

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Tuesday – December 15, 2015
9:30 A.M.
Room 105 - Gerald L. Gunter Building

1. Staff's Report of the 2015 Regulatory Assessment Fee Report
(Attachment 1)
2. Presentation by Public Utility Research Center – 2015 Annual Report to the
Florida Public Service Commission
(Attachment 2)
3. Legislative Update
4. Executive Director's Report
5. Other Matters

BB/ks

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

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: December 4, 2015

TO: Braulio L. Baez, Executive Director

FROM: Beth W. Salak, Director, Office of Telecommunications *BWS*
Mark Long, Public Utilities Supervisor, Office of Telecommunications *ML*

RE: Draft Review of the 2015 Regulatory Assessment Fee Report

CRITICAL INFORMATION: Please place on the December 15, 2015, Internal Affairs agenda. Approval by the Commission is required. Report is due to the Governor, the President of the Senate, and the Speaker of the House of Representatives, by January 15, 2016. **ACTION IS NEEDED**

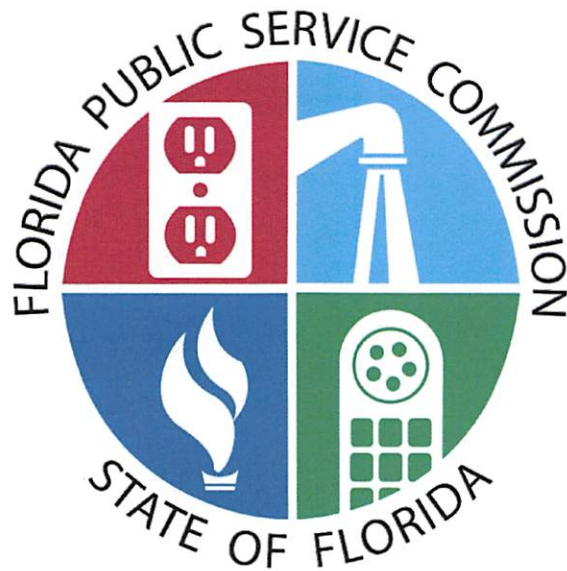
Pursuant to Section 364.336(3), Florida Statutes, "(b)y January 15, 2012, and annually thereafter, the commission must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, providing a detailed description of its efforts to reduce the regulatory assessment fee for telecommunications companies, including a detailed description of the regulatory activities that are no longer required; the commensurate reduction in costs associated with this reduction in regulation; the regulatory activities that continue to be required under this chapter; and the costs associated with those regulatory activities."

The draft report includes a staff-written synopsis of what actions the Commission has taken in 2015 to comply with the statutory requirements. **Staff is requesting approval of the draft report.**

cc: Lisa Harvey, Deputy Executive Director, Technical

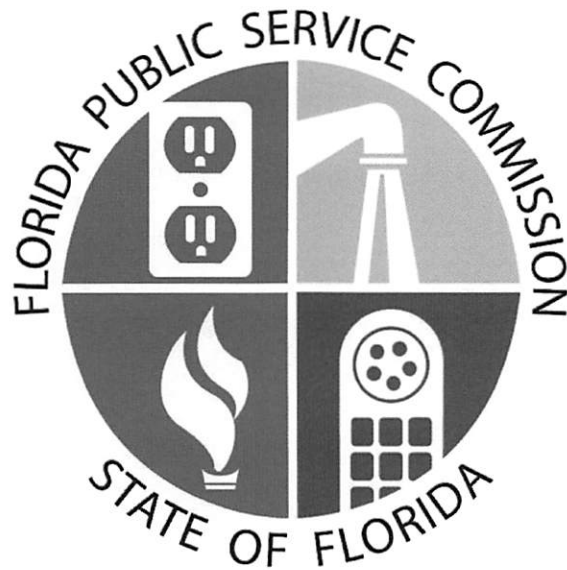
DRAFT

**REPORT ON THE EFFORTS OF THE
FLORIDA PUBLIC SERVICE COMMISSION
TO REDUCE THE REGULATORY ASSESSMENT FEE
FOR TELECOMMUNICATIONS COMPANIES**



As of December 2015

**REPORT ON THE EFFORTS OF THE
FLORIDA PUBLIC SERVICE COMMISSION
TO REDUCE THE REGULATORY ASSESSMENT FEE
FOR TELECOMMUNICATIONS COMPANIES**



As of December 2015

Office of Telecommunications

Introduction

During the 2011 legislative session House Bill CS/CS/HB 1231, the “Regulatory Reform Act” (Act), was passed and signed into law by the Governor, effective July 1, 2011. Under the Act, the Legislature eliminated most of the Florida Public Service Commission’s (PSC’s or Commission’s) retail oversight authority for the telecommunications wireline companies, yet maintained the PSC’s authority over wholesale intercarrier issues. The PSC was required to reduce its regulatory assessment fees charged to wireline telecommunications companies to reflect the concurrent reduction in PSC workload. Section 364.336(3), Florida Statutes, requires:

By January 15, 2012, and annually thereafter, the commission must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, providing a detailed description of its efforts to reduce the regulatory assessment fee for telecommunications companies, including a detailed description of the regulatory activities that are no longer required; the commensurate reduction in costs associated with this reduction in regulation; the regulatory activities that continue to be required under this chapter; and the costs associated with those regulatory activities.

As a result of this Act, the PSC reduced its telecommunications regulatory assessment fees (RAFs) 20%, from 0.0020 to 0.0016 of companies’ gross operating revenues derived from intrastate business. This change became retroactively effective July 1, 2011. Florida telecommunications statutes have remained essentially unchanged for several years; however, the agency continues to streamline its remaining responsibilities.

Regulatory Activities That Are No Longer Required

The 2011 Act eliminated most of the retail regulation of local exchange telecommunications services by the PSC, including the elimination of rate caps on all retail telecommunications services, elimination of telecommunications-related consumer protection and assistance duties of the PSC, and elimination of the PSC’s remaining oversight of telecommunications service quality. The bill also reformed the PSC’s certification processes, authority over intercarrier matters, and other general revisions.

Consistent with the reduced authority of the PSC from the Act, the PSC ceased the following activities over the past several years:

- The PSC no longer resolves non-basic retail consumer billing complaints.
- The PSC no longer addresses slamming or cramming complaints from consumers. The PSC continues to address slamming complaints that are reported by carriers under the Commission's wholesale authority.
- The PSC no longer publishes and distributes materials informing consumers on billing related matters or informative materials relating to the competitive telecommunications market.
- The PSC no longer designates wireless eligible telecommunications carriers (ETCs) in Florida for the federal universal service fund. Any wireless carrier seeking ETC status in Florida must petition the Federal Communications Commission (FCC) for that authority.
- The PSC no longer performs service evaluations on carriers, nor does it investigate and resolve service related consumer complaints except as they may relate to Lifeline service, Telephone Relay Service, and payphones.
- ILECs can no longer petition the PSC for recovery of storm damage related costs and expenses.
- The PSC no longer reviews non-access service tariff filings for content, form, or format. It is the carrier's choice whether to file its rate schedules with the PSC or publicly publish the schedules elsewhere, such as the companies' websites.

There were no statutory changes in 2015 resulting in additional activities that are no longer required.

Savings

The PSC has been seeking cost savings and efforts to streamline regulatory processes for well over a decade. The origin of these streamlining efforts is not limited to the emergence and evolution of competition in the telecommunications industry. In fiscal year 1999/2000, the PSC had 401 full time positions. Through several reductions over a period of years, that number was reduced to 280 in the 2015/2016 fiscal year, a total reduction of 30 percent. For 2016/2017, a further reduction of three positions has been proposed. Over the years, some of these reductions came as a result of projected workload reductions in the telecommunications area. At this time, the PSC believes the Office of Telecommunications is right-sized for its current statutory obligations.

Effective July 2011, the PSC reduced the telecommunications RAF from 0.0020 to 0.0016 of the gross operating revenues derived from intrastate business. In addition, all local telephone service providers now pay \$600 as the minimum fee instead of varying rates based upon the service offered.¹ At the current 0.0016 rate, carriers will pay this minimum fee up to \$375,000 in gross intrastate operating revenues. The reduced RAF rate was determined assuming reduced responsibilities, projecting staff hours on continuing telecommunications workload, and projecting telecommunications company revenues. As they have for several years, revenues from the telecommunications companies regulated by the PSC continued to decline in 2015 as traditional wireline revenues are replaced by unregulated (VoIP/broadband) services. Also, through consolidation of companies and the maturation of the markets, the number of regulated companies also continues to decline. Given all these factors, the agency is evaluating the need to further reduce the telecommunications RAF rate in 2016.

Regulatory Activities That Continue To Be Required

There were 342 telecommunications companies regulated in some way by the PSC as of November 13, 2015. The Commission continues to retain authority and responsibility in the following areas for telecommunications companies:

- The PSC resolves intercarrier disputes involving interpretations and implementation of sections of the intercarrier agreements.
- The PSC processes arbitrations of intercarrier agreements when the companies cannot negotiate all the terms of the agreement and request the PSC to resolve issues the companies define.
- The PSC reviews interconnection agreements filed with the PSC in accordance with federal requirements.
- The PSC resolves cases involving area code relief, number conservation plans, number resource reclamation, local number portability, and other numbering issues.
- The PSC analyzes information for and produces several statutorily required reports: the *Annual Report on the Status of the Telecommunications Access System Act of 1991*, the *Annual Report on Lifeline Assistance*, the *Report on the Efforts of the Florida Public Service Commission to Reduce the Regulatory Assessment Fee for Telecommunications*

¹ Previously, the minimum fee ranged from \$600 to \$1,000, depending on the type of service offered. Payphone operators continue to pay a minimum fee of \$100.

Companies, and the Report on the Status of Competition in the Telecommunications Industry.

