

I. Meeting Packet



State of Florida
Public Service Commission
INTERNAL AFFAIRS AGENDA
Wednesday, December 17, 2013
Immediately Following Commission Conference
Room 105 - Gerald L. Gunter Building

1. Office of Economic and Demographic Research Presentation, by Amy Baker, Coordinator. (No Attachment)
2. FPSC Comments on Florida Utilities' Federal Energy Regulatory Commission Order No. 1000 Compliance Filing. Approval is sought. (Attachment 1)
3. Draft Comments to Federal Communications Commission on whether the FCC should waive the rule limiting the use of P.O. Box residential addresses, to allow qualifying, low-income consumers who participate in state-administered Address Confidentiality Programs to receive Lifeline service. Approval is sought. (Attachment 2)
4. Legislative Update. (No Attachment)
5. Executive Director's Report. (No Attachment)
6. Other Matters. (No Attachment)

BB/mj

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.



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 9, 2013

TO: Braulio L. Baez, Executive Director

FROM: Cindy B. Miller, Senior Attorney, Office of the General Counsel
Benjamin Crawford, Public Utility Analyst II, Office of Industry Development & Market Analysis
Philip Ellis, Engineering Specialist III, Division of Engineering

RE: FPSC Comments on Florida Utilities' Federal Energy Regulatory Commission (FERC) Order No. 1000 Compliance Filings

Handwritten initials: CM, S.M.L., LEO, POS, PV, BC, MF

Critical Information: Please place on December 17, 2013, Internal Affairs. It is anticipated comments in response to utilities' compliance filings will be due in mid-January.

Staff is seeking approval for staff to file Commission comments on the second-round compliance filings by Florida utilities in the Federal Energy Regulatory Commission (FERC) Order No. 1000 dockets. (Docket Nos. ER13-80-000, ER13-86-000, ER13-104-000).

The FERC issued Order No. 1000 on July 21, 2011. In it, the utilities were required to make compliance filings on transmission matters. The Florida utilities made those filings October 11, 2012. The FERC issued an order on June 20, 2013, largely rejecting many of the provisions in those filings. The FERC has set out a number of revisions for the Florida utilities to make in new compliance filings that comport with FERC's June 20, 2013, Order.

The utilities are required to make the new filings by December 17. In a review of other FERC dockets, it appears that the FERC allows 30 days after the filings for comments. Thus, staff is anticipating that comments will be due by mid-January, prior to the next Internal Affairs meeting scheduled for January 23, 2014.

In the second-round compliance filings, the FERC directed the utilities to remove references to the Florida Transmission Line Siting Act (Act). However, FERC stated that they may use actual criteria from the Act as long as they justified such criteria.

Staff has been monitoring the conference calls between the utilities and stakeholders regarding the upcoming compliance filings. It appears there will be some opposition from at least one stakeholder regarding placing criteria from the Act into the filings regarding criteria for Cost Effective and/or Efficient Regional Transmission Solutions (CEERTS) projects.

Staff believes that the Act's criteria should be included and seeks approval to file comments which urge the incorporation of those criteria.

The comments would be within the parameters of the following principles:

- The Florida Commission continues to believe that reference to the Florida law facilitates greater recognition of the role of the state and is free from potential conflicts or inconsistency. As stated in the Commission's July 19, 2013, rehearing request in these dockets, the FERC should withdraw the requirement that the utilities remove references to the Transmission Line Siting Act. The Commission stated, "these are statutory criteria in Florida and should not be superseded by a FERC-mandates set of criteria." The Commission opposes the use of any individual criterion that differs from the Florida law.
- The Transmission Line Siting Act (Act) criteria are part of Florida law. Section 403.522, Florida Statutes, defines "transmission line" for purposes of the Act as those structures designed to operate at 230 kilovolts or more. Section 403.524(2)(d), Florida Statutes, sets out exemptions for transmission lines that are less than 15 miles in length or are located in a single county within the state.
- The Florida Commission endorses the incorporation of the criteria from the Act that the threshold criteria for a CEERTS project be: a transmission line 230 kV or higher, designed to cross a county line within the State of Florida, and 15 miles or longer. It would be extremely confusing to all stakeholders and the public if different criteria were used. The criteria have been in place since 1980 and have worked well.
- In addition, it would be illogical indeed if the Federal projects were allowed to be smaller and not required to cross county lines.
- Thus, the Florida Commission respectfully urges that the existing criteria in the Florida Transmission Line Siting Act be applied as threshold criteria for the CEERTS projects.

Staff recommends that the Commission give staff approval to file comments stating the points set forth above after the utilities file their compliance filings and FERC issues a Comment Notice.



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: December 6, 2013
TO: Braulio L. Baez, Executive Director
FROM: Robert J. Casey, Public Utilities Supervisor, Office of Telecommunications
Adam J. Teitzman, Attorney Supervisor, Office of the General Counsel
RE: Draft Ex Parte Comments in response to Federal Communications Commission Public Notice DA 13-2240 seeking comment on waiving certain Lifeline rules for the benefit of those individuals participating in state-administered Address Confidentiality Programs
CRITICAL INFORMATION: Please place on the December 17, 2013 Internal Affairs. **COMMISSION APPROVAL OF DRAFT EX PARTE COMMENTS IS SOUGHT**

On November 21, 2013, the Federal Communications Commission ("FCC") released a Public Notice (DA 13-2240) seeking comment on waiving certain Lifeline rules for the benefit of those individuals participating in state-administered Address Confidentiality Programs. Address Confidentiality Programs protect victims of domestic violence by allowing them to use a substitute mailing address rather than their physical home address. **COMMISSION APPROVAL OF THE DRAFT EX PARTE COMMENTS IS SOUGHT.**

Staff's draft Ex Parte comments encourage the FCC to consider the following:

1. The FCC should waive the rule limiting the use of P.O. Box residential addresses, to allow qualifying, low-income consumers who participate in state-administered Address Confidentiality Programs to receive Lifeline service.
2. In Florida, Eligible Telecommunications Carriers should accept a Florida Address Confidentiality Program authorization card as proof of Address Confidentiality Program enrollment.
3. The FCC should waive the requirement for Address Confidentiality Program participants to fill out a one per household worksheet.

Staff is seeking Commission approval to file the draft Ex Parte comments with the FCC.

cc: Lisa Harvey
Curt Kiser

Florida Public Service Commission
WC Docket Nos. 11-42
December 17, 2013

**Before the
Federal Communications Commission
Washington, D.C. 20554**

DRAFT

In the Matter of:)
)
Lifeline and Link Up Reform and) WC Docket No. 11-42
Modernization)

**EX PARTE COMMENTS OF
THE FLORIDA PUBLIC SERVICE COMMISSION**

CHAIRMAN RONALD A. BRISÉ
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER ART GRAHAM
COMMISSIONER EDUARDO E. BALBIS
COMMISSIONER JULIE I. BROWN

December 17, 2013

INTRODUCTION AND SUMMARY

On November 21, 2013, the Federal Communications Commission (“FCC”) released a Public Notice (DA 13-2240) seeking comment on waiving certain Lifeline rules for the benefit of those individuals participating in state-administered Address Confidentiality Programs. Address Confidentiality Programs protect victims of domestic violence by allowing them to use a substitute mailing address rather than their physical home address. The Florida Public Service Commission (FPSC) submits these Ex Parte comments in response to the FCC’s Public Notice. The FPSC encourages the FCC to consider the following:

1. The FCC should waive the rule limiting the use of P.O. Boxes as residential addresses, to allow qualifying, low-income consumers who participate in state-administered Address Confidentiality Programs to receive Lifeline service. In Florida, persons attempting to escape from actual or threatened domestic violence frequently establish new addresses in order to prevent their assailants or probable assailants from finding them. Sections 741.401-741.409 and 741.465, Florida Statutes, and Chapter 2A-7, Florida Administrative Code (Attachment A), enable state and local agencies to respond to requests for public records without disclosing the location of a victim of domestic violence, enables interagency cooperation with the Office of the Florida Attorney General in providing address confidentiality for victims of domestic violence, and enables state and local agencies to accept a program participant’s use of an address designated by the Office of the Florida Attorney General as a substitute mailing address.
2. In Florida, Eligible Telecommunications Carriers should accept a Florida Address Confidentiality Program authorization card as proof of Address Confidentiality Program

- enrollment. Upon certification in the Florida Address Confidentiality Program, each participant is issued an authorization card, which includes the participant's name, authorization code, substitute mailing address, and expiration date. Eligible Telecommunications Carriers can transmit the substitute mailing address to the National Lifeline Accountability Database as the residential address for that subscriber. The National Lifeline Accountability Database already contains a Flag which is used to identify a subscriber who is in an Address Confidentiality Program.
3. The FCC should waive the requirement for Address Confidentiality Program participants to fill out a one per household worksheet. As with all Lifeline applicants, an Address Confidentiality Program participant would still be required to certify on the Lifeline application that he/she is only receiving one Lifeline benefit per household.

CONCLUSION

During 2012, there were 108,046 cases of domestic violence reported to the Florida Department of Law Enforcement, and many domestic incidents go unreported. Developing a process for Address Confidentiality Program participants to enroll in Lifeline while protecting their physical address is vital. Providing Lifeline service to persons attempting to escape from actual or threatened domestic violence should be a priority. The FPSC encourages the FCC to consider the proposed recommendations noted in these comments.

Respectfully submitted,

/ s /

Adam J. Teitzman, Attorney Supervisor

Office of the General Counsel

FLORIDA PUBLIC SERVICE COMMISSION

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DATED: December 17, 2013

Florida Statutes - Address Confidentiality Program

741.401 Legislative findings; purpose.—The Legislature finds that persons attempting to escape from actual or threatened domestic violence frequently establish new addresses in order to prevent their assailants or probable assailants from finding them. The purpose of ss. 741.401-741.409 is to enable state and local agencies to respond to requests for public records without disclosing the location of a victim of domestic violence, to enable interagency cooperation with the Attorney General in providing address confidentiality for victims of domestic violence, and to enable state and local agencies to accept a program participant's use of an address designated by the Attorney General as a substitute mailing address.

History.—s. 1, ch. 98-404.

741.402 Definitions; ss. 741.401-741.409.—Unless the context clearly requires otherwise, as used in ss. 741.401-741.409, the term:

- (1) "Address" means a residential street address, school address, or work address of an individual, as specified on the individual's application to be a program participant under ss. 741.401-741.409.
- (2) "Program participant" means a person certified as a program participant under s. 741.403.
- (3) "Domestic violence" means an act as defined in s. 741.28 and includes a threat of such acts committed against an individual in a domestic situation, regardless of whether these acts or threats have been reported to law enforcement officers.

History.—s. 2, ch. 98-404.

741.403 Address confidentiality program; application; certification.—

(1) An adult person, a parent or guardian acting on behalf of a minor, or a guardian acting on behalf of a person adjudicated incapacitated under chapter 744 may apply to the Attorney General to have an address designated by the Attorney General serve as the person's address or the address of the minor or incapacitated person. To the extent possible within funds appropriated for this purpose, the Attorney General shall approve an application if it is filed in the manner and on the form prescribed by the Attorney General and if it contains all of the following:

(a) A sworn statement by the applicant that the applicant has good reason to believe that the applicant, or the minor or incapacitated person on whose behalf the application is made, is a victim of domestic violence, and that the applicant fears for his or her safety or his or her children's safety or the safety of the minor or incapacitated person on whose behalf the application is made.

(b) A designation of the Attorney General as agent for purposes of service of process and for the purpose of receipt of mail.

(c) The mailing address where the applicant can be contacted by the Attorney General, and the phone number or numbers where the applicant can be called by the Attorney General.

(d) A statement that the new address or addresses that the applicant requests must not be disclosed for the reason that disclosure will increase the risk of domestic violence.

(e) The signature of the applicant and of any individual or representative of any office designated in writing under s. 741.408 who assisted in the preparation of the application, and the date on which the applicant signed the application.

(2) Applications must be filed with the Office of the Attorney General. An application fee may not be charged.

(3) Upon filing a properly completed application, the Attorney General shall certify the applicant as a program participant. Applicants shall be certified for 4 years following the date of filing unless the certification is withdrawn or invalidated before that date. The Attorney General shall by rule establish a renewal procedure.

(4) A person who falsely attests in an application that disclosure of the applicant's address would endanger the applicant's safety or the safety of the applicant's children or the minor or incapacitated person on whose behalf the application is made, or who knowingly provides false or incorrect information upon making an application, commits a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.

(5) Any person who attempts to gain access to a program participant's actual address through fraud commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(6) Any person who knowingly enters the address confidentiality program to evade prosecution of criminal laws or civil liability commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

History.—s. 3, ch. 98-404.

741.404 Certification cancellation.—

(1) If the program participant obtains a name change, he or she loses certification as a program participant.

(2) The Attorney General may cancel a program participant's certification if there is a change in the residential address from the one listed on the application, unless the program participant provides the Attorney General with 14 days' prior notice of the change of address.

(3) The Attorney General may cancel certification of a program participant if mail forwarded by the Attorney General to the program participant's address is returned and is undeliverable or if service of process documents are returned to the Attorney General.

(4) The Attorney General shall cancel certification of a program participant who applies using false information.

History.—s. 4, ch. 98-404.

741.405 Agency use of designated address.—

(1) A program participant may request that state and local agencies or other governmental entities use the address designated by the Attorney General as his or her address. When creating a new public record, state and local agencies or other governmental entities shall accept the address designated by the Attorney General as a program participant's substitute address, unless the Attorney General has determined that:

(a) The agency or entity has a bona fide statutory or administrative requirement for the use of the address that would otherwise be confidential under ss. 741.401-741.409;

(b) This address will be used only for those statutory and administrative purposes;

(c) The agency or entity has identified the specific program participant's record for which the waiver is requested;

(d) The agency or entity has identified the individuals who will have access to the record; and

(e) The agency or entity has explained how its acceptance of a substitute address will prevent the agency from meeting its obligations under the law and why it cannot meet its statutory or administrative obligation by a change in its internal procedures.

(2) During the review, evaluation, and appeal of an agency's request, the agency shall accept the use of a program participant's substitute address.

(3) The Attorney General's determination to grant or withhold a requested waiver must be based on, but not limited to, an evaluation of information provided under subsection (1).

(4) If the Attorney General determines that an agency or entity has a bona fide statutory or administrative need for the actual address and that the information will be used only for that purpose, the Attorney General may issue the actual address to the agency or entity. When granting a waiver, the Attorney General shall notify and require the agency or entity to:

(a) Maintain the confidentiality of a program participant's address information;

(b) Limit the use of and access to that address;

(c) Designate an address disposition date after which the agency or entity may no longer maintain the record of the address; and

(d) Comply with any other provisions and qualifications determined appropriate by the Attorney General.

(5) The Attorney General's denial of an agency's or entity's waiver request must be made in writing and include a statement of specific reasons for denial. Acceptance or denial of an agency's or entity's waiver request shall constitute final agency action.

(6) Pursuant to chapter 120, an agency or entity may appeal the denial of its request.

(7) A program participant may use the address designated by the Attorney General as his or her work address.

(8) The Office of the Attorney General shall forward all first class mail to the appropriate program participants at no charge.

History.—s. 5, ch. 98-404.

741.406 Voting by program participant; use of designated address by supervisor of elections.—A program participant who is otherwise qualified to vote may request an absentee ballot pursuant to s. 101.62. The program participant shall automatically receive absentee ballots for all elections in the jurisdictions in which that individual resides in the same manner as absentee voters. The supervisor of elections shall transmit the absentee ballot to the program participant at the address designated by the participant in his or her application as an absentee voter. The name, address, and telephone number of a program participant may not be included in any list of registered voters available to the public.

History.—s. 6, ch. 98-404; s. 1, ch. 2003-185.

741.408 Assistance for program applicants.—The Attorney General shall designate state and local agencies and nonprofit agencies that provide counseling and shelter services to victims of domestic violence to assist persons applying to be program participants. Assistance and counseling rendered by the Office of the Attorney General or its designees to applicants does not constitute legal advice.

History.—s. 8, ch. 98-404.

741.409 Adoption of rules.—The Attorney General may adopt rules to facilitate the administration of this chapter by state and local agencies and other governmental entities.
History.—s. 9, ch. 98-404.

741.465 Public records exemption for the Address Confidentiality Program for Victims of Domestic Violence.—

(1) The addresses, corresponding telephone numbers, and social security numbers of program participants in the Address Confidentiality Program for Victims of Domestic Violence held by the Office of the Attorney General are exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution, except the information may be disclosed under the following circumstances: to a law enforcement agency for purposes of assisting in the execution of a valid arrest warrant; if directed by a court order, to a person identified in the order; or if the certification has been canceled. For purposes of this section, the term “address” means a residential street address, school address, or work address, as specified on the individual’s application to be a program participant in the Address Confidentiality Program for Victims of Domestic Violence.

(2) The names, addresses, and telephone numbers of participants in the Address Confidentiality Program for Victims of Domestic Violence contained in voter registration and voting records held by the supervisor of elections and the Department of State are exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution, except the information may be disclosed under the following circumstances: to a law enforcement agency for purposes of assisting in the execution of an arrest warrant or, if directed by a court order, to a person identified in the order. This exemption applies to information made exempt by this subsection before, on, or after the effective date of the exemption.

