener's
14 errors.

15 **CHAIRMAN BROWN:** And also include the comments
16 that were made from the Commissioners today, areas that
17 --

18 **MS. CIBULA:** Yes, we will get those, yes.

19 **CHAIRMAN BROWN:** Okay. Commissioner Polmann.

20 **COMMISSIONER POLMANN:** Thank you.

21 If I interpret the wording here, this is a
22 plan, not an obligation.

23 **MS. CIBULA:** Correct.

24 **COMMISSIONER POLMANN:** Okay. Thank you.

25 **CHAIRMAN BROWN:** Okay. So we need a motion to

1 approve the plan, and I would suggest including the
2 points that were raised by the Commissioners here today
3 as well in that motion.

4 **COMMISSIONER BRISÉ:** So I move that we approve
5 the 2017 regulatory plan, recognizing the comments made
6 from the Commissioners with respect to specific rules of
7 interest.

8 **CHAIRMAN BROWN:** Beautiful.

9 **COMMISSIONER POLMANN:** Second.

10 **COMMISSIONER GRAHAM:** Second.

11 **CHAIRMAN BROWN:** Any further discussion?

12 Seeing none, all those in favor, signify by
13 saying aye.

14 (Vote taken.)

15 Motion passes.

16 Thank you for your work. Look forward to
17 future discussion on this. Thank you, ladies, so much.

18 Okay. And I'm trying to get us out of here,
19 and I know we have a lot of meat on this, but we do have
20 some -- a few other reports that we need to get to. So,
21 gentlemen, if you could be a little bit direct, that
22 would be great, on these final reports.

23 General Counsel first.

24 **MR. HETRICK:** Just one announcement, Madam
25 Chairman. Kelley Corbari, our attorney, announced her

1 resignation the other day. We're going to miss her a
2 lot. She's actually moving forward to greener grass, I
3 suppose, a different opportunity at the Department of
4 Environmental Protection, a different opportunity to get
5 more litigation. And this is something, I think, that's
6 she's dreamed about. And we're excited for her. We're
7 sorry to lose her. But I've always said that for any
8 attorney I lose, I don't want to lose anybody, but if
9 it's for the right reasons, it's okay. If it's for the
10 wrong reasons, then I failed them. And I think at least
11 for Kelley and for the ones so far we've lost folks for
12 the right reasons.

13 So I'm excited for Kelley's new opportunity.
14 And she did such a wonderful job on the Gulf rate case,
15 I'm so proud of her. And she's going to be wonderful
16 over at DEP and also another colleague for us to call
17 upon for these issues we just discussed here.

18 **CHAIRMAN BROWN:** Well, Kelley, you are
19 wonderful. You're fantastic. And I enjoy working with
20 you on these dockets. And go forth and be prosperous
21 and happy, and I know that we will have some interaction
22 with you. But we will miss you, all.

23 **MS. CORBARI:** I'll miss everybody. Thank you.
24 This Commission has been wonderful to work with. You've
25 always been accessible and supportive of staff. Mary

1 Anne, Braulio, Mark as the executive, I've popped in
2 your doors numerous times, especially on the compliance
3 dockets. So, yes, please call me if y'all have any
4 issue. Keep in touch. And it was a very hard decision,
5 and I will miss all of you. Thank you very much.

6 **CHAIRMAN BROWN:** We will miss you. Thank you.
7 Commissioners?

8 All right. Moving on to Executive Director's
9 report.

10 **MR. BAEZ:** Thank you, Madam Chair. Very
11 quickly, we are getting set to present the legislative
12 budget request on September 15th. And as I've been by
13 your offices and had a chance to discuss it with you,
14 the highlights are really very few. We are proposing,
15 we intend to propose a flat budget this year with but
16 two technical issues, which I will be happy to go over
17 with you if you have questions on it. They're -- they
18 have no fiscal impact to the budget. One of them is on
19 the operating budget and also an adjustment to full-time
20 equivalent positions and other technical amendments.

21 So all we need is a blessing. We don't need a
22 motion. But we're, like I said, we're getting ready to
23 file it on September 15th. We needed to run it by you.

24 **CHAIRMAN BROWN:** So we talked about this, you
25 and I. I support it. So I would suggest,

1 Commissioners, there's a lot of -- Mr. Baez is available
2 to have further in-depth discussions with you at your
3 convenience, and I support it and --

4 **COMMISSIONER POLMANN:** I support it. We've
5 had discussion and I'm good.

6 **CHAIRMAN BROWN:** Thank you.

7 Thank you, Braulio.

8 **MR. BAEZ:** Thank you, Commissioners.

9 **COMMISSIONER BRISÉ:** Same here.

10 **CHAIRMAN BROWN:** Okay. Other matters.

11 Well, I know that our legislative session
12 is -- committee week has --

13 **MR. BAEZ:** Been canceled.

14 **CHAIRMAN BROWN:** Been canceled? Okay.

15 **MR. BAEZ:** Sorry. I should have mentioned
16 that. Yeah.

17 **CHAIRMAN BROWN:** Thank you. I see our folks
18 that are actively monitoring all sorts of things,
19 including, I hope, the Constitutional Revision
20 Commission as well. And thank you for all of that, and
21 any updates would be great too.

22 And then finally one other matter, we have --
23 and I'll try to be brief, but I want to give them the
24 recognition they deserve.

25 The two employees of the month, another tie,

1 which is crazy, John Gash and Conrad Howard. John is on
2 annual leave today, and Conrad should be here in the
3 audience.

4 But I want to just tell you John has been with
5 the Commission since '89. Conrad's been with the
6 Commission since '97.

7 John, he's a very versatile member of the
8 bureau. He does just everything, is available on so
9 many levels.

10 Conrad leads the agency's desktop support
11 team, always has a happy smile, ensures staff has the
12 technology to be productive and safe.

13 And thank you, guys. You deserve this
14 recognition, and we'll, we'll meet up afterwards.

15 With that, are there any other matters,
16 Commissioners?

17 Okay. The Emergency Operations Center, of
18 course, is right across the street. Commissioners,
19 please feel free to, to pop on by and, and see how
20 involved our, our utilities are over there. They're
21 working around the clock. Our staff -- Rick Moses has a
22 team of people working 24 hours a day. They're in
23 six-hour shifts. They're providing us updates. We'll
24 all be -- during the storm and after the storm, of
25 course, we'll all be getting updates via email, calls,

1 whatever. If there's --

2 **MR. BAEZ:** As available, yes.

3 **CHAIRMAN BROWN:** If there's anything you all
4 need here, please, and the folks in the audience, please
5 do not hesitate to reach out to any one of us, me,
6 Mr. Baez, any one of us. We're here to help.
7 Commissioners from across the country have reached out
8 already offering support. They -- I know mutual aid
9 agreements have already been activated, but they've
10 offered some additional support, if that's needed. So
11 please don't hesitate to ask.

12 **COMMISSIONER BRISÉ:** And volunteer.

13 **CHAIRMAN BROWN:** And volunteer -- oh, yeah,
14 volunteers. The Governor is encouraging folks to, to
15 volunteer and sign up.

16 With that, are there any other matters?

17 Seeing none, this meeting is adjourned. Thank
18 you.

19 (Internal Affairs adjourned at 12:07 p.m.)
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21
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23
24
25

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 20th day of September, 2017.

14
15 

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