- The PSC maintains oversight of the Florida Relay Service.
- The PSC maintains oversight of Florida's Lifeline Program including establishing eligibility criteria, coordinated enrollment, and monitoring ETCs.
- The PSC issues certificates of authority for telecommunications companies to operate in Florida, evaluating the applicant's technical, financial, and managerial capability to provide service.
- The PSC resolves consumer complaints relating to Lifeline, Telephone Relay, and payphones.
- The PSC publishes network access tariff information for all incumbent local carriers.
- The PSC publishes other tariff/rate schedule information for any certificated company if the company so decides.
- The PSC publishes and distributes informative materials relating to the Lifeline program and conducts related consumer outreach.
- The PSC monitors and/or participates in federal proceedings in cases which the state's consumers may be affected and to convey the PSC's positions and information requirements in order to achieve greater efficiency in regulation.

Efforts to Reduce Costs

The PSC continues to find ways to reduce the costs of performing its continuing duties. In 2015, the PSC continued its electronic tariff and service schedule publishing that will further reduce the number of paper documents at the agency. All official copies of telecommunications tariffs, price lists, and service schedules are available on the agency's website, as are all tariff updates. This development will allow greater access to both consumers and companies and reduce costs associated with record requests. Additionally, the PSC has begun the process of eliminating all obsolete or redundant paper archives of companies' rates and schedules.

The PSC adjudicated a major arbitration in 2015 pursuant to the federal Telecom Act, deciding a multitude of issues covering a wide array of topics. While it proved to be somewhat of a strain on its resources, the Office of Telecommunications' staff, along with the Office of General Counsel, were

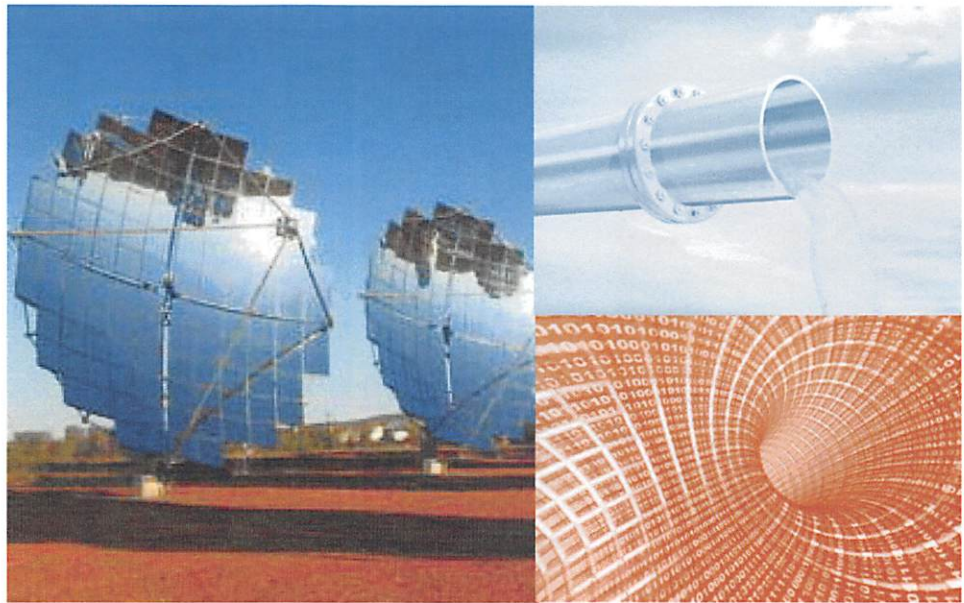
able to successfully complete prehearing, discovery, hearing, and recommendation processes internally. This indicates that the current staffing level of the Office of Telecommunications is appropriate for the PSC's present state and federal statutory duties.

Additionally, the telecommunications staff continues to conduct periodic internal cross training on its remaining responsibilities and has developed comprehensive written Standard Operating Procedures for its functions. As staff become familiar with each other's duties, the requisite training time will be reduced should the need arise to further consolidate or transfer functions. This proved valuable when "all hands" in telecommunications were required to complete the arbitration request.

Summary

The PSC continues to proactively respond to the changes in its statutory authority as a result of the Act. The agency has assessed the appropriate staffing levels for the telecommunications staff, and will continue to monitor the workload and staffing needs. The agency continues to seek ways to economize its resources while maintaining a high quality work product for all industries under the PSC's authority, including telecommunications.

Public Utility Research Center 2015 Annual Report to the Florida Public Service Commission



2015

Update on PURC Research and Outreach

This update on PURC research and outreach is intended to serve as an overview for FPSC commissioners and professional staff. At the end of this summary is a list of recent research papers that are also available through the research papers search engine on the PURC website at www.purc.ufl.edu. We truly appreciate the support of the FPSC and welcome opportunities for continued collaboration.

Public Utility Research Center 2015 Annual Report to the Florida Public Service Commission

UPDATE ON PURC RESEARCH AND OUTREACH

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Public Utility Research Center 2015 Annual Report to the Florida Public Service Commission

UPDATE ON PURC RESEARCH AND OUTREACH

HIGHLIGHTS

43rd Annual PURC Conference

The 43rd Annual PURC Conference, “A Messy Process for a Clean Power Plan” will examine options and decision making for environmental policies, energy supply, industry roles and responsibilities, and water regulation.

NEW Online Executive Development Series for New Commissioners

PURC is proud to announce “Your First 90 Days.” The distance learning series addresses the strategic and leadership challenges of being at the top of a regulatory agency.

Online Course: Regulatory Impact Analysis

PURC continues to offer its Regulatory Impact Analysis Online Course. In 2015, 30 professionals from 13 countries participated in the course in an effort to learn how to avoid the pitfalls that stifle utility regulatory decisions and gain support for difficult issues.

PURC/World Bank International Training Program on Utility Regulation and Strategy

One hundred seven people attended courses in 2015. Since its inception in 1997, this program has educated more than 3100 professionals representing 152 nations. Commissioner Ronald Brisé was a featured speaker in June.

PURC Advanced International Practices Program

Twenty-four infrastructure professionals from around the world participated in this year’s courses on energy pricing, benchmarking, and next generation networks.

Body of Knowledge on Infrastructure Regulation (BoKIR) web site

PURC, in collaboration with The World Bank, is planning to expand the BoKIR content to include fragile states in 2016. The BoKIR glossary of terms was translated into two additional languages this year, Bulgarian and Arabic. The glossary is available in 10 languages.

Other Research

PURC researchers have written papers on regulation and politics, renewable energy, time-of-use pricing, the effects of ISOs, benchmarking water systems, and common carrier regulation, to name a few.

PRIMARY RESEARCH PROJECTS

ENERGY

The Essential DNA of Electricity Regulation and Adaptive Regulation

These papers examine the key features of utility regulation, with an eye towards what should be kept and what can be discarded in electricity market reforms. Enterprises are considered public utilities if they are monopolistic and perform an essential public function. Governments create independent regulatory agencies to address two fundamental problems in the control of public utilities, namely the dampening effect that politics has on investment and the value of specialized knowledge. Agencies are more effective in stimulating investment if they are insulated from political pressures to behave opportunistically and if they have sufficient resources to overcome information asymmetries with operators.

Reconsidering Regulatory Uncertainty: Making a Case for Energy Storage

Energy storage has the capacity to be a game-changer for many facets of our grid, providing better integration of renewable energy, enhanced reliability, and reduced use of carbon-intensive fuels. Energy storage faces a number of obstacles, however, including technological, financial, and regulatory uncertainty. This Article focuses on the regulatory uncertainty, and defends the proposition that not all regulatory

uncertainty is created equal. It argues for differential treatment of this uncertainty, depending on its context, scope, and source, and applies this framework to the uncertainty surrounding the classification of energy storage. It finds that this uncertainty operates against high baseline levels of uncertainty in the energy industry, is limited in its scope, and is intentionally embraced by the federal regulators in an effort to realize the benefits of regulatory uncertainty. This Article asserts that this form of uncertainty is one that can be managed in a way to avoid stifling the development of this important technology. This Article sets forth strategies for regulators and regulated entities to continue to function, even within this zone of regulatory uncertainty.

Renewable Portfolio Standards and Cost-Effective Energy Efficiency Investment

Renewable portfolio standards (RPS) and mandates to invest in cost-effective energy efficiency (EE) are increasingly popular policy tools to combat climate change and dependence on fossil fuels. These supply-side and demand-side policies, however, are often uncoordinated. Using California as a case in point, this paper demonstrates that states could improve resource allocation if these two policies were coordinated by incorporating renewable energy procurement cost into the cost-effectiveness determination for EE investment. In particular, if renewable energy is relatively expensive when compared to conventional energy, increasing the RPS target raises the cost-effective level of energy efficiency investment.

Wind generation can reduce wholesale electricity market prices by displacing conventional generation, but how large is the effect in an electricity market dominated by hydroelectric generation?

This research examines wholesale electricity prices in the Pacific Northwest region of the United States and finds that increased wind generation reduces wholesale market prices by a small, but statistically-significant, amount. While a hydro-rich system can integrate wind generation at a lower cost than a thermal-dominated region, the direct economic benefits to end-users from greater investment in wind power may be negligible.

Do demand-side management programs save energy?

This paper estimates the energy savings effect of a Demand-Side Management program, specifically Gainesville Regional Utility's (GRU) high-efficiency central Air Conditioner (AC) rebate program. In this program GRU offers financial incentives to its customers to replace their old, low-efficiency AC units with high-efficiency models. The research finds substantial annual energy savings, with impacts on the summer-peak being the most significant. There was no statistically significant rebound effect.

New Tools for Regulators in Addressing the Impact of Renewable Energy and Energy Efficiency Policy

The role of renewable energy sources and energy efficiency is changing in the global energy marketplace. Regulators and operators around the world are facing questions regarding the costs and benefits of implementing policies related to these resources in heterogeneous electricity systems. PURC is expanding the Body of Knowledge in Infrastructure Regulation (hyperlinked to <http://regulationbodyofknowledge.org/>) with responses frequently asked questions on renewable energy and energy efficiency policy. In this paper, we explain the value of this knowledge in implementing public policy, and the evaluation of these resources from

the perspective of cost, reliability of service, and energy security. We find that a clear consistent regulatory framework where the roles and responsibilities of market participants are defined offers the best chance of the success of these policies.

Modeling Electric Congestion Charges in a Composed Error Framework

Congestion charges, the opportunity cost of transmission in a regional electric market, present a unique modeling challenge. Their properties render many popular methods used to model energy prices ineffective. In this paper, we present a model utilizing the composed error framework to capture many of the unique properties of congestion charges. We then demonstrate how this model can be used to assess the risk associated with a financial instrument derived from congestion charges and compare our approach with an assessment that utilizes the bootstrap method.

