

# I. Meeting Packet



**State of Florida**  
Public Service Commission  
**INTERNAL AFFAIRS AGENDA**  
Thursday, September 8, 2011  
Immediately Following the Agenda Conference  
Room 140 - Betty Easley Conference Center

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1. Approve August 23, 2011, Internal Affairs Meeting Minutes. (Attachment 1)
2. Executive Director Search Update (No Attachment)
3. Delegation of Federal Backstop Electric Transmission Siting Authority by the U.S. Department of Energy to the Federal Energy Regulatory Commission (Attachment 2)
4. Approval of Commission's Legislative Budget Request for FY 2012-13. (Attachment 3)
5. Executive Director's Report.
6. Other matters.

CH/sc

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6068.





**State of Florida**  
**Public Service Commission**  
**INTERNAL AFFAIRS MINUTES**

Tuesday, August 23, 2011

11:20 am - 12:30 pm

Room 140 - Betty Easley Conference Center

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COMMISSIONERS PRESENT: Chairman Graham  
Commissioner Edgar  
Commissioner Brisé  
Commissioner Balbis  
Commissioner Brown

STAFF PARTICIPATING: Hill, Kiser, Maddox, Cole, Pennington, Futrell

OTHERS PARTICIPATING: Carolyn Ridley, Matt Feil - CompSouth  
Jerry Watts - Earthlink, Inc.

1. Approve August 9, 2011, Internal Affairs Meeting Minutes.

The Minutes were approved.

Commissioners participating: Graham, Edgar, Brisé, Balbis, Brown

2. Executive Director Search Update.

Executive Director Vote Sheets were distributed and collected. The Commissioners' votes were tallied by Mr. Maddox and Ms. Cole. The results of the tally were provided to the Commissioners. It was determined that the Commission will pay travel expenses for a panel interview for the applicants who had three or more votes. They are, Aster Adams, Braulio Baez, and Charles "Chris" Hart. Mr. Maddox will schedule the interviews and contact the candidates who will not be interviewed again.

Commissioners participating: Graham, Edgar, Brisé, Balbis, Brown

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Internal Affairs Meeting  
August 23, 2011  
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3. Presentation by Carolyn Ridley for CompSouth.

Ms. Carolyn Ridley gave a presentation to the Commissioners concerning Wholesale Regulation and the critical role of the Commission.

Commissioners participating: Graham, Edgar, Brisé, Balbis, Brown

4. Draft Energy Bedrock Principles.

After some discussion, the draft Bedrock Principles were approved with the modifications made at the Internal Affairs Meeting.

Commissioners participating: Graham, Edgar, Brisé, Balbis, Brown

5. Executive Director's Report.

There were no updates to be reported.

Commissioners participating: Graham, Edgar, Brisé, Balbis, Brown

6. Other matters.

Commissioner Edgar advised the Commission that the final version of the FERC comments were mailed the day before.

Ms. Katherine Pennington informed the Commission that a new Chairman has been appointed to the Committee overseeing the Commission. She was asked to provide a revised Committee list to the Commissioners.

Commissioners participating: Graham, Edgar, Brisé, Balbis, Brown



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:** September 1, 2011

**TO:** Art Graham, Chairman  
Lisa Polak Edgar, Commissioner  
Ronald A. Brisé, Commissioner  
Eduardo E. Balbis, Commissioner  
Julie I. Brown, Commissioner

**FROM:** Mark Futrell, Division of Regulatory Analysis *MF*  
Benjamin J.M. Crawford, Division of Regulatory Analysis *BC*  
Cindy B. Miller, Office of the General Counsel *CBM* *RT* *[Signature]*

**RE:** Delegation of Federal Backstop Electric Transmission Siting Authority by the U.S. Department of Energy to the Federal Energy Regulatory Commission

**Critical Dates:** Please place on the September 9, 2011 Internal Affairs. Further guidance is sought.

The Federal Energy Regulatory Commission (FERC) and the U.S. Department of Energy (DOE) have proposed that DOE delegate its backstop transmission line siting responsibilities to the FERC. Background information on the proposal is included in this memorandum. In anticipation of a formal announcement of the delegation of authority, which is expected in mid-September, Chuck Gray, NARUC Executive Director, has requested that State Commissions submit a letter expressing any concerns with the proposal to the FERC and to the DOE by September 9, 2011. Commission guidance is sought, and staff presents the following options for consideration.