History.—s. 1, ch. 98-405; ss. 3, 4, ch. 2003-185; ss. 2, 3, ch. 2005-279; s. 1, ch. 2010-42; s. 2, ch. 2010-115.

Florida Administrative Code - Address Confidentiality Program

CHAPTER 2A-7 ADDRESS CONFIDENTIALITY PROGRAM (ACP)

- 2A-7.001 Definitions
- 2A-7.002 Application and Certification Process
- 2A-7.003 Responsibility of State and Local Agencies and Governmental Entities
- 2A-7.004 Certification Renewal
- 2A-7.005 Certification Withdrawal, Invalidation, Expiration, and Cancellation
- 2A-7.006 Information Release to Law Enforcement Agency
- 2A-7.007 Agency Use of Designated Address and Agency Exemption Request
- 2A-7.008 Service of Process
- 2A-7.009 Maintaining Protected Records Voter Information

2A-7.001 Definitions.

(1) “Address Confidentiality Program” is the statutorily created program responsible for implementing the provisions of Sections 741.401-.409, F.S., within the Office of the Attorney General.

(2) “Agency or Governmental Entity” means an office, department, division, bureau, board, commission, or other statutory unit of state or local government or any functional subdivision of the aforementioned.

(3) "Applicant" means an adult person, a parent or guardian acting on behalf of a minor, or a guardian acting on behalf of a person adjudicated incapacitated under Chapter 744, F.S., who is applying to the department to have an address designated by the department serve as the person's address or the address of the minor or incapacitated person.

(4) "Applicant Assistant" means an employee of a state or local agency, or a non-profit organization that has been designated by the department to assist individuals in applying for enrollment in the program.

(5) "Authorization code" is the identification number assigned to a participant.

(6) "Authorized personnel" means an employee of the Department of State, Division of Elections, or Supervisor of Elections, who has been designated by the chief executive officer of the respective agency to process and access voter application and voting records pertaining to program participants.

(7) "Department" means the Department of Legal Affairs, Office of the Attorney General.

(8) "Domestic Violence" means an act as defined in Section 741.28, F.S., and includes a threat of such acts committed against an individual in a domestic situation, regardless of whether these acts or threats have been reported to law enforcement officers.

(9) "Protected records voter" means a program participant who is registered and qualified to vote in this state and has requested an absentee ballot pursuant to Section 101.62, F.S.

(10) "Record" means any information relating to the conduct or performance of a governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.

(11) "Stalking" means an act as defined in Section 784.048, F.S.

(12) "Substitute mailing address" means the mailing address designated by the department which shall not be the participant's residential address.

Rulemaking Authority 741.409 FS. Law Implemented 741.402, 741.403, 741.405, 741.406, 741.408 FS. History—New 1-27-99, Amended 5-4-11, 10-3-11.

2A-7.002 Application and Certification Process.

Rulemaking Authority 741.409 FS. Law Implemented 741.403, 741.408 FS. History—New 1-27-99, Repealed 5-4-11.

2A-7.0021 Eligibility.

(1) A person who is a victim of domestic violence, or stalking, is eligible to apply for participation in this program.

(2) A person who is a victim of domestic violence or stalking who relocates to Florida may apply for enrollment and is subject to the same eligibility criteria as Florida residents.

(3) A name change will result in the participant's cancellation from the program. However, an individual may re-apply by completing an application for enrollment.

(4) Participation in this program cannot be used to circumvent or nullify any other Florida law that requires an individual to register her or his address with another public agency.

Rulemaking Authority 741.409 FS. Law Implemented 97.058(3), 741.403, 741.404, 741.405, 741.406, 741.409, 741.465, 775.13, 775.21, 784.048, 944.606, 944.607, 944.608, 944.609 FS. History—New 5-4-11, Amended 10-3-11.

2A-7.0022 Application Process.

(1) The applicant shall provide the following information to the department:

- (a) Full legal name,
- (b) Date of birth,

- (c) Last four digits of social security number,
- (d) Actual home address (street number and name, city, state, zip code),
- (e) Mailing address (if different),
- (f) Home telephone number,
- (g) Work telephone number,
- (h) Other telephone number where applicant can be reached,
- (i) Name and physical address of employer(s),
- (j) School name and physical address if applicable,
- (k) A signed and dated sworn statement by the applicant that he or she has good reason to believe that he or she, or the minor or incapacitated person on whose behalf the application is made, is a victim of domestic violence or stalking, and that the applicant fears for his or her safety or his or her children's safety or the safety of the minor or incapacitated person on whose behalf the application is made.

(2) An application for enrollment may be obtained from an applicant assistant at selected state or local agencies or non-profit organizations that have been designated by the department to assist in the application process.

(3) The application must be received by the department at the following address: Office of the Attorney General, Address Confidentiality Program, P. O. Box 6298, Tallahassee, Florida 32314-6298.

(4) An eligible applicant who has filed a properly completed application with the department shall be certified as a participant. Upon certification, each participant will be issued an authorization card, which will include the following:

- (a) Participant's name,
- (b) Authorization code,
- (c) Substitute mailing address, and
- (d) Expiration date.

(5) Certification shall be effective on the date the application is approved by the department.

(6) Mail received by the department that does not include the name and authorization code of a certified participant may not be able to be forwarded.

(7) If mail forwarded by the department to the participant is returned by the post office, the department will attempt to contact the participant by telephone to verify the address. If contact is not successful within seven days, the participant's certification will be cancelled and the mail will be returned to the United States Postal Service.

Rulemaking Authority 741.409 FS. Law Implemented 97.058(3), 741.403, 741.404, 741.405, 741.406, 741.409, 741.465, 784.048 FS. History—New 5-4-11, Amended 10-3-11.

2A-7.0023 Participant Responsibilities.

(1) The participant shall keep the department informed of her or his current mailing address. The last known address provided to the department will be the address of record.

(2) To protect her or his address confidentiality and exercise her or his right to vote pursuant to Section 741.406, F.S., the participant must personally go to the physical office of the county supervisor of elections and request to vote by absentee ballot.

Rulemaking Authority 741.409 FS. Law Implemented 97.0585, 741.403, 741.404, 741.406 FS. History—New 5-4-11.

2A-7.0024 Applicant Assistant Duties and Responsibilities.

(1) Only those individuals who are employed with a state or local agency or non-profit organization designated by the department and who have completed the required training may assist a victim in applying for enrollment in the program.

(2) An applicant assistant must complete required training every four years. Required training is available only through the department.

(3) The applicant assistant will forward original and supporting documents to the department within 72 hours of completion.

(4) Approval to serve as an applicant assistant is assigned to the individual at a designated state or local agency or non-profit organization and is not transferrable. The applicant assistant serves at the pleasure and on behalf of the department, and may have designation as an applicant assistant terminated with or without cause.

(5) Upon notice to the department by the designated agency that the applicant assistant is no longer employed by that agency, the individual applicant assistant's approval will be rescinded.

Rulemaking Authority 741.409 FS. Law Implemented 97.0585, 741.403, 741.408 FS. History—New 5-4-11.

2A-7.003 Responsibility of State and Local Agencies and Governmental Entities.

(1) When an active participant presents her or his authorization card to a state or local agency or governmental official when creating a new record and requests address confidentiality through the use of the substitute mailing address as it appears on the authorization card, the agency official creating a new record may make a file photocopy of the authorization card and shall immediately return the authorization card to the program participant.

(2) A state or local agency shall accept the substitute mailing address unless the agency has received a written exemption from the department pursuant to Section 741.405, F.S.

(3) In the event that an authorization card is lost or stolen, or an emergency situation exists, verification of a client's participation in the ACP may be made by calling the ACP at (850)414-3300 or the Attorney General's Victim Information and Referral Line at 1(800)226-6667.

Rulemaking Authority 741.409 FS. Law Implemented 741.405 FS. History—New 1-27-99, Amended 5-4-11.

2A-7.004 Certification Renewal.

Rulemaking Authority 741.409 FS. Law Implemented 741.403 FS. History—New 2-4-99, Repealed 5-4-11.

2A-7.005 Certification Withdrawal, Invalidation, Expiration, and Cancellation.

(1) A participant may withdraw from the program by submitting written notification of her or his intent to withdraw and shall return the department-issued authorization card to the department. Certification shall be canceled immediately upon receipt of the notification.

(2) If the department cancels a participant's certification pursuant to Section 741.404, F.S., the department shall send written notice of the cancellation to the participant's address of record. The participant shall be advised of the right to appeal the cancellation.

(3) Cancellation of certification in the program will result in cancellation for the primary and all secondary participants.

(4) To protest a cancellation, the participant must request a hearing pursuant to the provisions of Sections 120.569 and 120.57, F.S., and Chapter 28-106, F.A.C., Uniform Rules of Procedure.

(5) If the participant was a protected records voter, the department shall notify the Department of State, Division of Elections that the participant's certification has been canceled.

(6) The substitute mailing address is a post office box that is shared with other participants. The participant is not an authorized boxholder customer and is prohibited from filing a change of address with the United States Postal Service when she or he is no longer a program participant.

Rulemaking Authority 741.409 FS. Law Implemented 741.404 FS. History—New 1-27-99, Amended 5-4-11.

2A-7.006 Information Release to Law Enforcement Agency.

A request from a law enforcement agency for release of records in a participant's file shall be made in writing to the department and shall contain the request date, the name of the participant and a copy of the active arrest warrant.

Rulemaking Authority 741.409 FS. Law Implemented 741.407 FS. History—New 1-27-99, Amended 5-4-11.

2A-7.007 Agency Use of Designated Address and Agency Exemption Request.

An agency seeking exemption under Section 741.405, F.S., must provide in writing to the department the specific statute or administrative rule which demonstrates the agency's bona fide requirement and authority to use the participant's actual address.

Rulemaking Authority 741.409 FS. Law Implemented 741.405 FS. History—New 1-27-99, Amended 5-4-11.

2A-7.008 Service of Process.

(1) Service of Process for participants shall be made on the department by mailing two copies of the service of process documents to the substitute mailing address or to the Office of the Attorney General, The Capitol, PL-01, Tallahassee, Florida 32399-1050.

(2) Following service on the department, the documents shall be sent by certified mail, return receipt requested, to the participant's address of record.

(3) In the event the participant's certification has expired or has been cancelled, the service of process will be returned to sender and service declined.

Rulemaking Authority 741.409 FS. Law Implemented 741.403 FS. History—New 1-27-99, Amended 5-4-11.

2A-7.009 Maintaining Protected Records Voter Information.

(1) The Department of State, Division of Elections, shall notify the department when a participant requests protected record status.

(2) All records pertaining to a protected records voter shall be maintained in a manner ensuring that these records are accessible only to authorized personnel. A protected records voter shall not be included in any registered voter list, absentee ballot list, tape, label, or poll book, electronic or otherwise, that is available to the public. Information pertaining to a protected records voter shall not be publicly accessible regardless of the type of records management system except as provided by Sections 741.407 and 741.465, F.S.

Rulemaking Authority 741.409 FS. Law Implemented 97.0585, 741.407, 741.465 FS. History—New 1-27-99, Amended 5-4-11.

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

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

***INTERNAL AFFAIRS
December 17, 2013***

<u>Speaker</u>	<u>Representing</u>	<u>Item #</u>
Amy Baker	Office of Economic and Demographic Research	1
Greg Ramon	Florida Sponsors	2

III. Supplemental Materials for Internal Affairs

NOTE: The following material pertains to Item 1
of this agenda.

Florida: An Economic Overview

December 16, 2013

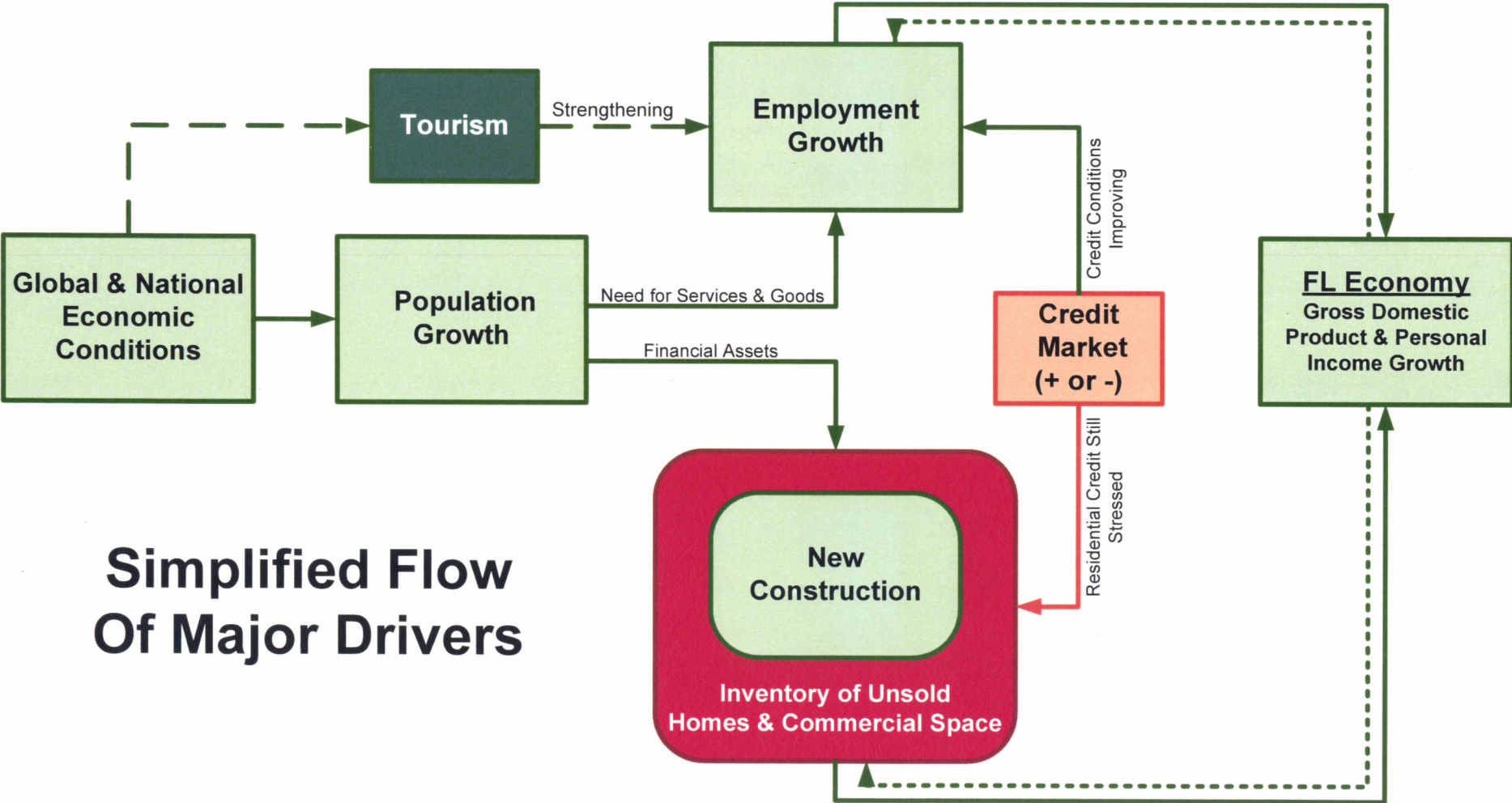
Presented by:



The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
<http://edr.state.fl.us>

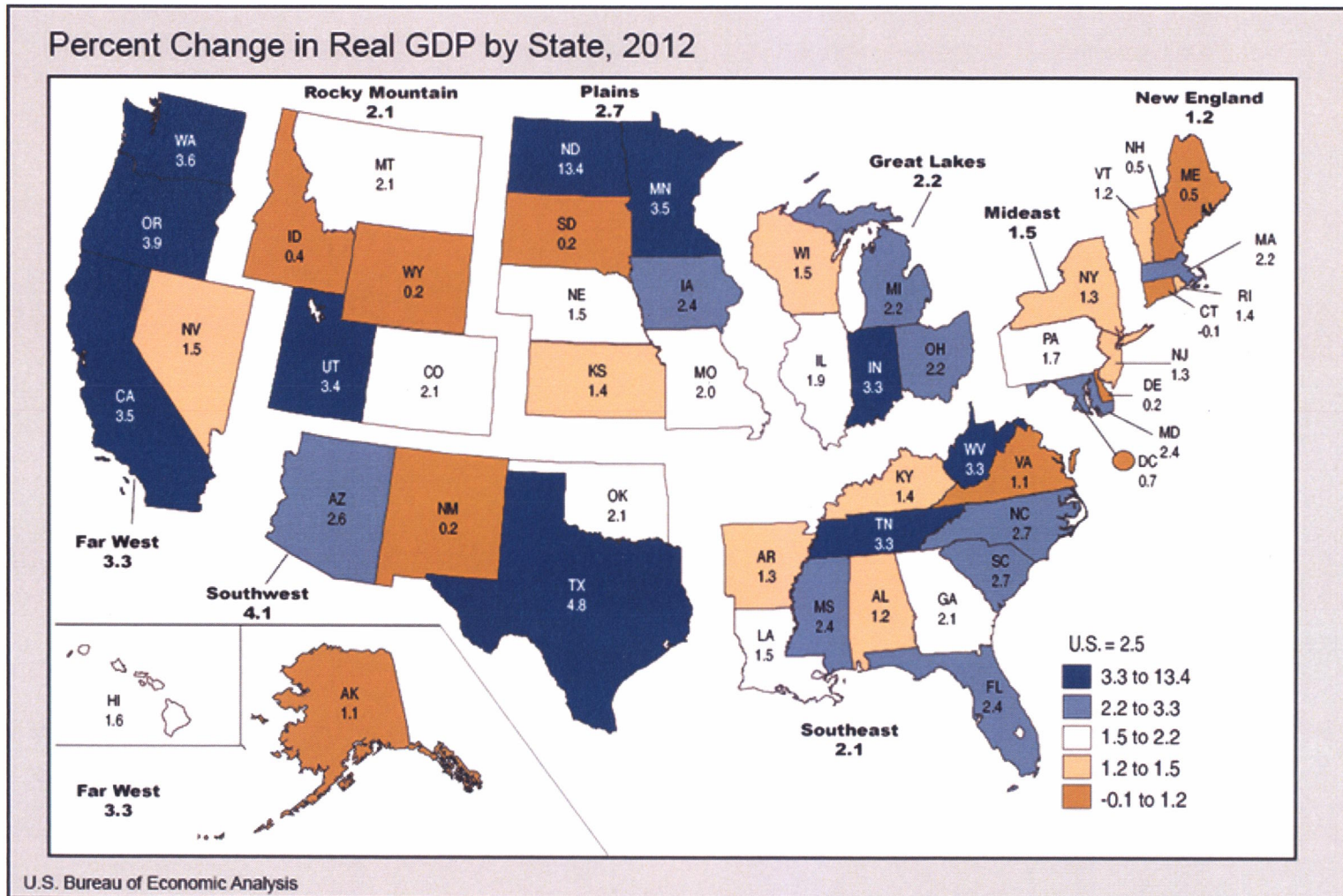
Parties/Staff Handout
Internal Affairs/Agenda
on 12/17/13
Item No. 1