A Win-Win Mechanism for Electricity Procurement by a Local Distribution Company.

A time-of-use rate option design allowing an LDC's customers to allocate their consumption to be billed at the fixed and daily-varying TOU rates offers a win-win mechanism for electricity procurement in the face of uncertain spot prices and hedging options. Even if all customers have the same risk preferences, the proposed mechanism is Pareto-superior to the tariffs and procurement strategies commonly used in North America.

Should Utilities Be Required to Bury Power Lines to Protect Them? The No Position.

City requirements to relocate electricity distribution lines underground would likely lead to an inefficient use of electricity consumers' money. The city government is not as likely as the utility or its regulator to possess the technical expertise necessary to decide whether this undergrounding is either feasible or prudent.

Florida's Storm Hardening Effort: A New Paradigm for State Utility Regulators

Following several hurricanes in 2004 and 2005, the Florida Public Service Commission initiated a multiyear process that emphasized both collaboration and research and resulted in expanded requirements for utility accountability. This collaborative effort is essential to gain perspective on the broader issues surrounding changes in utility infrastructure and to mitigate the effects of information asymmetries regarding the costs and effectiveness of storm hardening.

Evidence-Driven Utility Policy with Regard to Storm Hardening Activities: A Model for the Cost-Benefit Analysis of Underground Electric Distribution Lines

In the aftermath of any storm event, there are inevitable questions. Customers ask why damage occurred and what, if anything, could have been done to prevent it. Customers and utilities seek ways to mitigate the effects of storm events in the future. Often, the relative costs and benefits of these mitigation strategies aren't clear, and that can prevent utilities or regulators from enacting public policies that could benefit customers and

utilities. The application of evidence-based utility policy and the quantification of these benefits can be essential to improving utility service and reducing costs for the service provider and the customer alike.

TELECOM

Broadband Regulation and Government Investment in Nationwide UltraFast Fibre Broadband Networks: evidence from New Zealand

New Zealand stands apart from its OECD counterparts as one of the few countries pursuing government investment in a nationwide fibre network. As in the past, when it stood apart with its „light-handed“ regulatory approach, New Zealand’s experience can inform other jurisdictions. This paper contributes by documenting and analyzing the chronological history of the key political, regulatory and industry actions taken to implement the government fibre investment policy, between 2008 and September 2013.

Competition and Regulation Policy in Antipodean Government-Funded UltraFast Fibre Broadband Markets

Both the Australian and New Zealand governments have committed to spend substantial sums in order to bring forward the nationwide deployment of ultra-fast fibre-to-the-home (FTTH) broadband networks. With deployment proceeding apace, two significant questions have arisen regarding the economic, commercial and political rationale for the Australian and New Zealand governments’ decisions. The first is why the respective governments are assuming a central role in the design, financing, deployment and (in Australia’s case) operation of a nationwide network of a specific technology type, given that such intervention is at significant variance with both recent international industry policy and practice advocated by international agencies such as the OECD and the ITU, and the recent policy and regulatory history in both countries. The second is how these new Government-funded networks will affect the nature of competitive interaction in the telecommunications (broadband) industry in their respective countries.

How do regulatory policies affect the diffusion of broadband?

This research analyzes the factors that influence the diffusion of fixed and mobile broadband. For fixed broadband diffusion, it finds that local loop unbundling, income, population density, education, and price are significant factors of fixed broadband diffusion. For mobile broadband, multiple standardization policy and population density are the main factors of the initial diffusion of mobile broadband services. The results of the mobile broadband model also suggest that in many OECD countries, mobile broadband service is a complement to fixed broadband service in the initial deployment of broadband.

Lessons from the evolution of merger guidelines in the United States

Merger Guidelines in the United States developed to provide antitrust guidance to businesses considering merging. The current process for defining markets was introduced in the 1982 Merger Guidelines, and was based on court cases and scholarly research stretching over many decades. The basic approach is to select a group of products that might constitute a market and analyze whether, if these products were produced by a monopoly, the firm could profitably increase price. This approach is not without controversy and challenges, but it remains a core approach. More recently the role of developing market definitions has been diminished by the development of tools for looking at product substitutability more directly.

Adding Dimension to Merger Analysis

Traditional merger analysis in the U.S. focuses on a single dimension, namely the combination of two or more firms that supply substitutable products. As such, merger analysis misses the fact that there are various types of mergers – e.g., hostile takeovers, friendly acquisitions, and mergers of equals – and that the differences among these types affect outcomes. Similarly missing is explicit consideration of merger-created synergies for future markets. We illustrate the effects of painting all mergers with the same brush on the propensity for firms to form beneficial mergers and we suggest means of changing merger analysis to reflect diversity in the natures of mergers and their future markets.

WATER

Technical Inefficiency Effects in a Stochastic Production Function for Managerial Incentives in Public Water Utilities.

Performance of state-owned water utilities in developing countries is often weak. This study estimates the impact of managerial incentives upon efficiency using a stochastic frontier production function with revenue water as the output. The empirical analysis utilizes an unbalanced paneled data consisting of revenue water, connections, operating expenditure, water delivered and staff, from Uganda's nineteen NWSC sub-utilities for a nine-year period, 2002-2010. The inefficiency effects are modelled as a function of utility-specific variables: service coverage, level of financial incentives, target difficulty, and year of observation. While financial incentives and increased service coverage improve efficiency, targets (such as the reduction of non-revenue water) that are perceived as excessive by employees may reduce it. The findings suggest some policy implications: utility managers in the public water sector need to incorporate monetary incentives and increase service coverage to reduce non-revenue water. However, targets need to be set with great care and with transparency.

Good Governance for State-Owned Water Utilities.

This study presents key findings from the author's recent report to the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC). The fundamental lesson that emerges from that survey of developing countries is that sector regulation has to be embedded in an adequate and consistent institutional framework in order to have a positive impact on performance. Sector regulation, by itself, is no guarantee of performance improvements in the drinking water supply and sanitation sector. Case studies and empirical analyses suggest that without significant changes in the supporting institutions, the standard tools of regulation will not be effective. This conclusion is disturbing, especially for developing countries, since it means that the establishment of a regulatory agency might raise hopes, but ultimately, the agency's rules are unlikely to improve performance without additional, politically difficult initiatives.

OUTREACH

Plans for the 43rd Annual PURC Conference, A Messy Process for a Clean Power Plan

Clean power seems to be everyone's aspiration, but the process for defining it and achieving it has become quite messy. The EPA's Clean Power initiative is dominating most energy discussions these days, but the means by which to clarify the rules and comply with them is pulling together a lot of threads, such as state jurisdiction, renewable energy initiatives, the changing roles of natural gas, energy storage, water resource policy, and the like. And let's not forget the overarching goals of reliability and keeping energy affordable. New stakeholders are emerging as technologies and the economics for production change, giving rise to increasingly complex regulatory and political issues. How can those responsible for keeping the system working make decisions for the long term? What are their options and what are the likely outcomes?

Conference details are available online at <http://www.purc.ufl.edu>.

Implications of the Clean Power Plan

The U.S. Environmental Protection Agency finalized a rule that would reduce CO₂ emissions from existing power plants. States have a variety of strategies to meet this requirement. How will Florida adjust its power plan to meet this standard? Ted Kury, director of energy studies for the Public Utility Research Center (PURC), and Amy Stein from the Levin College of Law, whose legal focus is on clean energy, climate change and the environment, examined Florida's current energy

policy and the need to diversify energy options in order to secure Florida's energy future. The event was held in Gainesville, Florida at the Bob Graham Center on September 24, 2015.

Why is rural broadband development so hard?

It comes down to our inability to mobilize political will, according to PURC Director, Mark Jamison. Speaking to the Organization of American State's CITELE group in Washington, D.C., Dr. Jamison explained that the economics, technology, and financing of rural broadband have been well known for about 20 years. And all countries seem to have embraced rural broadband development as a goal. But still few countries seem to apply what they know to their aspiration of rural broadband development. Dr. Jamison explained that this appears to be because people fail to mobilize the political will to make decisions and to allow others to make decisions, such as in a competitive market. Direct political involvement in rural benefits and bureaucratic decision making are hard to let go of. Academics, regulators, and stakeholders need to help policy makers and others find value in change. Dr. Jamison spoke to CITELE September 24, 2015.

Performance Improvements for Caribbean Water and Sanitation Utility Companies

Stakeholders in the Caribbean arrived at a consensus in identifying 4 areas critical to the improvement of Utility Performance:

1. Water Safety Plans (resource sustainability and utility resilience)
2. Communications/Customer service (credibility and legitimacy)
3. Efficiency (benchmarking, NRW, and asset management)
4. Collections and Tariff Design (financial sustainability)

Dr. Sanford Berg discussed these topics, suggested additional supporting initiatives and the foundations for high performance at the 24th Annual Caribbean Water and Wastewater Association (CWWA) Conference and Exhibition in Miami, Florida August 24, 2015.

Regulating Water Services Provision in MENA Workshop

Dr. Mark Jamison explained the central features of regulation and how to develop a regulatory system at this workshop organized by The World Bank and the Center for Mediterranean Integration (CMI) in partnership with GIZ and the Public-Private Infrastructure Advisory Facility (PPIAF). In Marseilles, France July 28 – 30, 2015, his presentations discussed topics ranging from water regulation, approaches to rate-setting to fragile states.

How can a utility move forward in times of constant change?

By paying attention to three juxtapositions, according to PURC director of leadership studies, Araceli Castaneda, and PURC director and Gunter Professor, Mark Jamison. Speaking to over 100 utility managers and executives at the Florida Municipal Electricity Association 2015 Annual Meeting, Ms. Castaneda and Dr. Jamison explained that the first juxtaposition -- It's not best practice, but next practice -- is necessary for finding the way forward when there is no path to follow. Next practices are experiments and lead to the second juxtaposition, which is that it's not about what, but about why. The next practice itself is not as important as to why it is undertaken. This emphasizes filling knowledge gaps. This is difficult in the political situations that most utilities find themselves in because the political environment favors people who claim to have the answer over those who admit uncertainty. This leads to the third juxtaposition, which is that it is not about leading, but leadership. Leading assumes the leader has the answer. When things are constantly changing, utility decision makers should emphasize leadership, which is about stirring and steering. The practice of stirring keeps the organization, its stakeholders and the political actors from settling for answers that appear easy, but that could be seriously flawed.