Option 1 – Send a letter to the DOE and to the FERC featuring the following themes:

- Transmission line siting must be driven by the need to maintain adequate, reliable service at the lowest cost to consumers.
- Transmission should be used to efficiently deliver energy to customer load with the costs of transmission paid for by the cost causers.
- The Federal backstop siting process should not be used as a forum to circumvent state siting processes in order to realize transmission additions that may not be needed to maintain reliable, cost-effective service to customers.
- The proposed action constitutes further Federal pre-emption of state authority by introducing the potential for transmission line developers to bypass state authority and

petition directly to FERC.

- This project specific approach appears to be contrary to the provisions of Energy Policy Act of 2005 (EPAAct 2005), which requires the DOE to establish a geographic area as an NIETC and not a specific project with a starting and ending point.

Option 2 - Do not file a letter at this time. The proposal contemplates that the FERC must initiate a rulemaking proceeding in order to implement the delegation of authority. Thus, the Commission could participate in that process in which the FERC's policies will be announced and open for comment, including the potential for a court challenge.

Option 3 - Do not file a letter at this time. The Commission could invite the electric utilities and interested parties to present their views on the delegation of authority at a future Internal Affairs meeting.

#### *Background of the Proposed Delegation of Authority*

- The states have statutory authority over the siting of electric transmission that is needed to deliver energy from a generation source to customer load.
- The EPAAct 2005 gave the DOE the authority to conduct studies of electric transmission congestion, and then designate as national interest electric transmission corridors (NIETCs) areas experiencing electric energy transmission constraints or congestion that adversely affected consumers.
- The FERC was given authority to issue permits within NIETCs for the construction of electric transmission facilities as a backstop to state siting activities under certain circumstances, including:
  - where a state lacks the authority to approve the facilities or consider their interstate benefits.
  - where a state has withheld approval of the facilities for more than one year.
  - where the state conditions its approval in such a manner that the proposed project would not significantly reduce transmission congestion in interstate commerce or would be rendered economically infeasible.
- The FERC is also required to make certain findings, including that a proposed project is consistent with the public interest, would significantly alleviate transmission congestion and protect or benefit consumers, and would be consistent with sound national energy policy and enhance energy independence.
- Currently, the DOE is the lead agency for the purposes of coordinating all applicable Federal authorizations and related environmental reviews for proposed projects.



FERC/DOE Delegation of Backstop Siting Authority  
Internal Affairs  
September 1, 2011

- Although the DOE identified two NIETCs in 2007 (the Mid-Atlantic Area and the Southwest Area in Southern California and western Arizona), no construction permits for projects in NIETCs have been issued, according to the DOE.
- Only one applicant proposing to site a project within a NIETC began the pre-filing process at the FERC, and the applicant subsequently withdrew from the process. Thus, the FERC and the DOE do not view the current framework as effective.
- A proposal has been presented whereby the DOE would delegate to the FERC, in conjunction with its existing permitting authority, authority to conduct the required congestion studies and to designate NIETCs. Also, the FERC would issue narrower, project-specific NIETC designations where the FERC determines it is appropriate.
- This proposal would consolidate National Environmental Policy Act review at FERC, instead of requiring sequential NEPA review by the DOE and then the FERC.
- The proposal envisions a three-step process:
  - delegation by the DOE to the FERC authorizing the FERC to conduct triennial congestion studies.
  - delegation by the DOE to the FERC authorizing the FERC to designate NIETCs.
  - consideration by the FERC of applications for both project-specific NIETC designation and permits for construction of interstate transmission projects within project-specific NIETCs.



State of Florida



## Public Service Commission


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TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** September 1, 2011

**TO:** Art Graham, Chairman  
Lisa Polak Edgar, Commissioner  
Ronald A. Brisé, Commissioner  
Eduardo E. Balbis, Commissioner  
Julie I. Brown, Commissioner

**FROM:** Charles H. Hill, Deputy Executive Director 

**RE:** FPSC Legislative Budget Request for Fiscal Year 2012-13  
Critical Information: September 8, 2011 Internal Affairs. Consensus is Sought.  
Due to Governor's Office of Policy and Budget - August 30, 2011

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The proposed **Legislative Budget Request for Fiscal year 2012-13** of \$24,686,304 represents a reduction of the Commission's FY 2011-12 operating budget. There is one agency issue for FY 2012-13.