Key Economic Variables Improving



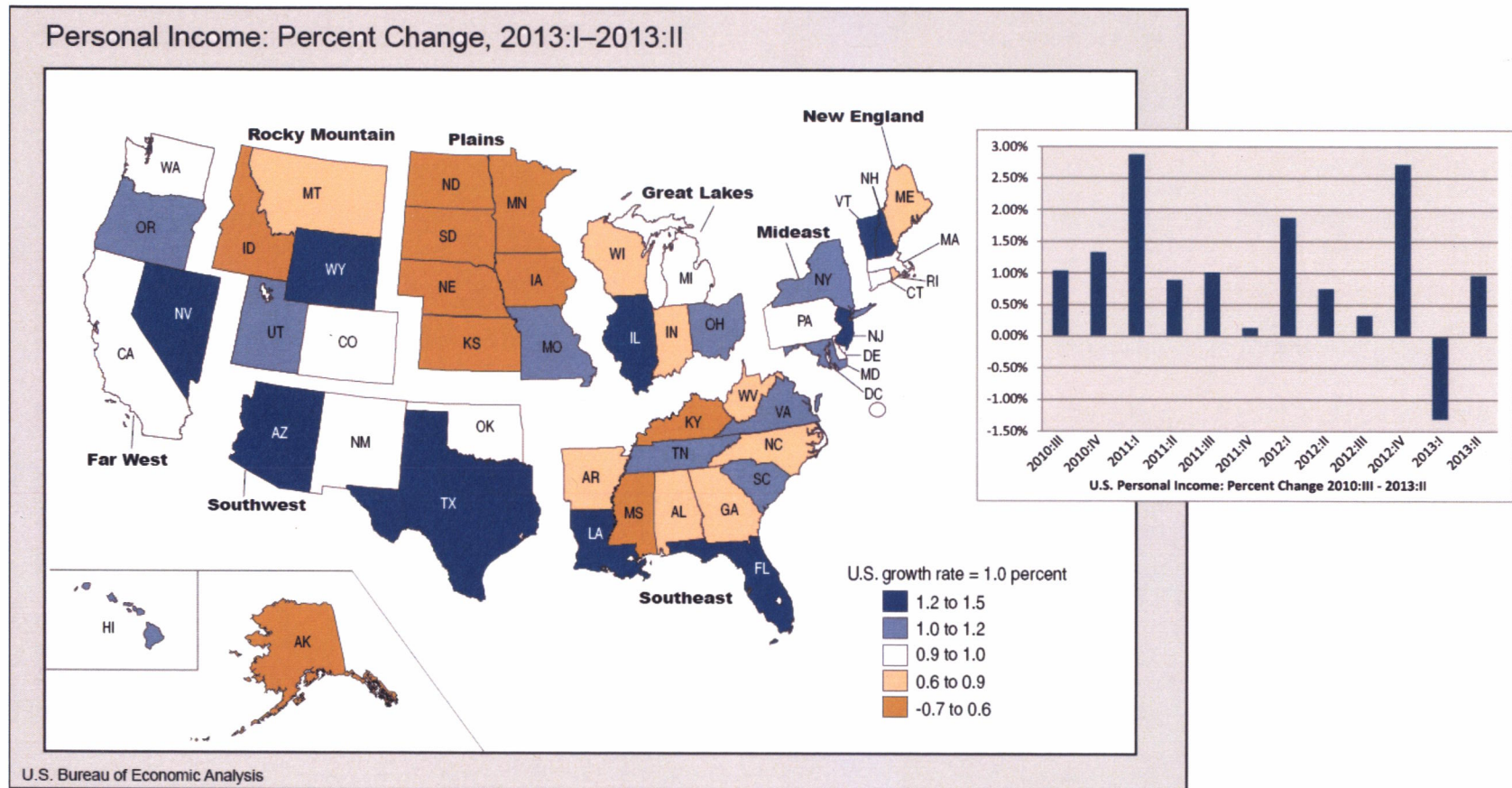
**Simplified Flow
Of Major Drivers**

Economy Strongly Improved in 2012



In 2012, Florida's economic growth was in positive territory for the third year after declining two years in a row. State Gross Domestic Product (GDP) ranked us 14th in the nation in real growth with a gain of 2.4%, just slightly below the national average of 2.5%.

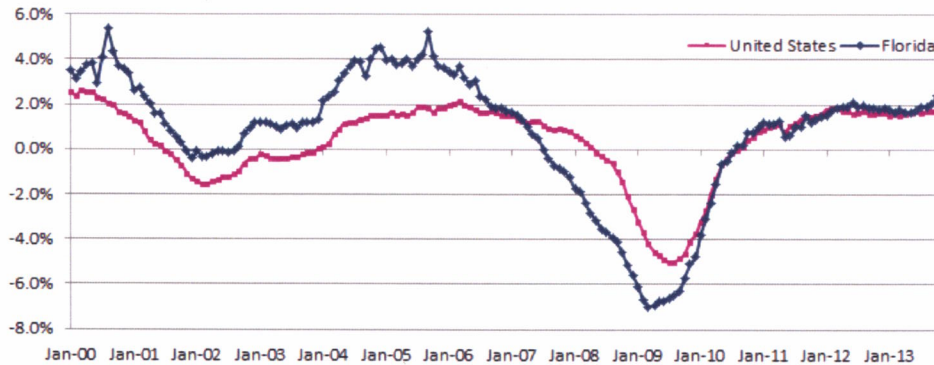
FL Personal Income Grows in 2013:Q2



Florida finished the 2012 calendar year with 3.2% growth over 2011, putting the state only slightly below the national growth rate of 3.5%. After declining in the first quarter of 2013, Florida's personal income had strong growth (1.5%) in the second quarter; however the state's second-place ranking was largely caused by a return to normalcy after an artificial decline. The first-quarter decline mainly reflected the effects of the expiration of the "payroll tax holiday" and the acceleration of bonuses and personal dividends to the fourth quarter of 2012 in anticipation of unrealized changes arising from resolution of the "Fiscal Cliff" which particularly affected Florida.

Current Employment Conditions

Seasonally Adjusted Nonfarm Jobs
Percent Change from Same Month Prior Year



Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, Current Employment Statistics Program in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, November 22, 2013.

October Nonfarm Jobs (YOY)

US	1.7%
FL	2.5%
YR:	182,200 jobs
Peak:	-445,800 jobs

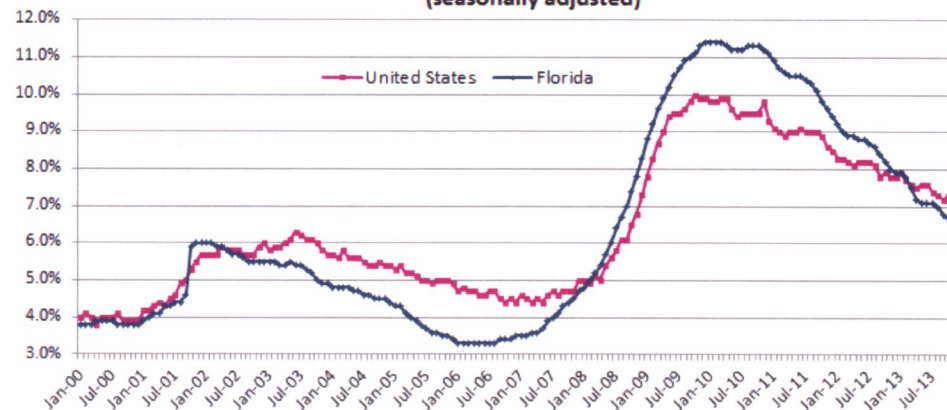
October Unemployment Rate

US	7.3%
FL	6.7%
(625,000 people)	

Highest Monthly Rate

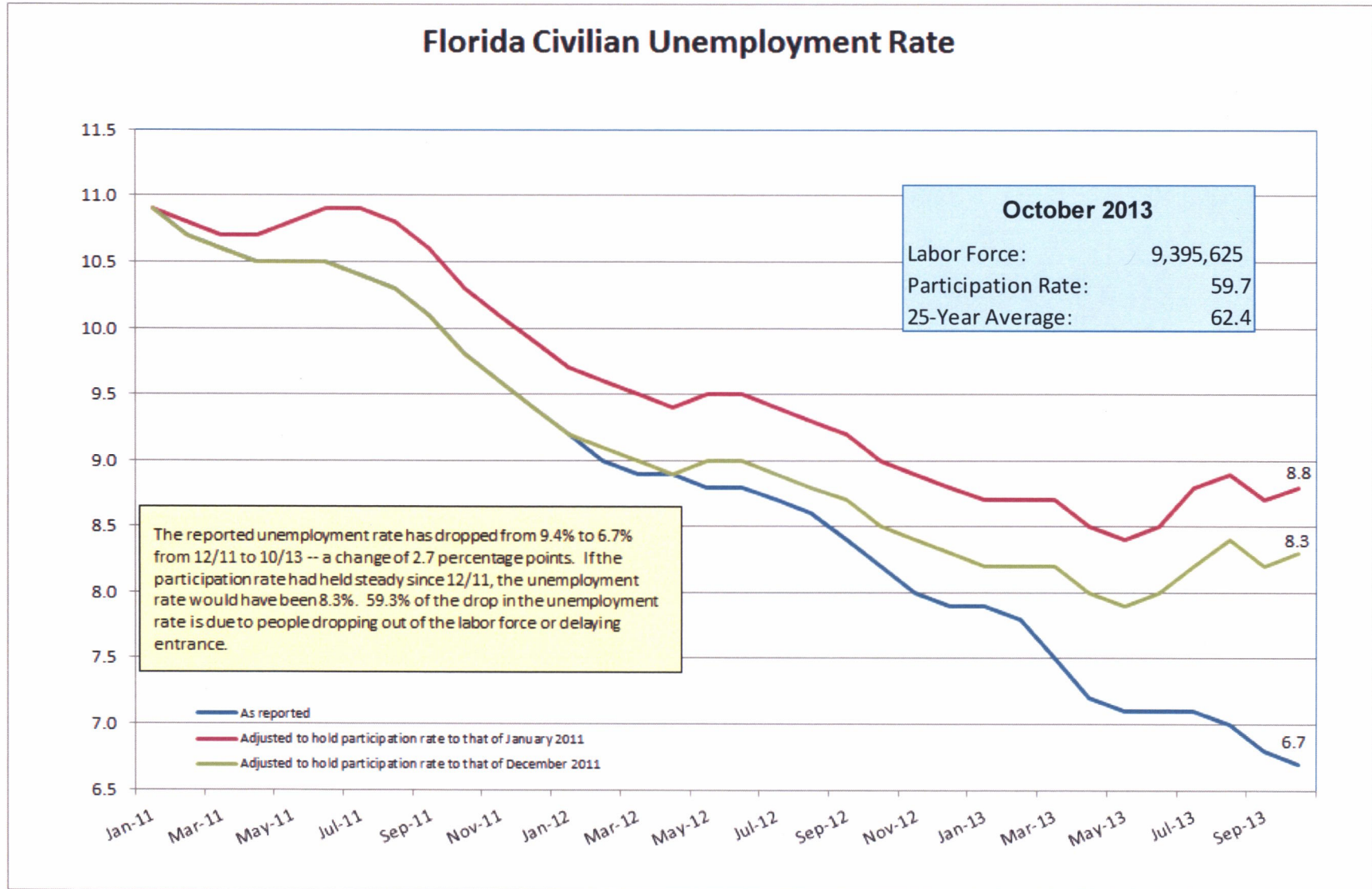
11.4%
December 2009 through
March 2010

United States and Florida Unemployment Rates
(seasonally adjusted)



Source: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, Local Area Unemployment Statistics Program, in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics, November 22, 2013.

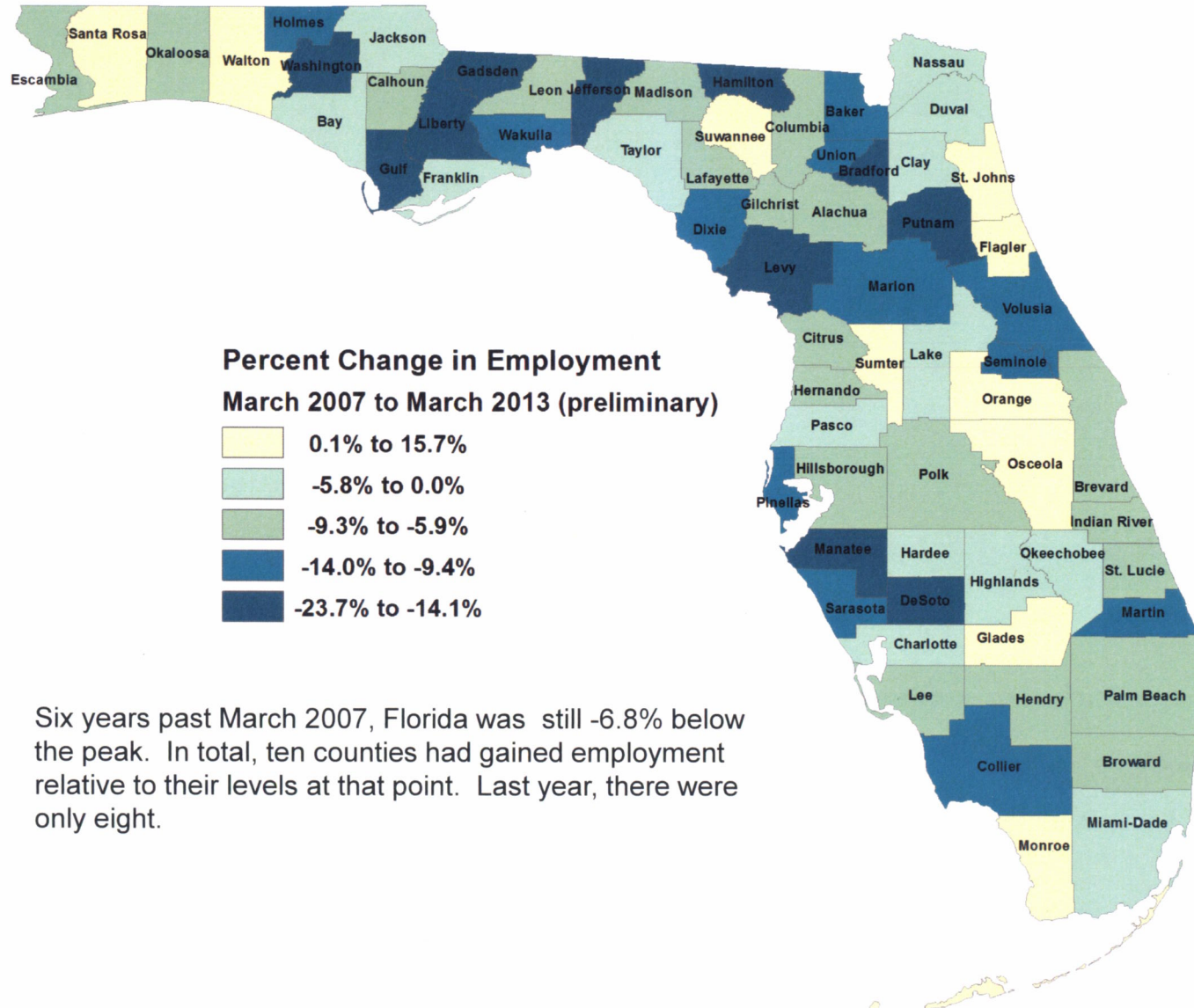
Labor Force Changes Affect Rate Drop



Florida's Job Market

- The job market will take a long time to recover – about 445,800 jobs have been lost since the most recent peak. Rehiring, while necessary, will not be enough.
- Florida's prime working-age population (aged 25-54) is forecast to add about 3,400 people per month, so the hole is deeper than it looks.
- It would take the creation of about 850,000 jobs for the same percentage of the total population to be working as was the case at the peak.