How can utilities innovate to thrive in the future?

How can utilities innovate to thrive in the future? That was the subject of PURC director Mark Jamison's talks in Poznan, Poland. Dr. Jamison explained that there are three types of innovation: Innovation in the known world, in the knowable world, and to the unknown world. Innovation in the known world is adopting new technologies and practices to improve how today's system works. Innovation in the knowable world adapts the system to address customer frustrations that may not usually be seen as an energy problem. Innovation to the unknown world replaces the current system with entirely new ways of improving customers' lives. He spoke at the International Congress of Energy Science and Industry Energi@21, Innovative Energy Utility, on May 26 – 27, 2015.

Keynote Address at CAMPUT: Honoring the Past, Shaping the Future

Utility regulation today is built on lessons that we have learned and forgotten many times over our history. This was the subject of Dr. Mark Jamison's keynote address at the CAMPUT Conference 2015 in Calgary, Canada on May 11, 2015. CAMPUT is Canada's Energy and Utility Regulators. His talk emphasized two lessons: The need to get the economics right and the need to get the politics right. The economics of regulation fall into three categories: the role of information, incentives for improving efficiency and market competition. The pressures that politics brings to regulation means that regulators need to serve their regulatory role well.

What is PURC about?

What is PURC about? The Public Utility Research Center exists to assist professionals in utilities and utility regulation to develop the services and infrastructure that are important for country's economic and social future. On April 16th, speaking to the Gainesville Rotary Sunrise, a group of local business leaders, PURC's director Mark Jamison explained that PURC provides education and research that emphasizes sound analytical thinking and leadership practices that move people beyond today's seemingly impossible obstacles.

Public Interest Environmental Conference at the University of Florida

Why does Florida not have more solar power? That's the wrong question, according to PURC director Mark Jamison. Speaking at the Public Interest Environmental Conference at the University of Florida, Dr. Jamison explained that the key question is whether the system Florida has for determining how electricity is economically provided in the state gives the customers what they want. He explained three imperatives. First, any approach for distributed energy resources (DER) has to make engineering sense, taking into consideration that a public utility provides more than just kWhs. Second, a DER system must make financial sense, i.e., good ideas should be financially viable and bad ideas should not. He explained that some proposals for promoting solar power are like requiring Publix to purchase home grown tomatoes from anyone at any time at the same price at which the store sells its own tomatoes. This approach does not produce economic results. Lastly, he encouraged the audience to keep in mind that people are systematically overconfident, meaning that most beliefs people hold about what should be are likely to be wrong even though people will feel confident that they are right. The conference was held at the University of Florida Levin College of Law on February 13-14, 2015.

Current Issues in Regulation: Droughts, Renewables, Investments and You

How can a country deal with water shortages caused by droughts? The first step is to realize that there is already a market for water resources and that a sustainable solution will always include making that market work more effectively. This was key takeaway from the seminar "Current Issues in Regulation: Droughts, Renewables, Investments and You" presented by PURC Director Mark A Jamison on December 5, 2014, to the Agência Reguladora de Saneamento e Energia in Sao Paulo, Brazil. The audience of about 30 directors and staff discussed a recent agreement between the city of Sao Paulo and Rio de Janeiro regarding the former's access to water from a river traditionally used by Rio for its water resources. Although the terms of the agreement had not been released as of the time of the seminar, the fact that Sao Paulo had given something to Rio in exchange for rights to water implied a de facto market and a price for water resources, even though many countries, including Brazil, consider water resources to belong to the public. A problem with this de facto market is that it is very inefficient, in that only political actors directly participate, willingness to pay is determined by water's political value, information is not transparent, and the value consumers, businesses, the environment, and future generations each place on water is apparently missing. There is no easy answer, but improving efficiency in markets for water is important. Dr. Jamison also discussed how to manage the politics of water, options for renewable energy, and how a regulatory agency can practice leadership in a political environment.

Other Research Conferences

At the International Industrial Organization Society Conference, PURC awarded its annual "Best Paper in Regulatory Economics" to Shaun McRae of the University of Michigan for his paper "Vertical Integration and Price Differentials in the U.S. Crude Oil Market." PURC researchers participated in several other international conferences, including the Danube Water Program Benchmarking Course, the Caribbean Water and Wastewater Association (CWWA) Conference, Organisation of Caribbean Utility Regulators' 13th annual conference in Turks and Caicos Islands, and the World Forum on Energy Regulation in Turkey.

Domestically, PURC researchers participated in the UF Law School Environmental Conference, NARUC meetings, Gainesville Rotary Sunrise meeting, FESC Workshop, Rockefeller Leadership Workshop, FMEA Annual Conference, Gulf Coast Power Association, TPRC Conference, AEI Annual Conference, and the IPU Applied Academic Retreat. Dr. Sanford Berg served as moderator and panelist for a Panel on the Consequences of Aquifer Pumping for UF's Bob Graham Center for Public Service Center on November 17, 2015. Dr. Ted Kury delivered a presentation to the UF Warrington College of Business Administration's Undergraduate Economics Society on February 10, 2015. He presented an overview of PURC, our role within the university community and our global outreach.

The presentations covered renewable energy, regulatory governance, and leadership topics.

PURC Visiting Scholar, Rui Cunha Marques (Full Professor of Systems and Management of Infrastructure-- Instituto Superior Técnico of the University of Lisbon) returned to PURC this August. He worked with Dr. Sandy Berg on different metrics that could be used to measure the quality of regulatory governance. The two researchers ultimately hope to examine the extent to which governance affects infrastructure performance.

Results of the 42nd Annual PURC Conference

More than 90 key leaders in industry and government attended the 42nd Annual PURC Conference, "Golden Egg or Scrambled Egg? Impacts of Decentralizing Utility Services" in February. Speakers included Karl A. McDermott of University of Illinois at Springfield and Ron Lehr of the American Wind Energy Association. Speakers examined options and decision making for energy supply, energy efficiency, the environment, prices, new technologies, and water regulation. Conference details are available online at <http://www.purc.ufl.edu>.

Body of Knowledge on Infrastructure Regulation (BoKIR) Web site

PURC updated this valuable online resource to include more recent information in its sections. Currently, the web site provides tutorials, literature surveys, self-paced tests, and more than 500 downloadable references on utility regulation, as well as a regulatory glossary translated into several different languages. As of 2015, the glossary of terms is available in ten languages including Bulgarian and Arabic.

Other:

PURC received a generous Endowment Fund from its founder, Dr. Eugene Brigham, this year. We are thankful for this gift and it will afford PURC the opportunity to continue to fulfill our vision of expanded deployment and efficient delivery of utility services in all countries.

PURC Junior Economist, Michelle Phillips aided a group of UF undergraduate students with their entry for the Environmental Challenge International Competition (from the Air and Waste Management Association). She served on a faculty advisory board to help them understand the US Clean Power Plan and review and critique their write-ups. The group of UF students attended the competition at the end of October and won 2nd place.

PURC has partnered with the Energy Market Regulatory Authority of Turkey (EMRA) to develop a study tour in the United States including participation in the 39th PURC/World Bank International Training Program on Utility Regulation and Strategy for 10 of its employees.

TRAINING AND DEVELOPMENT

37th and 38th PURC/World Bank International Training Programs on Utility Regulation and Strategy

One hundred seven infrastructure managers learned from each other and from leading experts during the January and June deliveries of this biannual, two-week program in Gainesville. The program is designed to enhance the economic, technical, and policy skills required to design and manage sustainable regulatory systems for infrastructure sectors. The participants studied ongoing infrastructure reform programs, networked with international speakers, and offered their own insights into regulatory policies.

2015 PURC Advanced International Practices Program

PURC delivered three courses under its Advanced International Practices Program: Energy Pricing, Benchmarking Infrastructure Operations, and Telecom Policy and Regulation for Next Generation Networks. In attendance were 22 participants from 15 nations. Participants of the energy course performed price reviews and analyzed financial statements for rate setting. Benchmarking participants assessed how information on trends in key performance indicators helps decision-makers. Telecom participants examined the foundations, drivers, and policy priorities for NGN. Dr. Jamison, Dr. Berg, Dr. Kury, and Ms. Castaneda designed and delivered the courses during the 10-day program.

Practicing Leadership in a Political Environment: A One-Day Intensive Training Workshop for Emerging Leaders in Utility Policy

In January and June, Dr. Jamison and Ms. Castaneda delivered leadership workshops for regulatory professionals, who examined the activities, behaviors, mindsets, and skills of a successful leader during this training workshop designed by PURC for emerging leaders in utility policy.

Pricing for Sustainability

In October 2014, PURC delivered this online pricing course for the third time. The course was designed to introduce engineers, lawyers, and other professionals to the sustainability concepts important for designing prices in infrastructure industries. When implemented, these prices can promote a cleaner environment, efficiency and sound finances. In addition, the course will show how to minimize potential inefficiencies associated with cross-subsidies and programs addressing environmental externalities. This foundational material will help decision-makers develop prices that promote financial and environmental sustainability, while encouraging efficiency and fairness.

Water Utility Regulatory Benchmarking: Performance Assessment and Improvement

Understanding the benefits of benchmarking for water utilities, strengthening analytical and strategic skills, understanding the importance of incentives, and providing capacity building and best practice exchanges among Danube countries, were the goals of this five-day workshop in Kosovo organized by the Danube Water Program. Participants from regulatory agencies and ministries, the World Bank, and operators examined critical issues in water utility benchmarking, which included data collection, validation and dissemination, analysis of performance, and setting goals and action plans. The PURC faculty, Dr. Sanford Berg and Dr. Michelle Phillips, led the group through several case studies and discussions designed to improve participants' understanding of benchmarking as it applies to water utilities while also providing an opportunity for professional networking in the region. The workshop was attended by participants from Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Hungary, Macedonia, Montenegro, Republic of Kosovo, Republic of Moldova, Serbia, and Ukraine.