At the Commissioners' request, senior management looked and identified areas where we could gain efficiencies within the agency and reduce our budget. This budget request is the product of those efforts and results in one agency issue and savings of \$217,774.

The requested FY 2012-13 budget is \$324,287 lower than the FY 2011-12 adjusted budget of \$25,010,591. This includes the agency budget issue, plus a net reduction of \$106,513 from the system-generated annualization of the statewide e-mail consolidation. This consolidation is part of the Information Technology Service Transfer and Data Center Consolidation pursuant to Section 17, Chapter 2008-116.

A summary of the budget request is attached.

CH:sc

cc: Curt S. Kiser, General Counsel

## PUBLIC SERVICE COMMISSION FY 2012-13 LEGISLATIVE BUDGET REQUEST

	FTE's	SALARIES & BENEFITS	OTHER PERSONAL SERVICES	EXPENSES	OPERATING CAPITAL OUTLAY	ACQUISITION OF MOTOR VEHICLES	CONTRACTED SERVICES	RISK MANAGEMENT INSURANCE	TRANSFER TO DMS - HR SERVICES CONTRACT	DATA PROCESSING SERVICES	ARRA FEDERAL FUNDING	TOTAL
<b>FY 2011-2012 GENERAL APPROPRIATIONS ACT</b>	296.0	\$20,507,244	\$200,588	\$3,815,462	\$266,200	\$72,055	\$502,804	\$99,591	\$119,009	\$70,555	\$350,000	\$26,003,508
FY 2011-12 FRS 3% Contribution Adjustment (7/1/11)		-\$930,725										-\$930,725
FY 2011-12 Risk Management Insurance Realignment (8/11/11)								-\$17,009				-\$17,009
FY 2011-12 MyFlorida Net Contract Renewal Savings (8/11/11)				-\$1,742								-\$1,742
FY 2011-12 HR Assessment Realignment (8/20/11)									-\$19,209			-\$19,209
FY 2011-12 Statewide E-mail Consolidation Deduct (Prorated 3 months)		-\$26,264		-\$7,202	-\$2,149		-\$5,841		-\$89			-\$41,545
FY 2011-12 Statewide E-mail Consolidation Add-Back (Prorated 3 months)										\$17,313		\$17,313
<b>APPROVED 2011-2012 BUDGET AS ADJUSTED</b>	296.0	\$19,550,255	\$200,588	\$3,806,518	\$264,051	\$72,055	\$496,963	\$82,582	\$99,711	\$87,868	\$350,000	\$25,010,591
<b>FY 2012-2013 LEGISLATIVE BUDGET REQUEST</b>												
Agency Proposed Reductions	(3.0)	-\$197,041		-\$19,665					-\$1,068			-\$217,774
Annualized Statewide E-mail Consolidation Deduct		-\$78,793		-\$21,606	-\$6,448		-\$17,524		-\$267			-\$124,638
Annualized Statewide E-mail Consolidation Add-Back										\$18,125		\$18,125
<b>TOTAL ESTIMATED PROPOSED LEGISLATIVE BUDGET REQUEST</b>	293.0	\$19,274,421	\$200,588	\$3,765,247	\$257,603	\$72,055	\$479,439	\$82,582	\$98,376	\$105,993	\$350,000	\$24,686,304
<b>Increase (Decrease) From FY 2011-2012 Operating Budget as Adjusted.</b>	-1.0%	-1.4%	0.0%	-1.1%	-2.4%	0.0%	-3.5%	0.0%	-1.3%	20.6%	0.0%	-1.3%

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

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

***INTERNAL AFFAIRS  
September 8, 2011***

<b><u>Speaker</u></b>	<b><u>Representing</u></b>	<b><u>Item #</u></b>
Andy Tunnell	Gulf Power	3
Ken Hoffman	Florida Power & Light	3
Lisa Stright	Progress Energy	3

# III. Supplemental Materials Provided During Internal Affairs

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