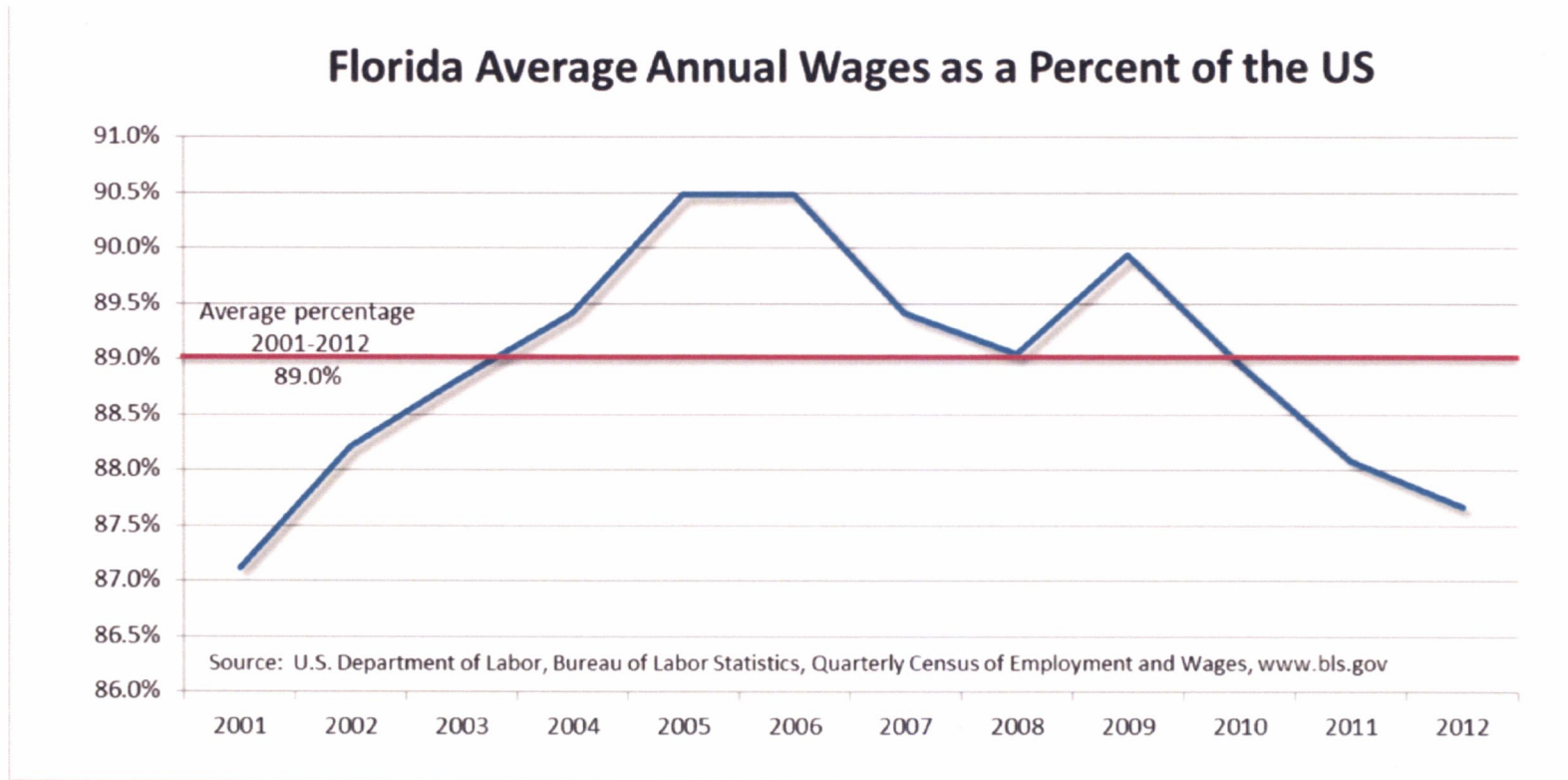
Employment Still Down from Peak Levels, But Improving...



Six years past March 2007, Florida was still -6.8% below the peak. In total, ten counties had gained employment relative to their levels at that point. Last year, there were only eight.



Wage Gap Increases in 2012



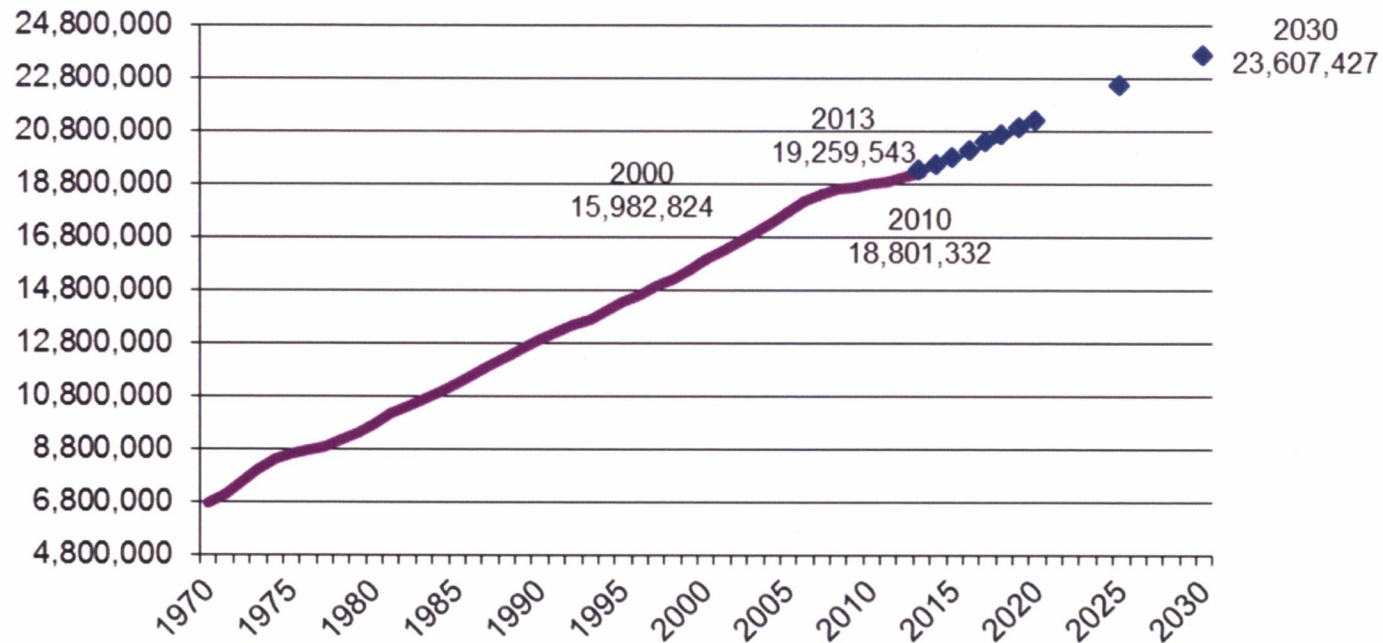
Florida's average annual wage has typically been below the US average. The preliminary data for the 2012 calendar year showed that it further declined to 87.7% of the US. Although Florida's wage level actually increased over the prior year, the US average annual wage increased more.

Population Growth Recovering

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Population growth is forecast to continue strengthening, showing increasing rates of growth over the next few years. In the near-term, growth is expected to average 1.3% between 2013 and 2015 – and then continue its recovery in the future, averaging 1.4% between 2015 and 2020. Most of Florida's population growth through 2030 will be from net migration (90.0%). Nationally, average annual growth will be about 0.74% between 2013 and 2030.
- The future will be different than the past; Florida's long-term growth rate between 1970 and 1995 was over 3%.
- Florida is on track to break the 20 million mark during 2016, becoming the third most populous state sometime before then – surpassing New York.



Florida's April 1 Population

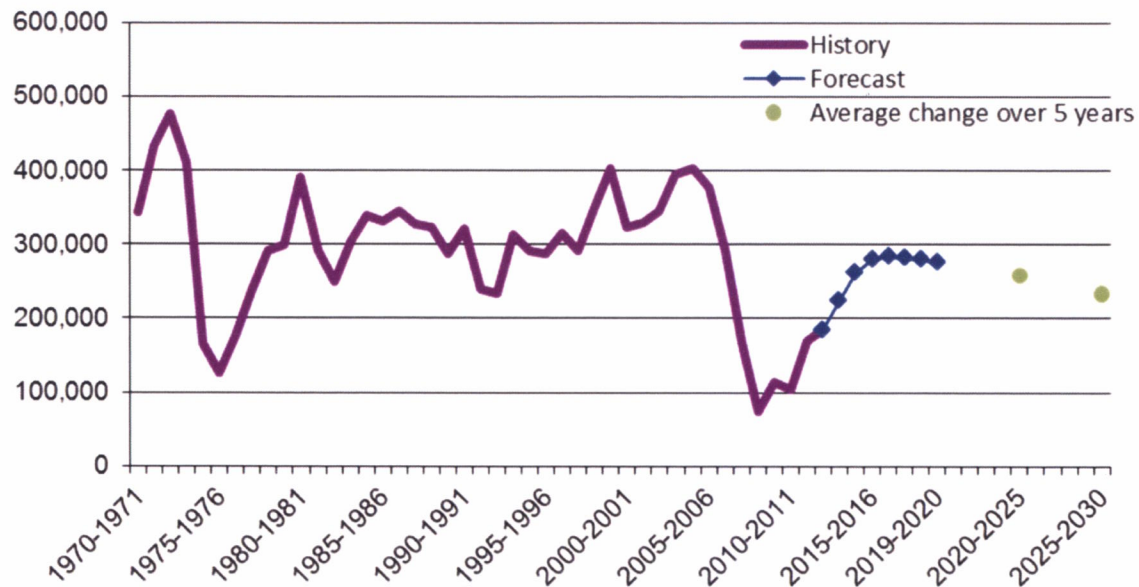


Florida's population:

- was 15,982,824 in 2000
- was 18,801,332 in 2010
- is forecast to grow to 23,607,427 by 2030



Florida's Population Growth



Population:

- Average annual increase between 2000 and 2006 was: 361,942
- Average annual increase between 2007 and 2013 was: 135,463

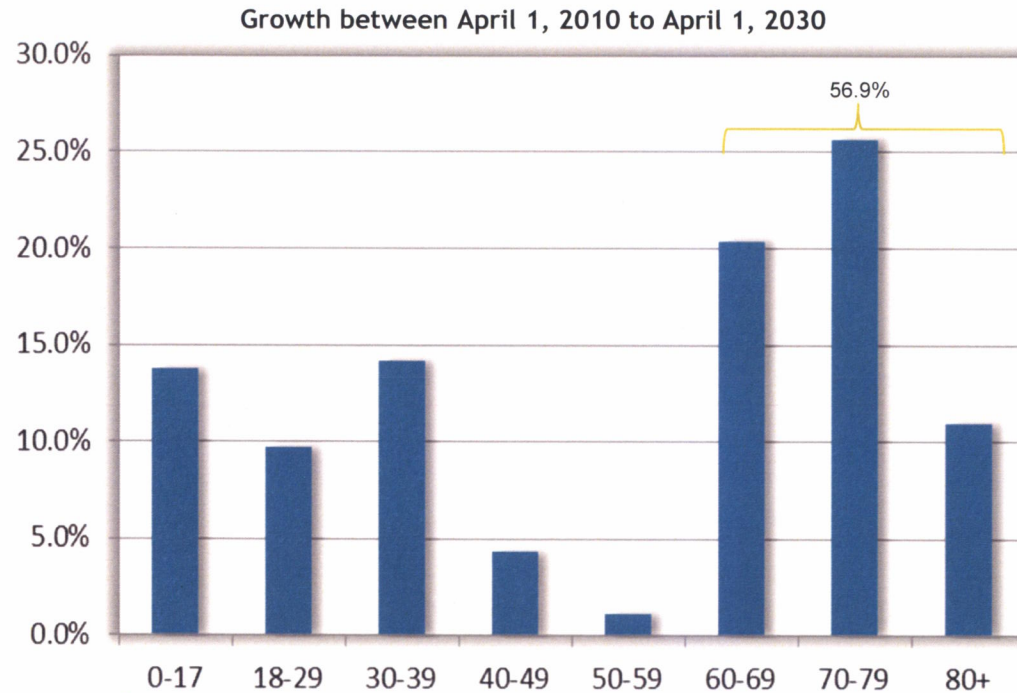
Population is forecast to increase on average by:

- 243,034 between 2013 and 2015 --- a gain of 666 per day
- 280,504 between 2015 and 2020 --- a gain of 769 per day
- 258,657 between 2020 and 2025 --- a gain of 709 per day
- 233,202 between 2025 and 2030 --- a gain of 639 per day



2013	
Orlando	250,415
St. Petersburg	249,704
Hialeah	229,766

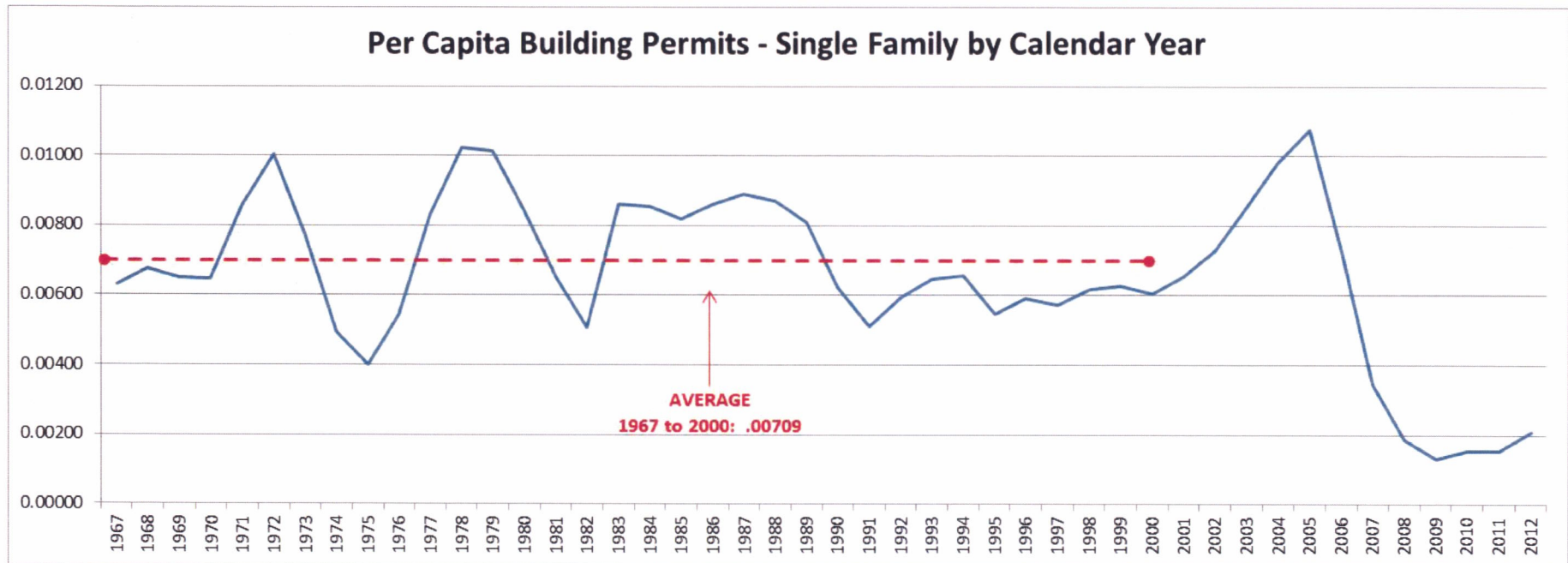
Population Growth by Age Group



- Between 2010 and 2030, Florida's population is forecast to grow by almost 4.8 million.
- Florida's older population (age 60 and older) will account for most of Florida's population growth, representing 56.9 percent of the gains.
- Florida's younger population (age 0-17) will account for 13.8 percent of the gains.