Fundamentals of Electricity Regulation

What is the role and responsibility of regulation? What are the tools that regulators use and how do they work? How do we utilize the tools of regulation to accomplish our goals for society? These questions and others were discussed during PURC's one-week customized course held in Kampala, Uganda. The course, sponsored by the Electricity Regulatory Authority of Uganda, was attended by personnel from the regulator and electric utilities in Uganda, as well as regulators from Rwanda and Burundi, and facilitated by PURC Director of Energy Studies Ted Kury and PURC Senior Fellow Raj Barua. The participants engaged in discussions of the issues facing the electricity sector throughout East Africa, and applied their knowledge through challenging case studies.

Best Practices in Telecoms, Broadcasting and Postal Regulation

A wide range of communications topics -- including telecommunications competition, broadcasting oversight, postal competition, and service quality for all three sectors -- were covered in a three-day workshop held by PURC for the Uganda Communications Commission in Kampala, April 8 - 10, 2015. Members of the parliament, the UCC board, and staff members examined the practical, economic, and political realities of modern communications regulations. PURC director Mark Jamison and PURC associate David Brevitz delivered the course. The faculty provided follow-up videos to answer additional questions that could not be covered in the three days.

Comprehensive Regulatory Impact Analysis in Broadcast Regulation

How can regulators develop rigorous Regulatory Impact Analyses (RIA) that are used and inform next practices? That was the subject of the workshop "Comprehensive Regulatory Impact Analysis in Broadcast Regulation" provided by PURC to the Thailand National Broadcasting and Telecommunications Commission (NBTC). The course explained how to frame the analysis, engage with stakeholders, align options with objectives, conduct cost-benefit and other forms of analyses, plan and implement policy changes, and review actual results, with a view towards next practices. The participants examined both the analytical challenges and the leadership challenges of performing an effective RIA. The over 40 regulatory professionals from the NBTC developed case studies that were evaluated by their peers and PURC faculty. The course was held April 27-29, 2015, in Bangkok.

Performing Cost of Service for Electric and Water Utilities

How can a utility obtaining accurate and meaningful service cost information in a rapidly changing industry? That was the challenge for Aqualectra in Curacao. This combined electric and water utility faces rapidly changing technologies and business environment. It needs to understand its underlying cost structure so that it can make informed business decisions and respond to its regulator's request for service cost information. In 2015 PURC faculty worked with the utility's personnel to guide them in developing the accounting systems, management information databases, and costing algorithms so that it could put in place a system that provides immediate information and that can evolve as the utility expands the sophistication of its information systems.

Benchmarking Infrastructure Operations Advanced Course for the Electricity Regulatory Authority of Uganda

In October 2015, PURC faculty delivered this course for the Electricity Regulatory Authority of Uganda. Using case studies and presentations by PURC faculty, the participants in this course learned to analyze the benefits, best practices, and pitfalls of benchmarking utilities. After completing this course, participants were able to: (1) Understand why benchmarking is essential for improving the performance of infrastructure organizations; (2) Analyze the implications of partial, limited, or incorrect information; (3) Assess how information on trends in key performance indicators helps decision-makers; (4) Understand how model specification and data outliers affect performance comparisons; and (5) Identify the strengths and limitations of alternative quantitative methodologies and how to communicate results.

Roles, Governance, and Political Context in Regulation

In October 2015, PURC faculty delivered this one-day workshop for the Electricity Regulatory Authority of Uganda. The participants learned about the role of the regulatory agency in an economy, the essential features of an effective agency, the nature and importance of regulatory independence, the key challenges in energy regulation, how to understand stakeholders and political context, and how to provide leadership in the regulatory context.

Energy Pricing Advanced Course for the Electricity Regulatory Authority of Uganda

In October 2015, PURC faculty delivered this course for the Electricity Regulatory Authority of Uganda. The participants learned core principles and engaged in a case study in energy pricing from start to finish. After completing this course, participants were able to: (1) Prepare for and perform price reviews; (2) Develop economic incentives appropriate for utilities in small economies; (3) Evaluate market competition and develop remedies for market failure; (4) Analyze financial statements for rate setting and evaluating sector performance; and (5) Develop innovative price structures that create incentives for consumers and producers to behave in a manner consistent with your utility policy.

FACULTY RESEARCH FOCUS



Mark A. Jamison, Director

Dr. Jamison conducts studies on leadership in regulation, regulation and strategy in telecommunications, and regulatory institutions. In recent years, his research has been presented at meetings of the American Economic Association, Industrial Organization Society, Western Economic Association, Australian Competition and Consumer Commission, Telecommunications Policy Research Conference, the Caribbean Electric Utility Services Corporation, the Organisation of Caribbean Utility Regulators, and the National Association of Regulatory Utility Commissioners. He is the principal investigator on a National Science Foundation grant to examine barriers to adoption of solar technologies in developing countries. His current research examines market competition, adaptive regulation, and the essential DNA of electricity regulation. He has conducted training programs for regulatory organizations in Africa, Asia, Australia, the Caribbean, Central America, Europe, North America, and South America.

Sanford V. Berg, Director of Water Studies



Dr. Sanford (Sandy) Berg has been examining internal and external governance mechanisms in the context of infrastructure reform. He prepared and presented “Seven Elements Affecting Governance and Performance in the Water Sector” at the 1st International Conference on Redrafting Water Governance, Lisbon (October). That paper is under review for publication. He continues to work with former and current UF graduate students, helping them revise papers on a range of topics, including the efficiency of electricity distributors in Brazil and water utilities in China. These will ultimately become PURC Working Papers, directed at our international alumni around the world. The PURC proposal to the World Bank to add material on regulation in fragile and low income states was funded. As a result, Sanford is preparing answers to Frequently Asked Questions related to setting performance targets when data are limited, developing information systems that yield key performance indicators, and developing incentives for improving performance in fragile states. He has also worked on a typology that will help policy-makers develop strategies to strengthen infrastructure performance. The material will be added to the Body of Knowledge of Infrastructure Regulation (BoKIR) www.regulationbodyofknowledge.org. He plans to incorporate some of the answers to these FAQs into one or more Working Papers. The one week PURC short course on “Water Utility Benchmarking” delivered in Kosovo to regulators from fourteen nations in the Danube region (February) has led to a collaboration a potential publication.

Ted Kury, Director of Energy Studies



Dr. Ted Kury’s research has focused on three current issues confronting energy markets: the efficacy of relocating power lines, the complexity in determining optimal levels of carbon dioxide abatement, and the effects of restructured electricity markets. The relocation of power lines is a complicated question because relocation is very expensive and does not necessarily reduce the damage associated with storm events. In areas more susceptible to storm surge and flooding, the relocation may even increase damages, leading to a waste of valuable consumer and utility resources. Understanding how the efficacy of undergrounding changes with location is critical to ensuring that customers are receiving safe, reliable electricity service at just and reasonable rates. In addition to his academic work, Dr. Kury has published a number of essays in the popular press on the topic. Economic theory provides clear guidelines on what constitutes optimal levels of production for any good – the point at which the marginal cost is equal to the marginal benefit. However, in practice, these curves are not always well-behaved, and this can lead to different characterizations of the optimum. So while an understanding of these costs and benefits is necessary to determine optimal levels, it is not sufficient, and public policy should take this into account. In addition, the sensitivity of these marginal abatement curves to the price of natural gas means that consumers suffer twice as natural gas prices increase. This question is critical as states decide how to comply with the EPA’s Clean Power Plant Rule. Restructured electricity markets have led to more opportunities, but it is not clear how these opportunities are distributed. Dr. Kury’s research has shown that the benefits of increased trade in transparent wholesale markets are not uniformly distributed, with

larger and privately-owned utilities more apt to participate. He is also addressing the question of whether this restructured market has influenced a utility's decision to invest in transmission assets.



Lynne Holt, Policy Analyst

Dr. Holt's research agenda for 2015 involved focusing on the Florida proposed constitutional amendment on local solar supply, clean energy jobs in Florida, the Clean Power Plan, and the importance of regulation in credit-rating agency assessments (Moody's, Standard & Poors, and Fitch) of U.S. electric utilities.



Araceli Castaneda, Director of Leadership Studies

During 2015, Araceli Castaneda focused on the design of "Your First 90 Days", a distance learning course designed for new commissioners and heads of utility regulatory agencies. The course addresses the strategic and leadership challenges of being at the top of a regulatory agency.

Another area of work has been the development of what PURC has named "Adaptive Regulation". The adaptive regulation system focuses on developing fresh perspectives and knowledge about the future, while holding in trust the wisdom from the past through three juxtapositions: (1) thinking in terms of "next practices", rather than "best practices"; (2) focus on "why", not "what"; and (3) understanding the relevance of "practicing leadership", rather than "leading".



Michelle Phillips, Junior Economist

During the past year, Michelle Phillips focused on research regarding the impact of stakeholder feedback on the regulation of electric utilities, efficiency studies in the water and electricity sectors, and policy studies about incentives and regulation for solar PV use in developing countries. Michelle's stakeholder feedback research, focused on the impact of stakeholder participation in the regulatory model that is used by Brazil's electricity regulator. Her efficiency studies examined costs in the Brazilian electricity distribution sector and both production functions and the operational environment of urban Chinese water utilities. Michelle is currently working on papers examining the policy environment behind Kenya and Myanmar's current solar PV regulatory environment.



David Sappington, Lanzillotti-McKethan Eminent Scholar

Professor Sappington's ongoing research focuses on the design of regulatory policies to: (i) limit peak electricity consumption by providing incentives for demand response; and (ii) promote efficient distributed generation of electricity via net metering and related policies.

APPENDIX

Public Utility Research Center

Recent Publications and Working Papers

APPLIED PUBLICATIONS

Jamison, Mark A. 2015. "The Economic and Political Realities of Regulation: Lessons for the Future." *Energy Regulation Quarterly*, 3:17-20.

Chakravorty, Shourjo. 2014. "A Study of the Negotiated-Settlement Practice in Regulation: Some Evidence from Florida." *Utilities Policy*, 32:12-18.

Sappington, David E. M., and Dennis L. Weisman. 2012. "Regulating regulators in transitionally competitive markets." *Journal of Regulatory Economics*, 41(1):19-40.

Jamison, Mark A., and Janice A. Hauge. 2014. "Do Common Carriage, Special Infrastructure, and General Purpose Technology Rationales Justify Regulating Communications Networks?" *Journal of Law, Economics, and Organization*, 10(2):475-493.

Jamison, Mark A., and Araceli Castaneda. 2014. "Execution and Leadership: Fulfilling Conflicting Responsibilities in Utility Regulation." *The Electricity Journal*, 27(3):67-76.

WORKING PAPERS

Holt, Lynne. 2015. "Political Implications of the Clean Power Plan for the 2016 Presidential Election." University of Florida, Warrington College of Business, PURC Working Paper.

Howell, Bronwyn. 2015. "Separating New Zealand's Incumbent Provider: A Political Economy Analysis" University of Florida, Department of Economics, PURC Working Paper.

Howell, Bronwyn. 2015. "Broadband Regulation and Government Investment in Nationwide UltraFast Fibre Broadband Networks: evidence from New Zealand" University of Florida, Department of Economics, PURC Working Paper.

Howell, Bronwyn. 2015. "Competition and Regulation Policy in Antipodean Government-Funded UltraFast Fibre Broadband Markets" University of Florida, Department of Economics, PURC Working Paper.

Howell, Bronwyn. 2015. "Structural Separation Models and the Provision of 'Dark Fibre' for Broadband Networks: the case of CityLink" University of Florida, Department of Economics, PURC Working Paper.

Howell, Bronwyn. 2015. "Separation Anxieties: Structural Separation and Technological Diffusion in Nascent Fibre Networks" University of Florida, Department of Economics, PURC Working Paper.

Howell, Bronwyn, and Bert Sadowski. 2015. "Anatomy of a Public-Private Partnership: Hold-up and Regulatory Risk in an NGN PPP" University of Florida, Department of Economics, PURC Working Paper.

Castaneda, Araceli, Mark A. Jamison, and Michelle Phillips. 2015. "The Essential DNA of Electricity Regulation" University of Florida, Warrington College of Business, PURC Working Paper.

Vandaele, Nicole, and Wendell Porter. 2015. "Renewable Energy in Developing and Developed Nations: Outlooks to 2040" University of Florida, Department of Economics, PURC Working Paper.

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

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

***INTERNAL AFFAIRS
December 15, 2015***

<u>Speaker</u>	<u>Representing</u>	<u>Item #</u>
Dr. Mark Jamison	Public Utility Research Center	2

III. Supplemental Materials for Internal Affairs

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

IV. Transcript

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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PROCEEDINGS: INTERNAL AFFAIRS

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JULIE I. BROWN
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, December 15, 2015

TIME: Commenced at 9:30 a.m.
Concluded at 10:00 a.m.

PLACE: Gerald L. Gunter Building
Room 105
2540 Shumard Oak Boulevard
Tallahassee, Florida

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

P R O C E E D I N G S

1
2 **COMMISSIONER BROWN:** Good morning, everybody.

3 (Chorus of good mornings.)

4 Very happy to be here today. Happy
5 Holidays to everybody.

6 This is the Internal Affairs meeting on
7 December 15th at 9:30, and our Chairman asked me
8 to -- the Chair asked, requested that I chair this
9 for -- on behalf of him. And with that, we will
10 start the IA with Item 1, which is staff's review of
11 the 2015 Regulatory Assessment Fee.

12 **MS. SALAK:** Good morning, Commissioners. Yes,
13 we're here to ask for your permission to file this
14 draft of the 2015 Regulatory Assessment Fee for
15 telecommunications. We would like any comments you may
16 have on it or corrections, and, otherwise, we'll get
17 ready to file it.

18 **COMMISSIONER BROWN:** Commissioners, any
19 questions?

20 Ms. Salak, can you just go over some of
21 the highlights of this year's report?

22 **MS. SALAK:** Certainly. I don't want to take
23 away Mark's thunder, but anything else you want me to --

24 **COMMISSIONER BROWN:** Or Mark.

25 **MS. SALAK:** Actually we have discussed the

1 activities that are no longer required, as is required
2 by the report. We have talked about the agency as a
3 whole and the savings and how we work towards
4 streamlining and doing it as efficiently as we can, our
5 work product as efficiently as we can. We talked about
6 the activities that we continue to do, and we did
7 discuss that we did have an arbitration this year that
8 kept us quite busy. So that is probably the highlight
9 of the year. We also discussed that we are -- given our
10 workload, we are probably at right size for now unless
11 there are changes in the statutory requirements.

12 **COMMISSIONER BROWN:** Okay. Thank you.

13 Commissioners, any follow-up questions?

14 Sure. Commissioner Edgar.

15 **COMMISSIONER EDGAR:** Do you foresee
16 arbitrations in the future, I mean, more of that type of
17 work coming? And I realize that none of us have a
18 crystal ball, but, you know, sometimes the signs are
19 there.

20 **MS. SALAK:** That is true. There have been
21 some companies that have come forward and suggested they
22 might do it, but we haven't seen them. So you're right,
23 it's hard to forecast that. But we, you know, we've had
24 some nibbles at it, but we haven't seen anything, so.

25 **MR. LONG:** Many, many, many existing

1 interconnection agreements are in evergreen status and
2 have been for some time, so something is going to have
3 to happen in the near future. Whether they come to
4 terms with the agreements or have arbitrations, I don't
5 know, but something is going to have to happen.

6 **COMMISSIONER EDGAR:** And as far as the number
7 or -- I'll say number, but that may not be the most
8 accurate term, but with consumer complaints that are
9 received in the telecom area of our overall
10 jurisdiction, up, down, consistently, stable? What do
11 you -- what are you experiencing?

12 **MS. SALAK:** Well, we don't receive retail
13 complaints anymore. It's just total wholesale. We have
14 some repeat people that come in on the wholesale side
15 discussing multiple issues. Some of them are people
16 that were involved in the arbitration. We do get quick
17 turnaround. Most of the stuff that we see has a quick
18 turnaround. Some of them will complain to us. We'll
19 contact the company. We're able to get it taken care of
20 within the week. I would say we see maybe one a month,
21 though. It's not an exaggerated number at all. I don't
22 mean to lead you astray that we do them all the time.

23 We do do some retail complaints still. We
24 do Lifeline, we do some relay complaints, we do
25 payphone, very few, but we do payphone, so -- but

1 those are all limited. And, as you know, DACS does
2 the rest of our complaints.

3 **COMMISSIONER EDGAR:** Sure. All right. Thank
4 you.

5 **COMMISSIONER BROWN:** Any other questions?

6 I will entertain a motion to approve.

7 **COMMISSIONER BRISÉ:** So moved.

8 **COMMISSIONER BROWN:** Is there a second?

9 **COMMISSIONER PATRONIS:** Second.

10 **COMMISSIONER BROWN:** All those in favor, say
11 aye.

12 (Vote taken.)

13 All right. Thank you so much, Ms. Salak.

14 **MS. SALAK:** Certainly.

15 **COMMISSIONER BROWN:** Item 2, presentation by
16 Dr. Jamison. Good morning, Dr. Jamison.

17 **DR. JAMISON:** Good morning.

18 **COMMISSIONER BROWN:** Great report.

19 **DR. JAMISON:** I'm sorry?

20 **COMMISSIONER BROWN:** Great report.

21 **DR. JAMISON:** Oh, yes. Thank you. So for
22 those of you I've not met, Commissioner, I'm Mark
23 Jamison. I direct the Public Utility Research Center at
24 the University of Florida. And the Public Service
25 Commission has been one of our sponsors for almost since

1 our inception. We started in the early 1970s, and we
2 were developed as a research center to focus on how do
3 we analyze things well? Not to tell people what their
4 policies or their ideas should be, not to try and direct
5 people, but how do we make sure our analysis are
6 correct? And so those are the things we tend to focus
7 on.

8 I just want to highlight some of the
9 things that we've been involved in over the past
10 year primarily. In our research arena -- there's a
11 report that is missing from this report. I just
12 noticed it on my way here. I don't know how we
13 missed it. But we did a paper looking at the solar
14 amendments that have been proposed for Florida, just
15 trying to lay out what these actually mean and how
16 people think about this. This is published in the
17 Electricity Journal, I believe, is where it was
18 published. If anyone would like to see a copy of
19 that, please just let us know.

20 Sticking to that theme of the renewable
21 energy, we also are involved in a National Science
22 Foundation project that is looking at technologies
23 for solar power. Our part of it is not so much
24 developing the technologies. We have three
25 universities with engineers working on that. Our

1 part is what does it take for a solar technology to
2 be commercially viable? So we look at some of those
3 types of issues as well.

4 We have an online resource for regulators
5 and industry as well called our Body of Knowledge on
6 Regulation, and we've recently updated some
7 information on renewable energy, energy efficiency
8 in that as well. And then we've had some research
9 on renewable portfolio standards that we've been
10 doing. So those are kind of some of the highlights
11 in the renewable area.

12 We are also always still involved with the
13 utilities on the storm hardening work. Not a lot of
14 activity in that space because we just haven't had
15 the hurricanes, but we decided to take credit for
16 that. With all the research we've been doing just
17 kind of kept -- they're intimidated now by all of
18 us, I think. So that's at least gone well.

19 (Laughter.)

20 We also have been taking a look at some of
21 the issues in the Clean Power Plan. For several
22 years we've been looking at what are the
23 implications of pricing carbon, what would that
24 mean, what would it look like for -- possibly for
25 the state, but just what it does to electricity

1 prices as well, and now we're starting into, as you
2 now have an order out there, you know, what does it
3 mean and what does it look like going forward? That
4 also will be highlighted in our major outreach for
5 the coming year, which will be our annual
6 conference. And we hope that all of you and all the
7 staff and everyone else comes to that. We'll be
8 working that around the Clean Power Plan because it
9 touches everything that's going on in the industry.
10 So we'll be looking at what Florida is or is not
11 doing in that space, what the options are, what are
12 the other states thinking about and doing in that
13 space of developing their plans as well, looking at
14 some impacts and some disruptors that get related to
15 it for the industry. And then also not directly
16 related to it, so what are the issues for regulation
17 and water as that sector changes as well? So that's
18 what the annual conference is like. That's in March
19 of 2016.