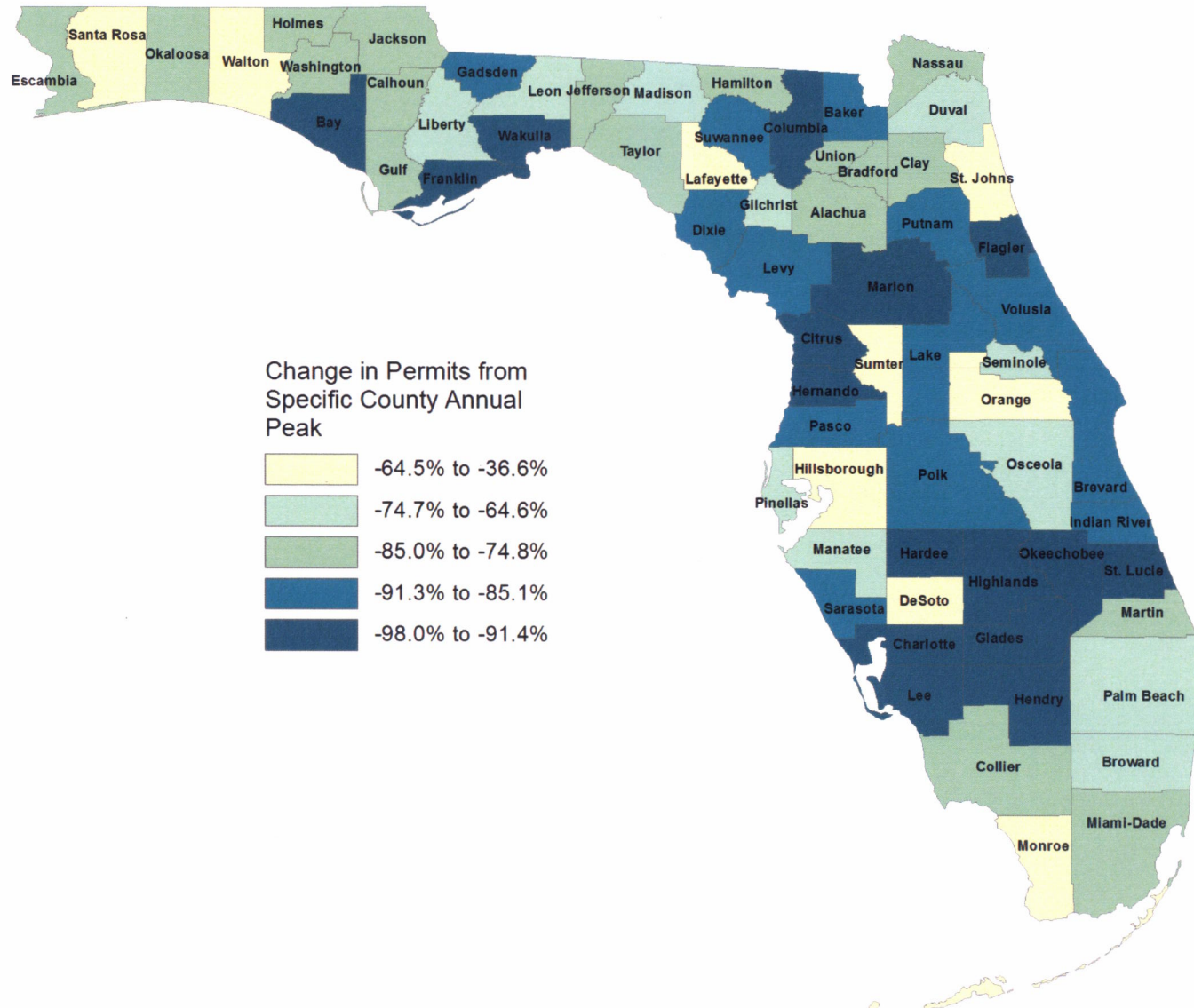


Florida Housing is Generally Improving

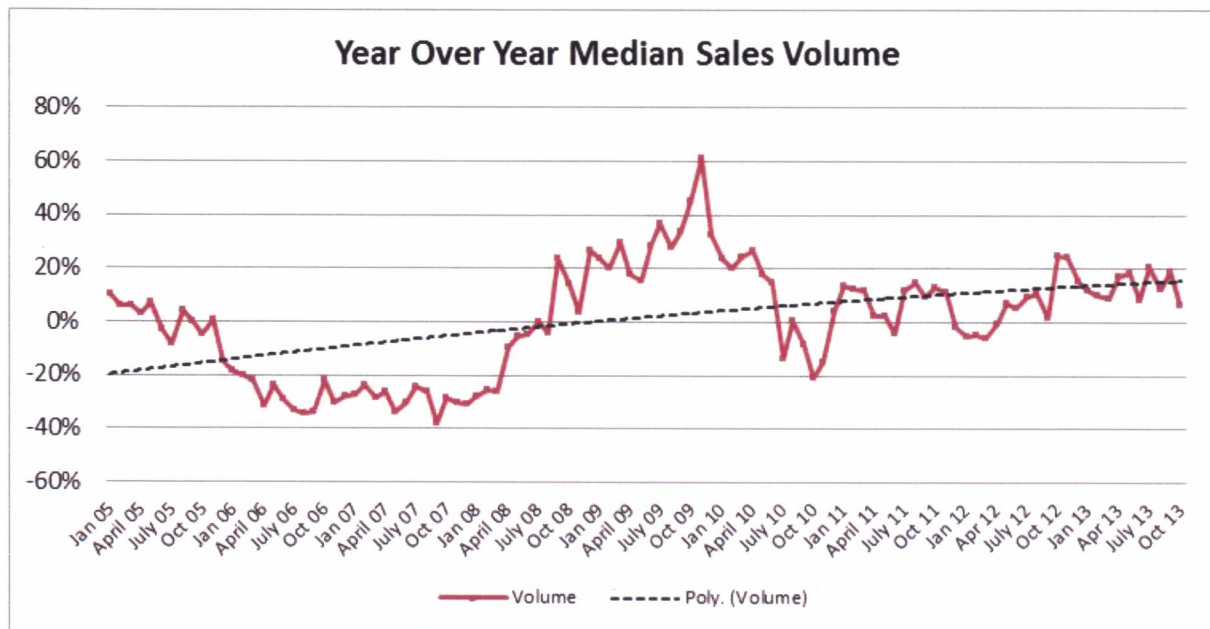
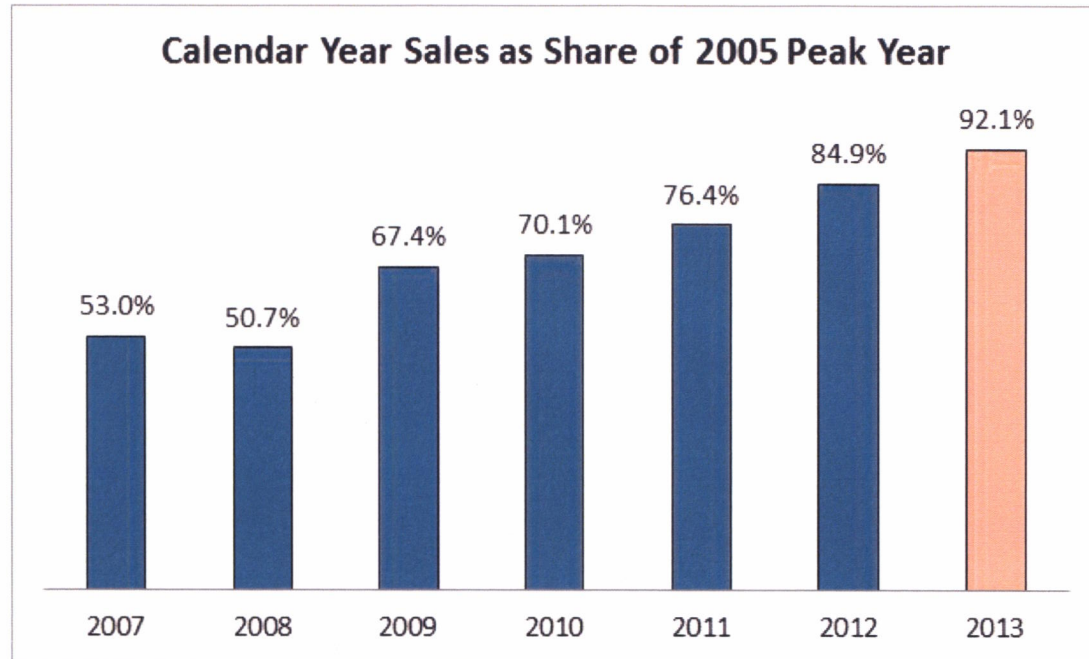


Building permit activity, an indicator of new construction, is back in positive territory, showing strong (32.4%) calendar year growth in 2012. For the first ten months of the 2013 calendar year, permits were running 36.9% above the same timeframe in the prior year, but the level is still low by historic standards.

2012 Building Permit Activity Relative to the County's Peak during the Period 2000-2007

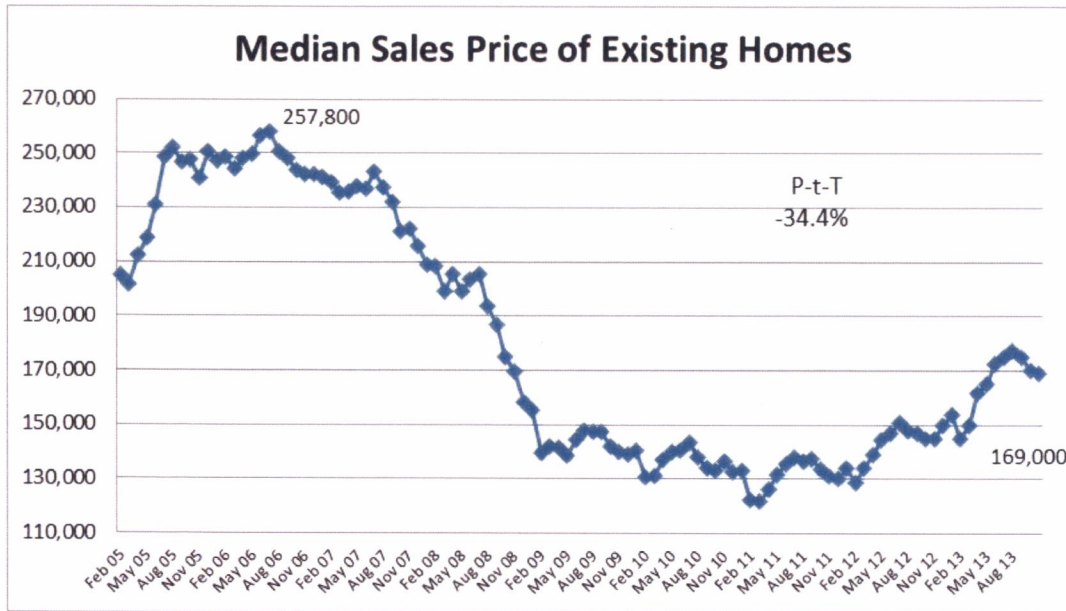


Existing Homes Sales Are Increasing

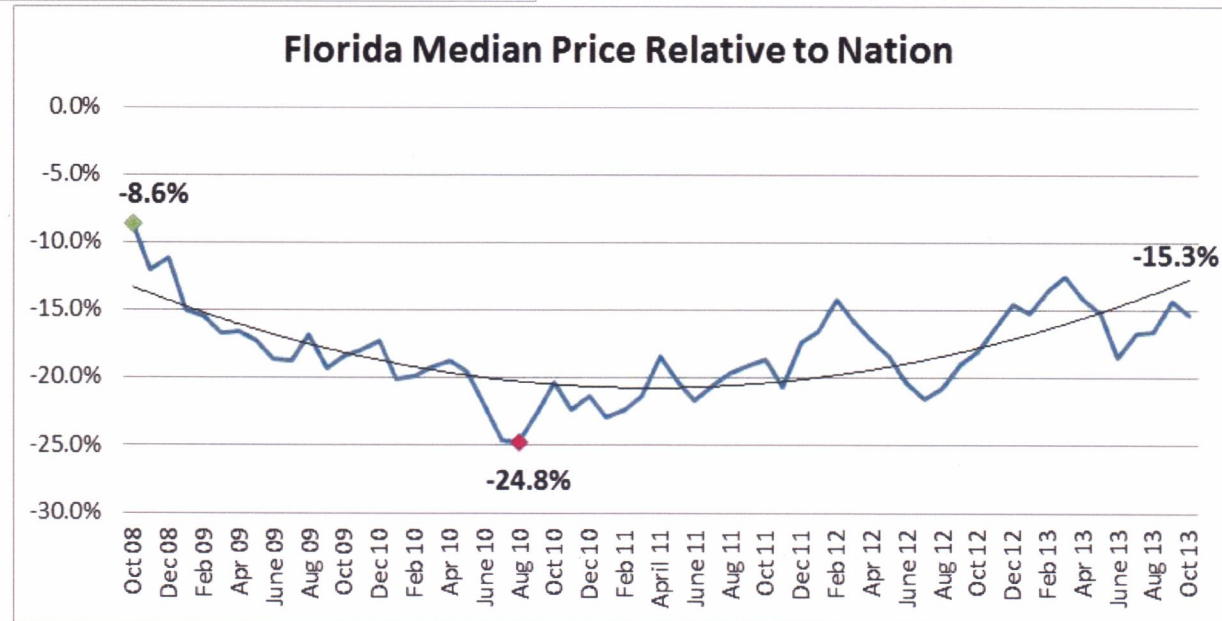


Data through October 2013

Existing Home Price Gains Have Slowed...

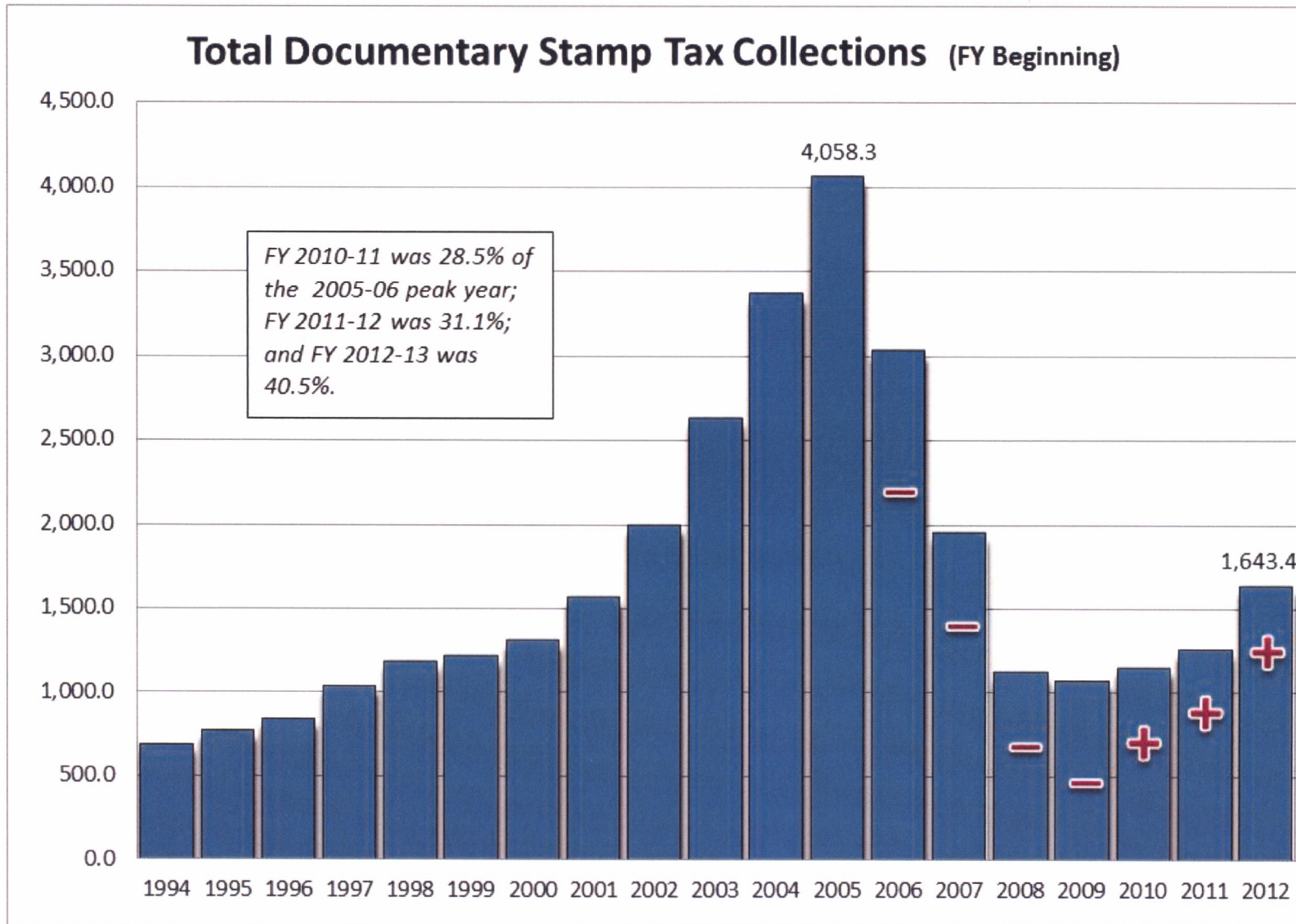


Median Sales Prices for Existing Homes have recently begun to drift slightly downwards and are still substantially below the nation as a whole.



Data through October 2013

Documentary Stamp Collections (Reflecting All Activity)



Foreclosure Activity Remains Daunting

2012 Calendar Year...

Florida had highest Foreclosure Rate in the US for the first time since the housing crisis began. (3.11% of housing units received at least 1 filing)

November 2013 compared to US:

- Highest State for # of Filings
- Highest State for Foreclosure Rate
- Among US Metro Area rates: 8 of the top 10 highest metro rates in the nation were in Florida.

Jacksonville #1

Miami #2

Port St. Lucie #3

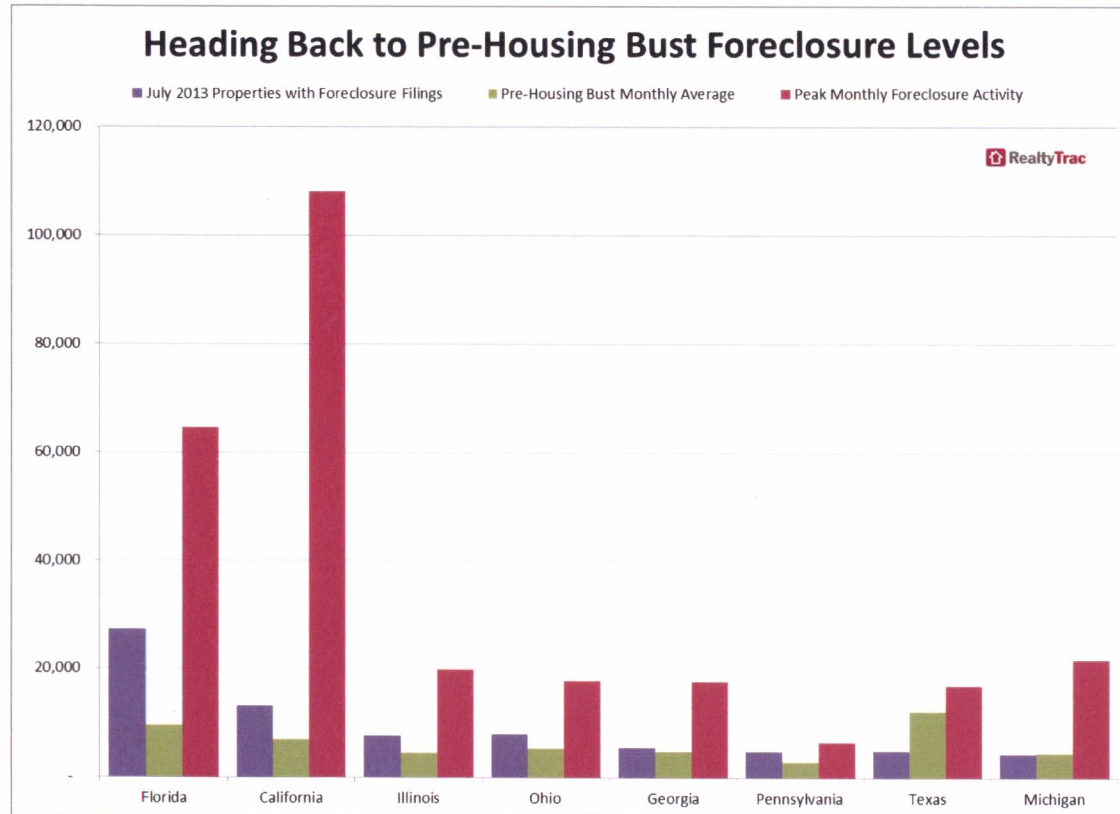
Palm Bay-Melbourne #4

Orlando #6

Tampa #8

Sarasota #9

Ocala #10



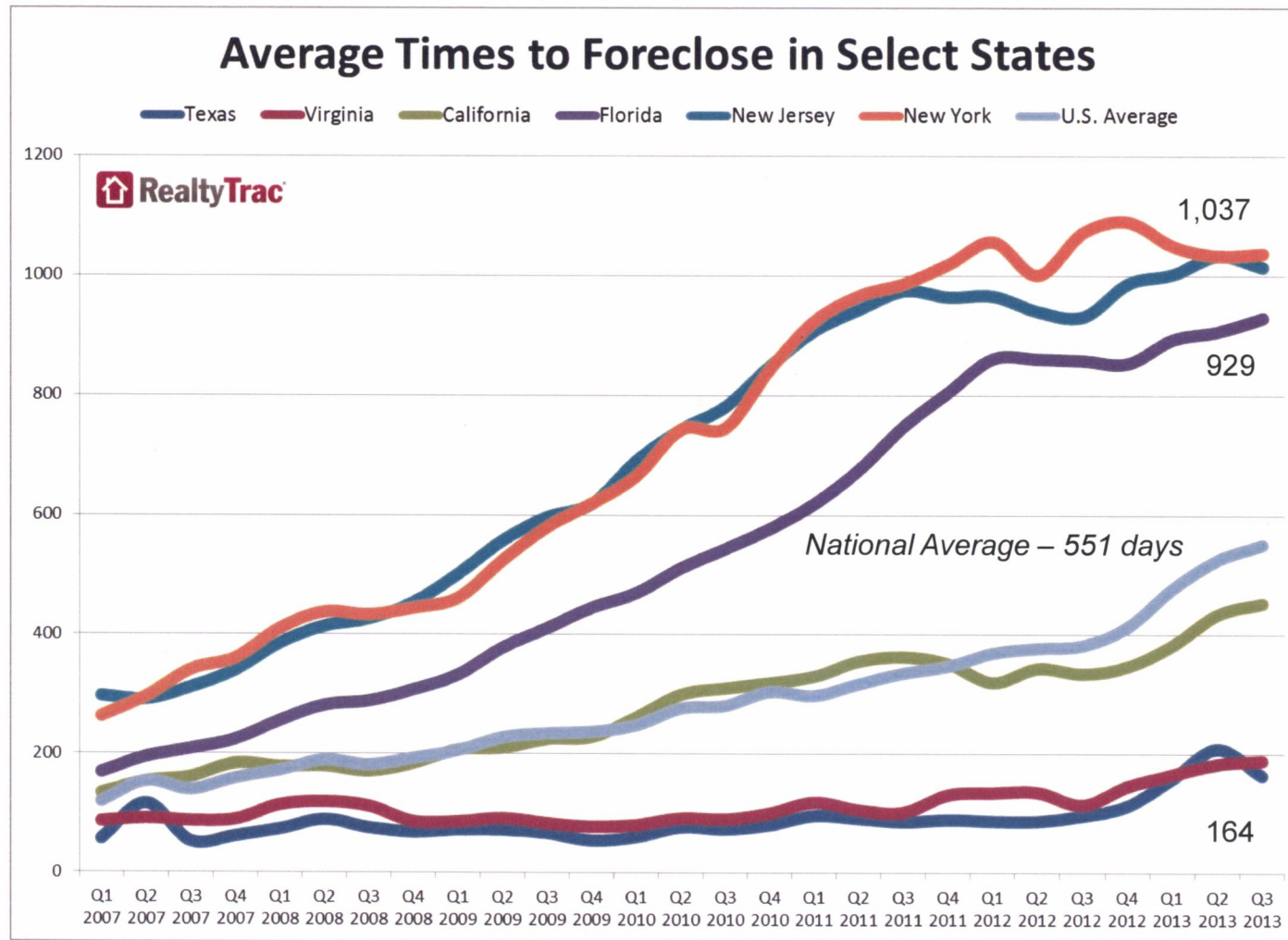
“Florida foreclosure activity in the third quarter decreased 8 percent from a year ago following six consecutive quarters with annual increases in foreclosure activity, but the state still posted the nation’s highest foreclosure rate during the quarter. A total of 70,902 Florida properties had foreclosure filings in the third quarter, down 7 percent from the previous quarter and a rate of one in every 126 housing units — more than twice the national average.” RealtyTrac

Data from RealtyTrac

Days to Foreclose

Foreclosure Process (once begun)

- 929 Days – 2.6 yrs – in Florida (3rd Longest Period in Nation in 2013:Q3)
- At the beginning of 2007, Florida was at 169 days or less than 6 months.



High

Low

Foreclosures & Shadow Inventory

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
National	6.3%	2.5%	8.8%	-17.2%
MS	13.0%	2.1%	15.1%	-10.6%
FL *	6.9%	7.7%	14.6%	-26.3%
NJ *	7.2%	7.2%	14.4%	-10.7%
NY *	6.6%	5.5%	12.1%	-9.5%
LA *	9.5%	2.1%	11.6%	-9.2%
ME *	6.5%	4.9%	11.4%	-8.5%
RI	8.4%	2.9%	11.4%	-8.8%
MD *	7.3%	3.5%	10.8%	-14.4%
NV	7.3%	3.5%	10.8%	-28.6%
CT *	6.5%	4.2%	10.7%	-11.8%
AL	9.3%	1.4%	10.7%	-5.2%
IN *	7.9%	2.4%	10.3%	-12.3%
DE *	7.4%	2.9%	10.2%	-10.0%
PA *	7.2%	2.9%	10.2%	-9.6%
AR	8.2%	1.9%	10.1%	-13.7%
OH *	7.3%	2.7%	10.1%	-13.7%
IL *	6.3%	3.8%	10.1%	-22.4%

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
National	6.3%	2.5%	8.8%	-17.2%
HI *	4.6%	5.3%	9.9%	-9.5%
GA	8.4%	1.4%	9.8%	-18.3%
TN	8.5%	1.1%	9.6%	-10.3%
WV	8.2%	1.4%	9.6%	-7.5%
SC *	7.0%	2.6%	9.6%	-14.6%
MA	7.2%	1.9%	9.1%	-6.1%
OK *	6.5%	2.3%	8.8%	-11.2%
NC	7.0%	1.4%	8.4%	-17.2%
KY *	6.4%	1.9%	8.3%	-11.0%
VT *	5.0%			
NM *	5.4%			
TX	7.0%			
DC	5.4%			
MO	6.8%			
WI *	5.8%			
MI	6.5%			
NH	6.0%			

State	Del %	FC %	Non-Curr %	Yr/Yr Change in NC%
National	6.3%	2.5%	8.8%	-17.2%
KS *	5.9%	1.3%	7.2%	-11.3%
IA *	4.8%	2.0%	6.8%	-10.9%
WA	4.8%	1.9%	6.8%	-25.5%
OR	3.7%	2.9%	6.6%	-13.3%
UT	5.2%	1.1%	6.3%	-18.6%
VA	5.2%	0.8%	6.0%	-15.3%
ID	4.1%	1.9%	5.9%	-18.8%
NE *	4.9%	0.8%	5.8%	-7.0%
CA	4.6%	0.9%	5.5%	-30.2%
			5.4%	-28.4%
			4.6%	-19.2%
			4.5%	-1.8%
			4.4%	-18.7%
			4.3%	-14.6%
			4.0%	-11.4%
			4.0%	-7.0%
			2.8%	-13.5%

* - Indicates Judicial State

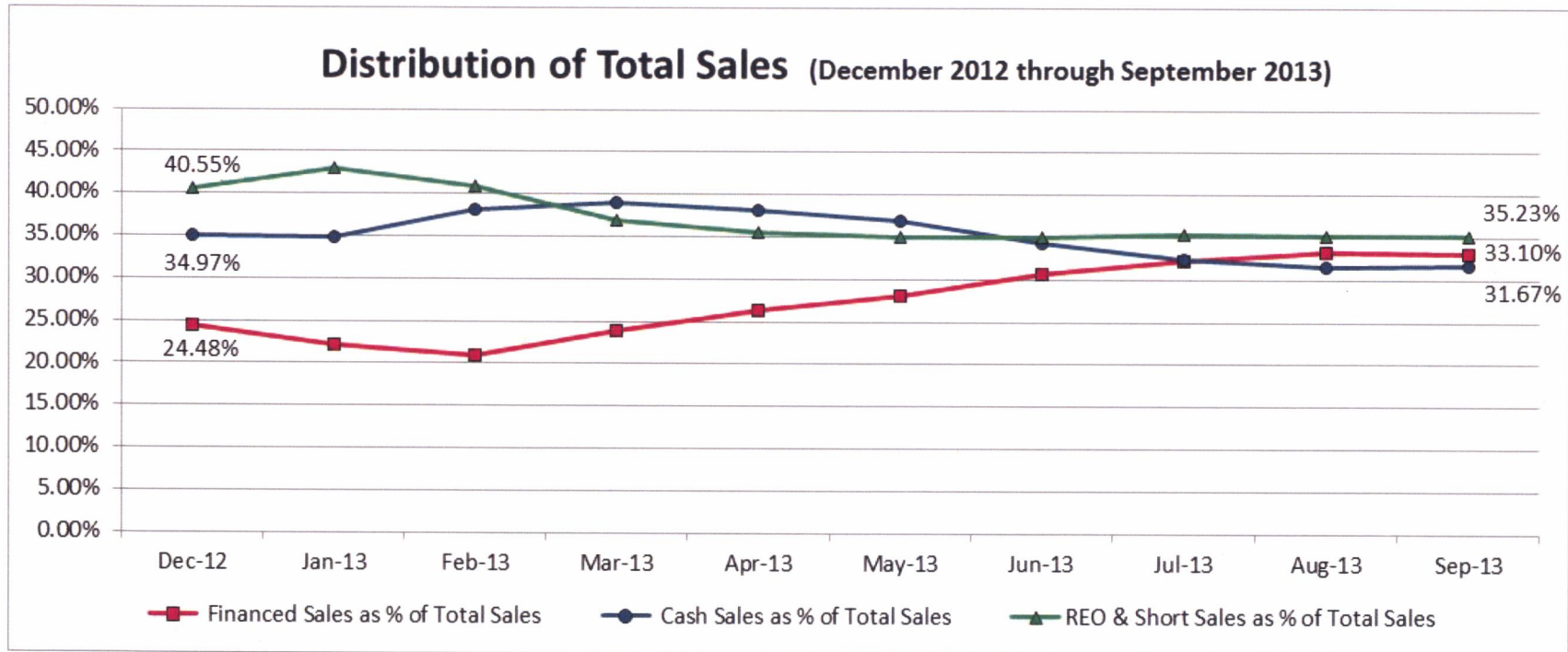
LPS Data: October Mortgage Monitor

State	Del %	FC %	Non-Curr %
National	6.3%	2.5%	8.8%
MS	13.0%	2.1%	15.1%
FL *	6.9%	7.7%	14.6%

After being ranked first for many months, Florida has now moved to second place among states for non-current mortgages (a measure of delinquencies and foreclosures). Part of this shift is a slowing of newly delinquent homes. Florida's "underwater" homes declined from a high of 50% of all residential mortgages to just above 20% in the most recent data.

Sales Mix Points to Lower Prices

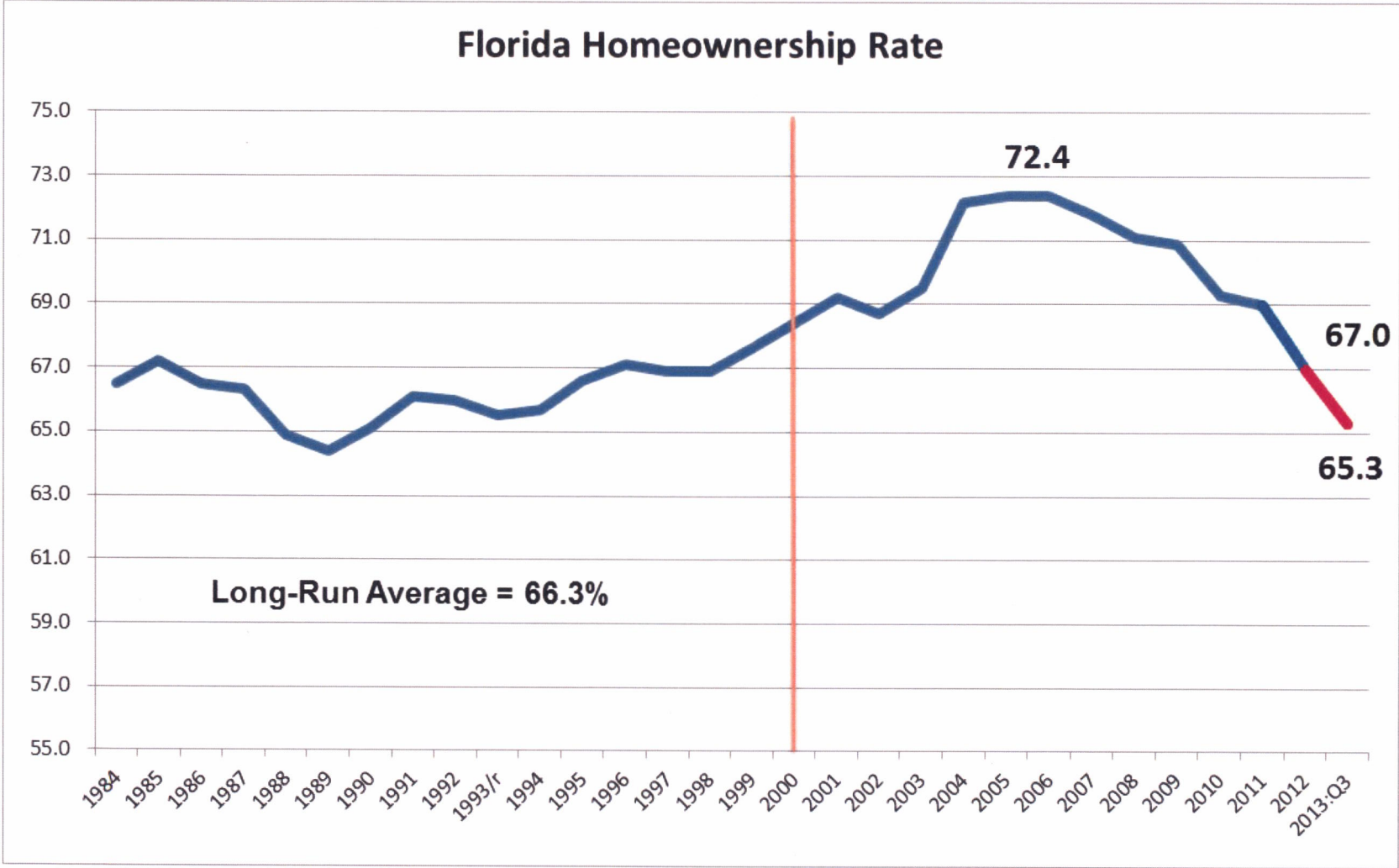
**Foreclosure Discount
39.2%**



Data from LPS: Lender Processing Services

- Financed sales have been growing as percentages of all sales, cash sales have declined slightly in recent months after staying relatively flat for most of the year—and the percentage for REO & Short Sales has stabilized after declining in earlier months. The three data points for September have nearly converged.
- While short sales have been significantly increasing in some states, that is not yet the case in Florida. There were 6,809 short sales in September 2012, and 4,910 in September 2013. To the extent short sales increase, the foreclosure pipeline will be reduced.