20 Our other outreach includes a lot of
21 courses that we do for people who are in the
22 regulatory community around the world. And our
23 training, probably about 90 percent or so of that is
24 actually international, and these are opportunities
25 for the Commissioners and Commission staff as well.

1 As some of you know because you've taught
2 in it before, we have a two-week course on
3 regulation that we do twice a year. And we've had
4 some of you be speakers; some of the staff have been
5 speakers in it. It's also a place where if there's
6 a particular topic that someone from here wants to
7 go and listen in on for a day or two, that's always
8 available. We've had some of the staff do that. We
9 cover everything from how do we organize markets to
10 how do we do the financial analysis of utilities,
11 how do we set up the economic incentives, how do we
12 set the prices, and how do we run the regulatory
13 institutions? So the whole landscape of issues is
14 covered. And that course is taught in January and
15 June of each year.

16 We also have some courses that we've been
17 doing online and some of those live as well on
18 regulatory impact analysis. When we're thinking
19 about instituting a regulation, how do we know what
20 its impacts might be or at least project what those
21 might be and how do we do that well? That's a
22 growing issue in all parts of the world, and so
23 we've put together an online course for it. We've
24 delivered it live as well.

25 We've been doing a course on pricing for

1 sustainability. Prices matter when they hit a
2 marketplace. How do we understand what the
3 implications of prices are for the utilities, for
4 customers, and then for the community and the
5 environment at large? And so we've been doing that
6 as well.

7 Another course that we do, and this one we
8 only do live, that's been very popular is one on
9 benchmarking. How do we understand how to benchmark
10 utilities well? That's something that's done a lot
11 more outside the U.S. than inside the U.S., but
12 there are a lot of analytical issues and primarily
13 interpretation issues. It's tempting to think once
14 we benchmark that we now know how the world should
15 be, but actually there's a lot of complexities
16 there. So it's good information, valuable
17 information, but it's not the answer. There is no
18 such thing as the answer on that.

19 So those are the kinds of things that
20 we've been up to that are resources for you and for
21 everyone else as well. We'd be glad to answer any
22 questions you might have.

23 **COMMISSIONER BROWN:** Thank you, Dr. Jamison.
24 And PURC has been such a great resource for over 40
25 years to the Commission and to other industry folks and

1 others, so thank you for the work that you do. We
2 appreciate the great tools that you have for us as well
3 as regulators. So, Commissioners, any questions?

4 Chairman Graham.

5 **CHAIRMAN GRAHAM:** Mark, welcome.

6 **DR. JAMISON:** Thank you.

7 **CHAIRMAN GRAHAM:** When you were talking about
8 benchmarking for utilities, is that all utilities, just
9 electricity? Because -- and this is the biggest problem
10 we have. With electricity there is no quality problem;
11 with gas there's no quality problem. When you come to
12 the water, you know, the starting points and ending
13 points are just so different. How do -- what do you
14 guys do as far as benchmarking that?

15 **DR. JAMISON:** Most of our benchmarking
16 actually is in the water space. That's done a lot in
17 different parts of the world. So what we would -- what
18 we'd look at is we have to figure out, first, what are
19 the parameters the person wants to examine? And it's
20 better to keep them broad than narrow. And then what
21 are your different data sources you need, how do we
22 analyze those, then, of course, how you interpret it.

23 So we've done a lot of benchmarking
24 studies in different parts of the world. And Sandy
25 Berg, who's our Director of Water Studies, just

1 about a year or two ago completed a book on
2 benchmarking with a colleague from Portugal. So we
3 have a lot of resources on that. I'd be glad to
4 make those available. Then we teach a course on it
5 every August. It's a four-day course.

6 **CHAIRMAN GRAHAM:** Okay.

7 **COMMISSIONER BROWN:** Any other questions for
8 Dr. Jamison?

9 Sure. Commissioner Edgar.

10 **COMMISSIONER EDGAR:** Hi, Mark.

11 **DR. JAMISON:** Hi.

12 **COMMISSIONER EDGAR:** In here you mention in
13 some of the other activities the kind of keynote speech
14 that you gave at the CAMPUT meeting.

15 **DR. JAMISON:** Yes.

16 **COMMISSIONER EDGAR:** And I was there and heard
17 it. I actually spoke on one of the other panels as
18 well. And I recall that your talk had a lot of good,
19 kind of historical put into context. Do you publish
20 your speeches or are your notes available or is --

21 **DR. JAMISON:** That speech I actually did turn
22 into a paper, and it's on our website. I'll send you
23 the link to it. They published it in the, I think it's
24 called the Energy Journal that's run by the Gas
25 Association in Canada. So I'll send you the link to

1 that.

2 **COMMISSIONER EDGAR:** All right. Thank you.

3 **COMMISSIONER BROWN:** Dr. Jamison, you have
4 some new programs or new tools available including the
5 online Executive Development Series for new
6 Commissioners. Can you talk a little bit about that?

7 **DR. JAMISON:** Yes. Since we work with so many
8 people from so many different countries, a question we
9 often get from someone who's just stepping into a role
10 like yours as a commissioner, maybe a director of a
11 regulatory institution or a board member, there are
12 different organizations -- things are organized
13 differently in different parts of the world.

14 The question we get is, okay, how do I
15 think about my job? Because people come into these
16 positions generally from the outside. They're not
17 moving up vertically, so this is -- there's a lot
18 that's new. Not only just the technical issues, but
19 how do I think strategically about what's my role,
20 my relationship with my organization? We have the
21 question that was quite -- turned out to be quite
22 pertinent about four years ago from a regulator in
23 Brazil who said, you know, we're starting to have
24 some problems with Petrobras. What's -- how do I --
25 do I step into this political fight or do I be a

1 resource or do I just keep quiet? And she kept
2 quiet, and that was probably why, is given what's
3 gone on with Petrobras in Brazil.

4 But we just -- we've gotten those
5 questions. And the challenge for helping people
6 answer those in any kind of educational work is that
7 people are scattered all over the world, they're
8 very busy, they can't take a week off to go to a
9 course. They all come into their jobs at different
10 times of the year. So we knew the only way we could
11 do it would be to do it electronically and have it
12 as a constant course. So a person -- any time we
13 find out you're a new regulator, we'll contact you
14 and say just send us your, you know, your yes and
15 we'll give you a password and you can go onto it and
16 take the course, and you've got all the time you
17 want for a year.

18 It's broken into basically six lessons
19 with some fairly short videos on what is the role of
20 regulation, what is the system within it that
21 exists, how do you think about the political context
22 of regulation, how do you think about the
23 relationship with the media, all those kinds of
24 things that you step into as soon as you step into
25 the job without a lot of people kind of holding your

1 hand along the way, and then some leadership lessons
2 as well. And so that is something that is now
3 completed. We haven't formally launched it yet, but
4 it's kind of going through its last review with some
5 of our supporters on it.

6 **COMMISSIONER BROWN:** When are you going to
7 launch it? Next year?

8 **DR. JAMISON:** Probably January or February.
9 But anyone who's interested in it, we can go ahead and
10 sign you up now and you can take a look at it, because
11 we do have people reviewing it one last time for us.

12 **COMMISSIONER BROWN:** So it'll be open
13 internationally, not just domestically.

14 **DR. JAMISON:** Not just the U.S., right. It's
15 internationally as well.

16 **COMMISSIONER BROWN:** Okay. Great. That
17 sounds great. Any other questions?

18 Well, Mark, we'll see you at PURC in
19 March, but I'll see you in January at the
20 international.

21 **DR. JAMISON:** Yes, looking forward to that.

22 **COMMISSIONER BROWN:** So looking forward to it.
23 Again, we appreciate all the work that you do. Great
24 material here. Thank you very much.

25 **DR. JAMISON:** All right. And some of your

1 colleagues here can tell you you'll get a lot of tough
2 questions in January. They want to know.

3 **COMMISSIONER BROWN:** Great. Great. I just
4 turned in my report, my PowerPoint. So thank you.

5 **DR. JAMISON:** Thank you so much.

6 **COMMISSIONER BROWN:** You're welcome. Thank
7 you.

8 All right. We are on to legislative
9 affairs, Mark Futrell. And I believe he sent out a
10 handout late yesterday.

11 Hi, Mark.

12 **MR. FUTRELL:** Hi. Good morning,
13 Commissioners. I wanted to provide you a brief update
14 on some of the bills we're tracking and be available for
15 any questions you might have.

16 Senate Bill 534 was filed by Senator Hays,
17 and it memorializes many of the recommendations that
18 came out of the Water Study Committee. It's been
19 heard in the Environmental Preservation Committee
20 and passed without amendment unanimously. Its next
21 stop is in the Communications, Energy, and Public
22 Utilities Committee.

23 Representative Smith filed a fairly
24 identical bill in the House, 491. That was heard in
25 the Energy and Public Utilities Committee and passed

1 with some minor -- with some few amendments, and its
2 next stop is in the Finance and Tax Committee.

3 House Bill 395 was filed by Representative
4 Murphy with Representatives Latvala and Burgess
5 signing on as co-sponsors. That bill would address
6 Section 366.93 of the statutes regarding alternative
7 cost recovery for IGCC and nuclear power plants. It
8 would essentially repeal the statute by July 1st,
9 2016. That bill has not yet been scheduled for a
10 hearing in the committee. There is no Senate
11 companion.

12 House Bill 579 and a fairly identical
13 bill, Senate Bill 840, on municipal power regulation
14 was filed by Representative Mayfield with
15 Representatives Perry and Van Zant, co-sponsors.
16 The Senate companion is sponsored by Senator
17 Simpson. That would essentially address the Florida
18 Municipal Power Agency and require that organization
19 to file an annual financial statement with the
20 Commission. It would also have some additional
21 duties for the Office of Public Counsel with regard
22 to activities of FMPA. It -- while it would require
23 them to file a report with the Commission, it
24 exempts them specifically from Commission regulation
25 with regard to rates and service. That bill --

1 those bills have not yet been heard, nor have we
2 received any kind of a scheduling notice. We have
3 received several questions about the House bill from
4 House staff with regards to some of the language and
5 trying to help them understand and provide them some
6 background.