Homeownership Rate Back to Normal



The 2012 percentage of 67.0 is the lowest since 1998. The 2013 third quarter data indicates a further decline to 65.3%, below the long-term average.

Credit Conditions Sending Mixed Messages

Question to Senior Loan Officers:

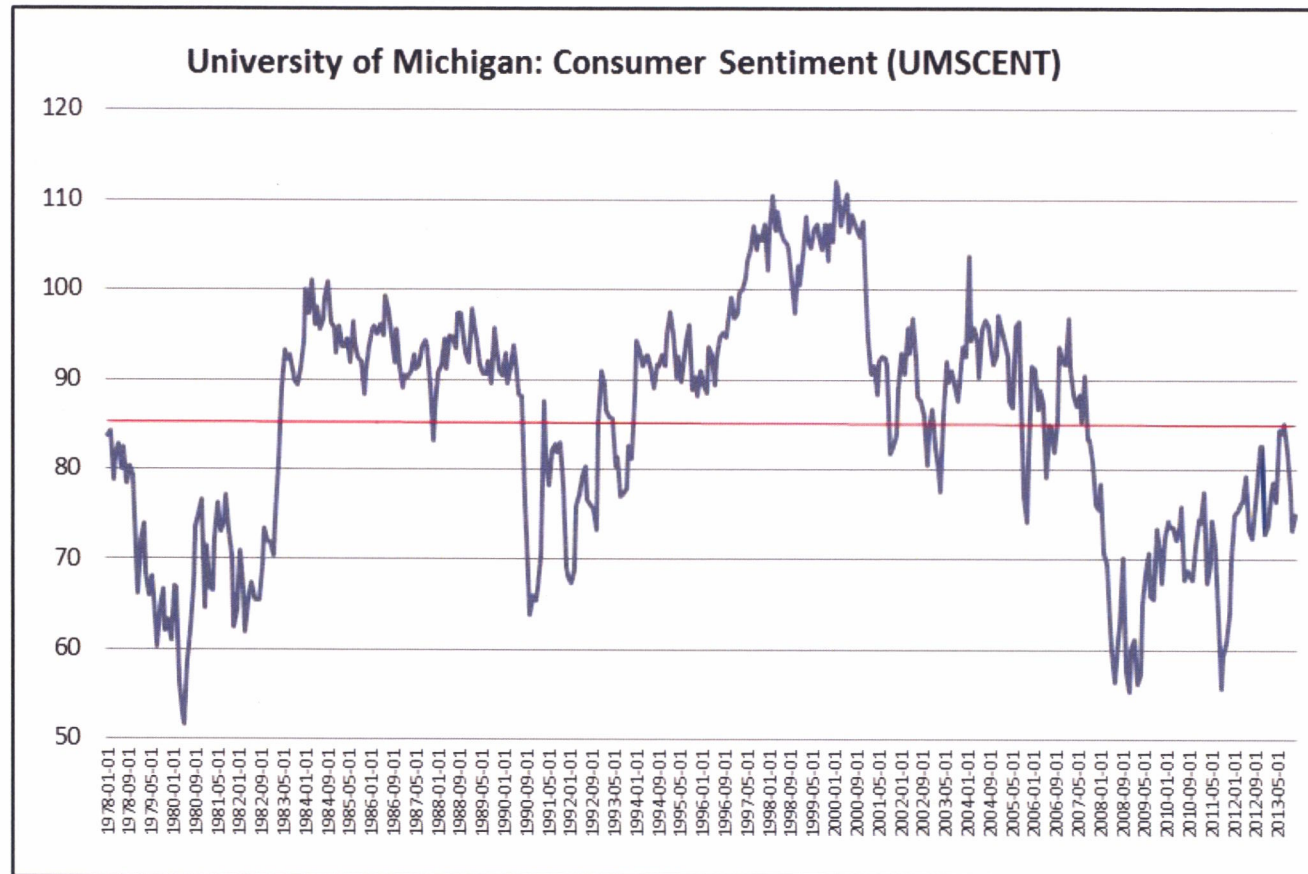
Over the past three months, how have your bank's credit standards for approving applications from individuals for **prime residential mortgage loans** to purchase homes changed?

All Respondents									
	Oct '13 %	July '13 %	Apr '13 %	Jan '13 %	Oct '12 %	July '12 %	Apr '12 %	Jan '12 %	Oct '11 %
Tightened considerably	1.4%	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0
Tightened somewhat	4.3%	3.0	1.6	1.5	3.1	1.6	5.6	0.0	4.2
Remained basically unchanged	79.7	86.6	89.1	92.3	92.2	93.4	90.7	94.3	91.7
Eased somewhat	14.5%	10.4	9.4	4.6	4.7	3.3	3.7	5.7	4.2
Eased considerably	0.0%	0.0	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Total	100%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

January 2013 Senior Loan Officer Opinion Survey on Bank Lending Practices (Federal Reserve Board)

Banks reported that they were less likely than in 2006, to varying degrees, to originate mortgages to any borrowers apart from those with the strongest credit profiles. Downpayments of 20% also a strong requirement.

Consumer Perceptions Drop



Nationally, consumer sentiment had been improving since the low point of the Great Recession, but fell in August 2011 to near the lowest level of the recession and not far from the lowest level ever posted. The index reading dropped again in December 2012 as concerns about the Fiscal Cliff took hold, but recovered through July to its average since inception (85.1). After dropping in the three subsequent months, the series slightly improved in November with an index reading of 75.1.

Economy Recovering

Florida growth rates are gradually returning to more typical levels. But, drags are more persistent than past events, and it will take a few more years to climb completely out of the hole left by the recession. In the various forecasts, normalcy has been largely achieved by FY 2016-17. Overall...

- The recovery in the national economy is well underway. While most areas of commercial and consumer credit are strengthening – residential credit still remains sluggish and difficult for consumers to access but has shown recent improvement.
- The subsequent turnaround in Florida housing will be led by:
 - Low home prices that begin to attract buyers and clear the inventory.
 - Long-run sustainable demand caused by continued population growth and household formation that has been pent-up.
 - Florida's unique demographics and the aging of the baby-boom generation (2011 marked the first wave of boomers hitting retirement).



Upside Risk for Construction

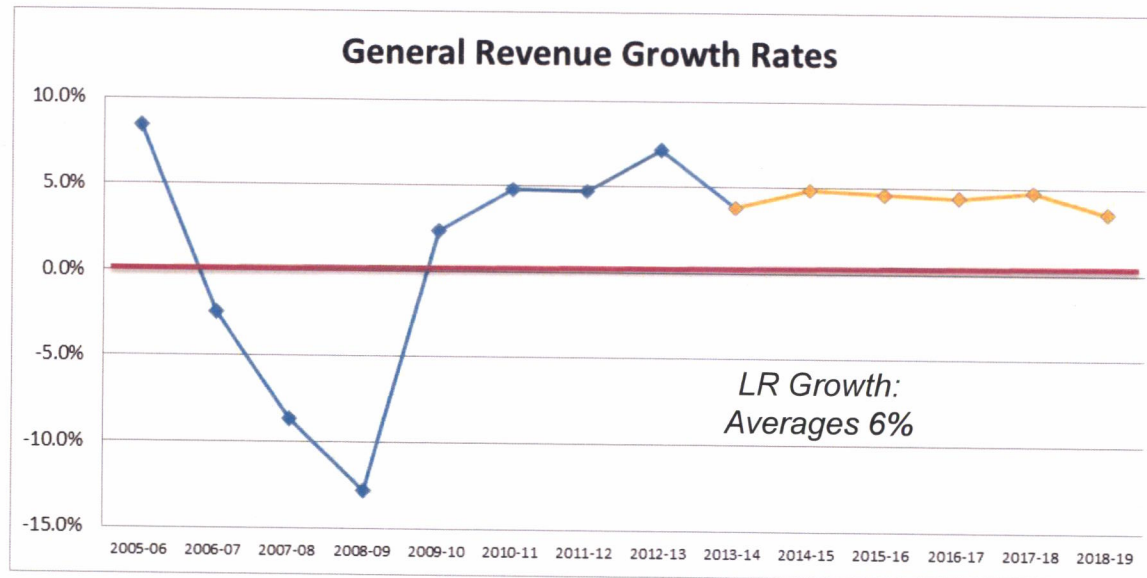
- The “shadow inventory” of homes that are in foreclosure or carry delinquent or defaulted mortgages may contain a significant number of “ghost” homes that are distressed beyond realistic use, in that they have not been physically maintained or are located in distressed pockets that will not come back in a reasonable timeframe. This means that the supply has become two-tiered – viable homes and seriously distressed homes.
- To the extent that the number of viable homes is limited, new construction may come back quicker than expected.



“Fiscal Cliff” Partially Avoided

- **Automatic Sequester** – Many of the Sequester’s expected early effects were muted through the use of federal reserves, targeted congressional fixes, and contracting delays. These solutions were largely unavailable if the Sequester continued into future fiscal years, meaning that the cumulative effects would come closer to the original predictions. In the continuing resolution passed in October, Congress froze 2014 spending at 2013 sequestration levels through January 15th while negotiators sought a new agreement.
 - Congress has reached a two-year budget deal (called the Bipartisan Budget Act) that would ease some of the automatic cuts.
 - An amendment to the agreement provides a short-term extension of a number of expired/expiring health programs, delays the Medicaid Disproportionate Share (DSH) reductions included in the Affordable Care Act (ACA) for two years, and prevents the scheduled 23.7% reduction in the Medicare reimbursement rate for physicians set to occur on January 1, 2014.
 - Extension of federal emergency unemployment benefits has not yet been authorized.
- **Statutory Debt Ceiling Temporarily Suspended** – The Treasury has the authority to issue new debt through February 7, 2014. Because the Treasury still has the ability to use its emergency powers, it may be able to delay a default for another month or two beyond this date.
 - No agreement has been reached.

General Revenue Forecast



Fiscal Year	August Forecast	December Forecast	Difference	Incremental Growth	Growth
2005-06	27074.8				8.4%
2006-07	26404.1				-2.5%
2007-08	24112.1				-8.7%
2008-09	21025.6				-12.8%
2009-10	21523.1				2.4%
2010-11	22551.6				4.8%
2011-12	23618.8				4.7%
2012-13	25314.6				7.2%
2013-14	26184.2	26279.9	95.7	965.3	3.8%
2014-15	27333.2	27558.9	225.7	1279.0	4.9%
2015-16	28560.9	28830.6	269.7	1271.7	4.6%
2016-17	29920.8	30117.3	196.5	1286.7	4.5%
2017-18	31354.9	31499.4	144.5	1382.1	4.8%
2018-19	0.0	32574.7	32574.7	1075.3	3.6%

The growth rates for FY 2012-13 and FY 2013-14 are slightly distorted by the receipt of the \$200.1 million deposit from the National Mortgage Settlement Agreement. After adjusting for this deposit, the underlying growth rates are 6.3% and 4.6%, respectively.

IV. Transcript

1 BEFORE THE
2 FLORIDA PUBLIC SERVICE COMMISSION

3
4
5
6
7 PROCEEDINGS: INTERNAL AFFAIRS

8 COMMISSIONERS
9 PARTICIPATING: CHAIRMAN RONALD A. BRISÉ
10 COMMISSIONER LISA POLAK EDGAR
11 COMMISSIONER ART GRAHAM
12 COMMISSIONER EDUARDO E. BALBIS
13 COMMISSIONER JULIE I. BROWN

14 DATE: Tuesday, December 17, 2013

15 TIME: Commenced at 11:10 a.m.
16 Concluded at 12:09 p.m.

17 PLACE: Gerald L. Gunter Building
18 Room 105
19 2540 Shumard Oak Boulevard
20 Tallahassee, Florida

21 REPORTED BY: LINDA BOLES, CRR, RPR
22 Official FPSC Reporter
23 (850) 413-6734
24
25

P R O C E E D I N G S

1
2 **CHAIRMAN BRISÉ:** Good morning. We will call
3 this Internal Affairs meeting to order. Today is
4 Wednesday, December 17th, 2013.

5 And our first item on the agenda is a
6 presentation by Ms. Amy Baker with the Office of
7 Economic Demographic Research, and she is the
8 coordinator of that department. And I guess we probably
9 want to know a little bit about Amy, right, so let's,
10 let's say a couple of things about Amy.

11 Amy has been with state government since 1986,
12 and she has served with both the executive and
13 legislative branches. She is the state's chief
14 economist from our perspective, and she provides
15 excellent information to the Legislature. And, in
16 essence, all of our budgets in our state are based upon
17 her predictions. So, so with that, Amy, we thank you
18 for being with us here today so that we can be in tune
19 as an agency as to, you know, the broader view
20 economically in our state. So with that, the floor is
21 yours.

22 **MS. BAKER:** Thank you very much. I appreciate
23 the opportunity. We're going to run through a number of
24 things. I'm going to try to focus on the things that I
25 think you're most interested in and go a little bit

1 faster over the others. But if you have any questions,
2 feel free to interrupt us.

3 The only reason we put this slide in the
4 presentation is just to give you kind of a table of
5 contents of why we focus on what we focus on. So we, we
6 have to concentrate on global and national economic
7 conditions because they spill over into Florida,
8 population growth is still real important to us, and
9 tourism, employment growth, and then construction. So
10 those are pretty much the major drivers in what we have
11 to talk about.

12 So in that light, the, the first slide that we
13 have in the presentation is talking about gross domestic
14 product for Florida. That's a measure of all the goods
15 and services being presented into the state. During the
16 Great Recession we had actually gone negative for two
17 years in a row, but we've now through 2012 had three
18 positive years. So it's -- this is a measure that's
19 coming back and strengthening for us. When we concluded
20 the 2012 year, we were just below the national average
21 of 2.5%. So we were doing much better but not quite
22 back to where we wanted to be.

23 We also focused on personal income. The
24 biggest part of personal income is wages and salaries.
25 And the reason we focus on this one is because we get

1 this data once a quarter. So it's more a realtime
2 indication of how we're doing. We had a lot of
3 disruption in this data set as we moved out of the last
4 quarter of 2012 and into the first quarter of 2013. We
5 now have data through Quarter 2, and it's looking very
6 positive. We're in the strongest growth bracket, so
7 that's good news for personal income, but we really need
8 another quarter to kind of see how things will shake
9 out. We had people who thought that they were going to
10 see tax increases coming out of the 2012 fiscal cliff
11 and they were responding to it. So that really moved
12 our data around quite a bit. But we're definitely in
13 the strongest bracket, so that's the good news.

14 In terms of employment conditions, Florida is
15 the blue line in both of these graphs and the United
16 States is the red line. Florida has actually on the top
17 graph, which is showing the growth in nonfarm jobs, has
18 usually outperformed the nation as a whole and did so
19 all the way until we start seeing the housing market
20 correction, and that's when you see that blue line fall
21 below the U.S. line. Most recently, about the last two
22 years, we've kind of been tracking the United States as
23 a whole in terms of job creation, and in the most recent
24 months we've actually gone a little bit ahead of the
25 U.S. as a whole. So October, which is the last month we

1 had, we were at 2.5% growth in jobs. The U.S. was at
2 1.7%. So we're doing much better. We're still in terms
3 of total jobs well away from the peak. We're still
4 almost 450,000 jobs below where we were in the peak in
5 Florida, but we're, we're certainly starting to pick up.

6 The unemployment rate is the bottom chart, and
7 the same story there except, of course, flipped. We had
8 a lower unemployment rate than the nation as a whole for
9 a lot of our history. We did surge above the U.S.
10 during the Great Recession. Recently we've come back
11 together. So right now we're tracking the U.S. pretty
12 well and would expect that to kind of continue for a
13 little while.

14 The U.S. in October had a 7.3% unemployment
15 rate; Florida had a 6.7%. And we still had about
16 625,000 people in Florida that were unemployed; a not
17 insignificant number of them were long-term unemployed.
18 So that's kind of an emerging issue for us.

19 But you can see how much better that is at our
20 peak, our worst unemployment rate. We were there for
21 several months; December 2009 through March 2010 we were
22 at 11.4%. So 6.7% is showing definite improvement.

23 **COMMISSIONER GRAHAM:** I have a quick question
24 for you? The cause for that, that huge drop -- I mean,
25 if you look right there where we cross over the U.S.

1 line in January of 2013.

2 **MS. BAKER:** In the unemployment rate?

3 **COMMISSIONER GRAHAM:** Yes.

4 **MS. BAKER:** The -- it really has a lot to do
5 with this story. Now this story is not unique to
6 Florida, but we certainly started seeing some of these
7 effects a little bit earlier than the U.S. as a whole.