7 House Bill 687 was filed by Representative
8 Costello. There's no Senate companion. But that
9 bill would essentially create a new term in Section
10 366, local renewable energy supplier. It would
11 exempt those entities from Commission regulation,
12 but then also permit those entities to sell
13 electricity to customers at retail.

14 There's a few other provisions in the
15 bill. One would specify that the Commission and DEP
16 are precluded from enforcing laws, rules regarding
17 the regulation, the federal regulation of carbon
18 emissions from power plants. And then the bill also
19 has other provisions regarding -- mainly addressing
20 local control over siting, any other standards
21 regarding renewable energy devices. There's no
22 Senate companion. We've also received some
23 questions from the House staff on that bill, but
24 don't have any clear indication whether that will be
25 heard.

1 Finally, quickly, there's two other bills
2 that we're following that aren't on this list, but
3 there's -- they're House Bill 639 by Representative
4 Manny Diaz and Senate Bill 838 by Senator Evers.
5 They're identical bills. Essentially they would
6 preclude any state agency from implementing federal
7 regulations regarding the emission of carbon from
8 power plants having to do with the Clean Air Act.
9 Those bills are not -- we've not yet seen any
10 indication that they would be scheduled for hearing.

11 The, as you probably are aware, the
12 Legislature begins in January, and there are no
13 committee meetings scheduled between now and then,
14 but the first week of session there are some slots
15 already scheduled for meetings. We have not seen
16 any indications of what the agendas may be, whether
17 they -- our substantive committees will meet or not,
18 but we'll certainly be monitoring that and keep you
19 informed.

20 **COMMISSIONER BROWN:** Thanks, Mark, for the
21 update. I appreciate it.

22 Commissioners? Chairman Graham.

23 **CHAIRMAN GRAHAM:** A quick question. On the
24 front page of Senate Bill 534 and House Bill 491, you
25 said there were some amendments to 491. Do you remember

1 what those amendments were?

2 **MR. FUTRELL:** I know one would -- with regard
3 to the reserve fund. The bill would -- essentially I
4 think the language of it was shall -- the Commission
5 would create a reserve fund. The amendment in the House
6 essentially would require the utility to file a
7 petition. Essentially the language was "Upon petition,
8 the Commission would establish a reserve fund." So put
9 it on the onus of the utility to seek creation of a
10 reserve fund as opposed to the language was -- it's
11 really almost a requirement of the Commission to
12 establish a reserve fund.

13 **CHAIRMAN GRAHAM:** Is that the only one?

14 **MR. FUTRELL:** That was one. I think there was
15 some language also addressing the rate case expense
16 issue, so I want to confirm that with you, and if I
17 could get back to you on that one.

18 **CHAIRMAN GRAHAM:** Yes. Thank you.

19 **COMMISSIONER BROWN:** Any other Commissioners?

20 Thanks again. I appreciate it. We'll see
21 you in January.

22 All right. Braulio, Executive Director's
23 report.

24 **MR. BAEZ:** Nothing to report. We're in the
25 process now -- we've started closing our books for the

1 year. So in the coming 60 days or so we'll be able to
2 come back to you with, you know, the tale of the tape,
3 as it were, for this past year.

4 In terms of scheduling for the next 30
5 days, you know you have your next agenda on January
6 5th. The next Internal Affairs is tentatively
7 scheduled for February 2nd. That may slide back or
8 forth a little bit. And as Mark mentioned, you know
9 that session begins January 12th, and he also
10 mentioned there's no committee meeting through the
11 end of the year. We'll keep you posted as issues
12 develop.

13 **COMMISSIONER BROWN:** Thank you. Any questions
14 for Braulio? Thank you.

15 On to other matters. Today marks Charlie
16 Beck's last day with -- not last day, pardon me --
17 last Internal Affairs meeting as our General
18 Counsel. And it has been a delight having him here.
19 He's been a great advisor, mentor for a lot of the
20 attorneys in the office. And although we had him
21 for a short period of time, I think you made quite a
22 big difference here. And with that, I'd ask other
23 Commissioners to chime in, if they so choose.

24 Sure. Chairman.

25 **CHAIRMAN GRAHAM:** Well, I said this -- I guess

1 it was the last Agenda Conference that we had, but,
2 Charlie, I appreciate the fact that you did come out of
3 retirement for us. After Curt Kiser retired, we had a
4 void to fill, and I thought you did a fantastic job of
5 filling it.

6 I remember sitting down with Charlie, it
7 was probably six months into it, because this was
8 only supposed to be interim, and I told Charlie, I
9 said, "I'll guarantee you six," and I said, "but I
10 want to keep you as long as I can." And, of course,
11 we promised his wife that it'd only be 12 months and
12 she held us to it.

13 But I asked him after six months, I said,
14 "Okay. So tell me," I said, "you know, there's
15 probably no big surprises here because you've been
16 working for Public Counsel, you've been in the mix
17 of all this for years and years and years," I said,
18 "but what surprised you now that you've been over on
19 this building, over on this side of things?" And he
20 said, "You know, the thing that surprised me the
21 most is how much the staff cares." And it was kind
22 of surprising to me. He says, "You know, I always
23 knew they did a good job," he said, "but, you know,
24 they really care about this stuff, they're very
25 passionate about all this stuff." Of course I told

1 him he needs to go out to talk to all the editorial
2 boards like that.

3 (Laughter.)

4 But, you know, I'm like a broken record
5 sometimes talking about staff, but I think Charlie
6 hit it right on the head. It's just -- you know,
7 this is somebody from the outside coming in. You
8 know, once you get in these doors, things are
9 different. And I thank you so very much for that.

10 **MR. BECK:** Let me put a little nuance on that,
11 if I could, Mr. Chairman. It's not that I didn't think
12 the staff cared.

13 (Laughter.)

14 **CHAIRMAN GRAHAM:** How much they cared.

15 **MR. BECK:** But it's just that -- there's so
16 many very smart, very dedicated people on staff. And as
17 I went to the meetings, it was just a delight. You
18 know, it was very uplifting for me to see it. Because
19 from the outside you don't see the internal
20 deliberations, and I very much appreciate the
21 opportunity to have spent the past year.

22 Let me get into, if I could just for a
23 moment, I did want to recognize two of our attorneys
24 who defended the Commission last week in front of
25 the Florida Supreme Court. Last Tuesday Adria

1 Harper defended the -- our decision on Woodford, and
2 on Thursday Kathryn Cowdery defended the Vero
3 Beach/Indian River County, and they both did a super
4 job. You can't really predict what the Supreme
5 Court is going to do, but I feel like it was well
6 received. And, you know, preparing for one of those
7 arguments is just all consuming. I mean, it takes
8 over your life for a while. And both of our
9 attorneys rose to the occasion, and I wanted to
10 thank them publicly for it.

11 **COMMISSIONER BROWN:** Thank you, Charlie. I
12 appreciate you mentioning that because I watched them,
13 and they did a great job.

14 Any other Commissioners?

15 **COMMISSIONER PATRONIS:** Yeah. Thank you. I
16 think that's the hallmark of what we just saw, the
17 exchange. Art Graham, Commissioner Graham expresses,
18 you know, a compliment to you, and you're all of the
19 sudden making sure you're understanding that the
20 compliment was received the right way but to make sure
21 the rest of the staff received it the right way also.
22 And what a -- your mind is constantly ticking, always
23 analyzing and ensuring that the best interest of the
24 Commission and the best interest of the state is being
25 met. Thank you for your service to the state, and I

1 truly mean that as a service to the state.

2 I think there's a process, and it's
3 different when somebody goes out and puts their name
4 on a ballot and, you know, the whole process of
5 feeding my own ego, but you are really the epitome
6 of baseline load and what this operation needs in
7 order to ensure there is continuity, transition, and
8 support for this organization to live way beyond our
9 terms, so.

10 **MR. BECK:** Thank you.

11 **COMMISSIONER PATRONIS:** And your institutional
12 knowledge will be missed.

13 **COMMISSIONER BROWN:** Thank you.

14 Commissioner Brisé.

15 **COMMISSIONER BRISÉ:** Thank you. Charlie, I
16 just want to say thank you for your service. You know,
17 in my mind someone who fills the position of General
18 Counsel has two primary functions: One is to ensure
19 that we have the legal basis to make the decisions that
20 we need to make and, two, that our team is developed
21 properly and working properly so that they can do their
22 job and provide information to us as we need it. And I
23 think during your time you've done an excellent job in
24 doing that, mentoring and working with our excellent
25 team of attorneys to ensure that our work product is

1 always good.

2 And so thank you. Once again, thank your
3 wife for allowing you to spend this much time with
4 us. And I certainly hope that your time here has
5 been a blessing to you as well.

6 **MR. BECK:** Thank you.

7 **COMMISSIONER BROWN:** Thank you.

8 Commissioner Edgar.

9 **COMMISSIONER EDGAR:** Thank you. Thank you,
10 Chairman Brown.

11 Charlie, obviously there's very little I
12 can add that would be different other than to say
13 that I was personally very pleased when Chairman
14 Graham let me know that you had agreed to come and
15 join us for a period of time, albeit somewhat short.
16 I have known that -- I knew at the time and I have
17 known it every day that you would be an asset to our
18 team, that you would serve this agency and the
19 people of the State of Florida well in this job, and
20 I came to this building every day knowing that we
21 were well served. So thank you for your time.

22 **MR. BECK:** Thank you, Commissioner.

23 **COMMISSIONER BROWN:** Thank you. And, again, a
24 very heartfelt gratitude on behalf of all of us here,
25 and I'm sure staff and the legal team will be

1 celebrating with you later on your departure -- with
2 your departure. But we are still in capable hands with
3 Mary Anne Helton. She will be serving as interim, as
4 she has done in the past at the Commission, until a
5 successor is later named. So thank you again.

6 If there are no other comments or other
7 matters for the good of the order, then this meeting
8 is adjourned.

9 (Internal Affairs adjourned at 10:00 a.m.)

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

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

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

13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.

18 DATED THIS 16th day of December, 2015.

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