8 What we know is because the Great Recession
9 lasted for such a long period of time and the recovery
10 coming out of it was so slow that -- relative to past
11 recessions -- we, we ended up with a huge number of
12 folks that were long-term unemployed that ultimately ran
13 out of all the benefits that they had available to them
14 and just sat out of the labor force. They -- to be
15 counted as unemployed or a part of the active labor
16 force you have to be actively pursuing a job. And so we
17 had people who felt like the conditions were so bad they
18 just weren't even going to bother.

19 We also had a lot of young people in Florida
20 who never launched into the, the job market. They just
21 went to college or not and just kind of sat around and
22 didn't really look for a job, probably for similar
23 reasons; they didn't feel like the opportunities were
24 there for them at that point. But that labor force
25 participation rate in Florida declined relative to what

1 we've seen in the past and it is still at very low
2 levels.

3 So if we look back -- and the date is
4 arbitrary except that's when we first started seeing
5 some shifting -- if we look back to December 2011 and we
6 said had Florida kept that same labor force
7 participation rate from that point to this point, what
8 would the unemployment rate be? And that's a way to let
9 us evaluate how much of the improvement we're seeing is
10 actually coming from people that are still sitting on
11 the sidelines of the, of the labor market. They're not
12 looking for jobs and they're, they're not moving in.

13 As things continue to get better, we would
14 expect that to shift. And so at some point you'll see
15 kind of a group of people move back into looking for
16 jobs and that'll affect these numbers, including our
17 participation rate, which right now is, is pretty well
18 below what our 25-year average was.

19 So we think, when you go back to this chart,
20 the top chart which is job growth, you can see we're
21 kind of -- it's positive but it's kind of flat. It's
22 not showing major shifts, but the unemployment rate did,
23 just as you've said. It dived. So we think about 60%
24 of that, that downward turn in the unemployment rate
25 where it's coming down so quickly has a lot to do with,

1 with people still sitting out of the labor market. So
2 we're -- that's something we're watching. When people
3 get convinced that things are better, they'll start
4 coming back in, start actively looking for jobs, and
5 we'll see all kinds of things start happening at that
6 point. But we're not, we're not quite there yet.
7 It's -- there probably are people moving back in, but
8 not enough to move any of these statistics.

9 So the bottom line is we're still about
10 450,000 jobs below where we were at our peak, but for us
11 in Florida, because the time frame has been so long
12 since the peak, you have to also take into account
13 population growth. And if -- to get the same number of
14 people, the same percentage working, as was the case in
15 our last peak, you have to create not 450,000 jobs but
16 about 850,000 jobs to account for that population
17 growth. So we, we still have a couple years to get back
18 to those peak levels, however you measure it, where you
19 feel comfortable that we've put all of this behind us
20 and we're going forward.

21 And this chart kind of shows you the breakout
22 around the state. The yellow areas are the areas that
23 have returned to their peak and are growing from there.
24 So those are the strongest areas of the state right now.
25 Central Florida has got a pocket, Northwest Florida has

1 got a pocket, and then over just below Jacksonville
2 we've got kind of a pocket where things have returned to
3 normal and they're growing beyond that. The dark green
4 areas are the areas that have the furthest to go to get
5 back to where they were at their peak.

6 And then wage gap, we're not going to spend
7 any time on this. Florida, because of the makeup of our
8 industries, we're so heavily retail oriented and
9 accommodations and leisure oriented, those tend to be
10 low wage jobs. Our average annual wage for the state as
11 a whole kind of normally is a little bit below the U.S.
12 as a whole in terms of wage growth and where we are, and
13 we're still seeing that. In fact, it drifted downward
14 just a little bit more in 2012. We were about 87%,
15 almost 88% of the national average annual wage. So
16 that's pretty much a normal story.

17 Now one of the things you, you care a lot
18 about in your work is population growth. We've got a
19 couple of things going on here. I mean, whether you
20 agree with it or not, population growth is still the
21 primary driver of Florida's economy. That's, that's why
22 we grow is because we're bringing people in from other
23 areas. When we, you know, 1970 to 1995, which was kind
24 of our heyday of growth, our population growth
25 percentage was over 3% a year, and that, that was fairly

1 normal, fairly typical for us.

2 During the Great Recession we never went
3 negative, but we did fall to just very close to zero.
4 We've been coming back from there. Now we're about 1%,
5 1.1%, continuing to strengthen over the next few years.
6 So we expect about 1.3% growth between 2013 and 2015 per
7 year. So that's, that's pretty good growth, pretty
8 strong growth.

9 We think we're going to normalize or reach a
10 new steady state of around 1.4%, so about half of what
11 we used to see. We think that's the new level. Now
12 there's two things to note about that. Compared to
13 other states, compared to the country as a whole, that
14 is still really strong growth. It's a low percentage
15 but its, its meaning is very strong. The U.S. as a
16 whole during that period is not even going to hit 1%
17 growth. It'll be about three-quarters of 1% growth. So
18 we're going to still continue to get more than our fair
19 share of population shifts as we move forward to 2030.

20 The, the state that we are most in competition
21 with right at this moment for kind of a milestone event
22 is New York. Currently New York is the third largest
23 state in the country in terms of population. We expect
24 to take over that, that ranking sometime within the next
25 two years. So Florida -- New York is actually just

1 starting to turn negative; they've been really close to
2 zero growth. But we're continuing to grow, so we'll
3 overtake them and we'll go past the 20 million mark.

4 This kind of just shows you the kind of shape
5 of what we see going forward. By 2030 we think we're
6 going to be at 23.6 million people. Right now we're
7 about 19.3 million people. So --

8 **CHAIRMAN BRISÉ:** Let me ask you a question.

9 **MS. BAKER:** Uh-huh.

10 **CHAIRMAN BRISÉ:** On the population that's
11 migrating in, do we have any sense of who those people
12 are?

13 **MS. BAKER:** We do. Let me skip to this chart.
14 This, this -- between now -- or actually 2010 and 2030
15 we expect just under 5 million people to move into
16 Florida. And of those 5 million people that will be
17 moving into Florida, about 56.9%, 57% of them are
18 actually going to be seniors. They're going to be age
19 60 and older. So almost all of our growth is going to
20 be in the retiree bracket in terms of migration from
21 other states. There will be some among the younger
22 ages. You can see we've got births still pretty strong.
23 Zero to 17 is going to account for about 13.8% of our
24 gains in that period.

25 The, the kind of middle ages where we think

1 about people being at their highest earning potentials,
2 these are like managers, you know, senior researchers,
3 you know, kind of that upper bracket of people -- when
4 you think of their career as a range, this is where
5 people are in their prime earning years. Virtually no
6 activity in that group. So you see we have a very
7 U-shaped pattern to what we expect to be our population
8 growth.

9 Now in terms of services, not necessarily your
10 services but all government services, the two ends of
11 the U are where you have your higher costs, and so
12 that's, that's what we will be getting in. Where you
13 have your least demand on services is that group where
14 40 to 59 where we're not going to be getting so many
15 folks. So it's really going to start tilting what we
16 expect to see.

17 Part of this is very much related to the baby
18 boomers and their retirement. They're such a large
19 cohort that they're going to be dominating everything.
20 All the surveys we've seen, they've -- you know,
21 Florida, if not number one, is number two or number
22 three as people's choice of where they would like to
23 retire.

24 **COMMISSIONER GRAHAM:** Don't you -- won't that
25 also impact the, just the general service industry, not

1 just, not just necessarily governmental, but private
2 services?

3 **MS. BAKER:** Yes.

4 **MR. KISER:** Healthcare.

5 **MS. BAKER:** Absolutely. Now, the -- yeah,
6 healthcare is going to be the big driver. This -- one
7 thing to think about in terms of the baby boomer, baby
8 boomers moving to Florida, between now and probably 2020
9 they're, there are -- baby boomers that are healthy that
10 are at the very early edge of their retirement, they
11 have the greatest number of assets that they will have
12 to move to Florida. They're typically selling a house
13 somewhere else and bringing those dollars to Florida.
14 Because they're healthy they don't have great demands;
15 they don't have children, they don't have great demands.
16 So the first, the first couple of years of the baby
17 boomers kind of shifting to Florida will actually be
18 very good for Florida's economy because they're going to
19 be coming, they're healthy, low demand for services and
20 great -- their greatest level of assets.

21 By the time you hit 2020 that first group is
22 going to be starting to, to age, and so they're going to
23 then start having greater and greater demands on
24 healthcare, on specialized services, things, you know,
25 street signs, public transportation, things like that,

1 they're going to have more need to rely on government
2 services. But you've still got the late baby boomers
3 coming in, so we called 2020 to 2030 a transition
4 period.

5 By the time -- Florida hits 2030 through about
6 2050 will be our greatest problems. So we may actually
7 see a surge in revenues between now and 2020, kind of a
8 flattening between 2020 and 2030, and then by 2030 there
9 will be a big demand on government services coming from
10 the baby boomers. So they're not, they're not
11 homogeneous through their whole retirement. It's really
12 at least two different groups of, of behaviors that
13 we'll be dealing with during that period.

14 The only thing I was going to mention here is
15 this is showing you that population growth by increment.
16 And the thing that everyone has heard for, for years
17 that's lived in Florida is how we have population growth
18 of a thousand people per day. We're not anticipating
19 getting back to that level. We're looking at our peak
20 about 770 people per day. So we probably will not see
21 those years again. That's the equivalent of adding
22 about a city the size of Orlando or St. Petersburg or
23 Hialeah, depending on which period you're looking at,
24 every year to Florida's population. We were adding a
25 city the size of Miami every year. So still real strong

1 growth, but just not quite as frenetic as it was.

2 In terms of housing -- I'm going to go a
3 little bit more quickly on this -- we are seeing good,
4 solid improvement and big numbers in terms of percentage
5 growth. But when you put it in perspective, we still
6 have a long ways to go. So this particular chart is
7 showing you per capita building permits, which is new
8 construction, residential construction. And when we
9 look at this number, we, we were seeing growth of 32.4%
10 in 2012. We're on track to beat that this year,
11 somewhere around maybe 37%, 36%. But you see
12 historically where that puts us, we're still way below
13 that red line, which is our long-term average. So some
14 of the growth rates you're going to be hearing about in
15 the papers or hearing discussed are a little bit
16 misleading. The growth rates are what they are, but we
17 have a long ways to go to get back to where we think is
18 normal.

19 This chart looks at by county where their peak
20 was, and we use a whole period in this case because each
21 county peaked at a different point, and says where they
22 are at the end of 2012 in building permit activity to
23 where they were then. The main thing to notice about
24 this, the strongest counties -- everybody is still below
25 where they were at that point, their peak -- but the

1 strongest counties again are in yellow, and there's a
2 very close linkage to how they looked on their
3 employment to the peak. So construction is very much a
4 driver of some of the returning to normal that we think
5 about.

6 Existing home sales are increasing. They're
7 doing steadily well. We're teetering very close to
8 being back where we were in the 2005 peak year. So
9 they're doing well. Prices are not, not nearly as
10 strong. They're starting to definitely show an upward
11 movement and show strong improvement, but they're not
12 anywhere near back to where they were at their peak. At
13 their peak the median sales price for Florida for a home
14 was 250,000 -- 257,800. In October, which was the most
15 recent data, we were at 169,000. So we're still 34.4%
16 away from where we were in Florida at our peak. And
17 even though we typically were behind the U.S. median
18 price, we're more below it than, than we should be. So
19 we're about 15.3% below the U.S. median price, so we've
20 still got a lot of room to gain. We're not improving
21 quite as fast as the U.S. as a whole.

22 This is just showing you dock stamp. Same
23 story, this is a revenue source that tracks the real
24 estate market very closely. And you can see we've,
25 we've had three years of growth through 2012 and we're

1 going to post another year of growth in 2013. But
2 we're, we're a good ways off from where we were at the
3 peak. I'm not sure in this case that we will get back
4 to that peak for a really long time. That was very
5 unusual.

6 Foreclosures are still very much a story in
7 Florida. We've seem some slowdown in the filing of
8 foreclosures but the pipeline is still there. So we're,
9 we're waiting for those foreclosures to, to get filed,
10 to work all the way through the process, and then to hit
11 the market. They -- to a large extent most of them
12 haven't yet hit the marketplace. They're still bogged
13 down in the process. This is the main reason why the
14 foreclosure process before we, we got into the Great
15 Recession was about 169 days from start to finish, which
16 is about six months. Right now at this moment our
17 process in Florida is 929 days, which is about 2.6 years
18 to get through the foreclosure process. So we've got
19 just a big bubble sitting there that hasn't really
20 broken loose yet.

21 And this shows you another look at it. This
22 is bringing in the delinquent or seriously delinquent
23 homes. The good news here is that the front end of that
24 pipeline moving into foreclosure has really slowed down.
25 We are not adding very many people to being seriously

1 delinquent. So that's, that's pretty much shut down.
2 We just have the bubble sitting there waiting to get
3 through the foreclosure process.

4 We have seen a lot of improvement over -- at
5 our worst, about 50% of all of our residential mortgages
6 in Florida were underwater. In the most recent data,
7 we're down to about 20% being underwater. And that has
8 a lot to do with a couple of federal programs that were
9 offered that Florida really benefited from in terms of
10 reworking those mortgages.

11 The sales mix is still putting downward
12 pressure on that sales price for homes. For a long time
13 we were seeing huge percentage of the sales each month
14 being cash sales, which matters to you all from the
15 standpoint those weren't people buying homes to move
16 into them and establish a home. Those were people
17 investing. And some of them then put their homes up for
18 rent, others didn't at all.

19 So as we see -- and the finance percentage was
20 very low. The typical way to buy a home in the U.S. is
21 through financing. It had dropped very low. But it is
22 starting to come back up. We're starting to get a more
23 normal mix, but it's no where back to where, what we
24 used to see as being the right mix between financing,
25 cash, and distress sales. So everything is still pretty

1 elevated to the downside in here.

2 Home ownership rate is, is actually back to
3 normal. When we started going through the housing boom
4 in Florida, we had at that point been in a long-run
5 average of about 66.3% home ownership rate. We traveled
6 in a very narrow band at the -- you remember one of the
7 causes of the housing boom in Florida is that financing
8 was so easy to get that our home ownership rate shot up
9 to a level we had never seen. It got up to 72.4%. And
10 we predicted at the time that that probably wouldn't be
11 sustainable, and that given enough time to work out it
12 would come back to a more normal long-run average. And,
13 in fact, we, we see that now. And when we get the 20 --
14 final 2013 number, we should be maybe even a tiny bit
15 below that long-run average. But we're definitely back
16 to that, that level.

17 So the -- what we found as economists, for
18 years we believed that home ownership was an excellent
19 thing for everyone; that if you could own a home, it was
20 a terrific benefit, a terrific asset, a good way for you
21 to build savings. But what we found is that there are
22 so many costs associated with home ownership, everything
23 from property taxes to insurance costs, maintenance
24 costs, that there is a large number of folks that that
25 is too stressful to bear that, that ongoing cost on a,

1 on an annual basis. And so we think there is a steady
2 state now of people who can afford home ownership, and
3 that beyond that it may not be the best solution for
4 everyone. Rentals may be a good solution, particularly
5 for young people starting out.

6 In terms of credit conditions, we're starting
7 to get seriously mixed messages on this. We had
8 tightened very much all the way through the Great
9 Recession to where it was almost impossible to get a
10 mortgage. It has eased from that point, but we had
11 expected that remained basically unchanged line to
12 weaken, as it's done, but that all the weakening would
13 fall to the easing side. And what we're seeing in the
14 most recent data is we're starting to pop up a little
15 bit on the tightening side. So we're still not back to
16 where credit is normal for mortgages, so we've got a
17 little ways to go on that.

18 In terms of consumer perceptions, we had been
19 improving overall back to our long-run rate. We reached
20 it this summer of what we thought as kind of a normal
21 consumer perception level. We have dropped since that
22 point this summer. A lot of it had to do with all the
23 uncertainty in Washington, what was going to happen with
24 the resolution of the fiscal cliff and being able to do
25 some long-term debt solution. The data in November was

1 about 75.1 as an index reading, which is below normal.
2 Our normal is about 85.1 when things are not being
3 influenced one way or another. Hopefully the recent
4 budget agreement will kind of ease things a little bit
5 and will start coming back up.

6 We spend a lot of time worrying about declines
7 in consumer perception because it's so closely tied to
8 sales tax, which is one of our most important revenue
9 sources for the state.

10 So the bottom line is the economy is
11 definitely recovering. We're well underway. We
12 probably have at least another couple of years to go
13 before we can say everything is pretty much back to
14 normal. So we're pegging it at the very beginning of
15 fiscal year 2016/17 right now.

16 The big drivers for Florida are going to be
17 the still low home prices that should help attract
18 buyers, the long-run sustainable demand caused by
19 continuing population growth, and the household
20 formation that's been pent up, and then our unique
21 demographics with the baby boomers.

22 Just a word about household formation. What
23 we saw during the Great Recession is more than we have
24 ever seen. People moved into together, so you saw
25 sibling groups move in together, people get roommates,

1 many, many, many children moved back with their parents
2 where they still are. So we -- one sign of things
3 getting better is when those, those unusual household
4 formations start breaking up.

5 So when, as anyone who's got children living
6 at home with them, as you push them out of the house and
7 they, they buy, you know, start up their own household,
8 that will be a sign that things are getting back to
9 normal. Whether they rent or buy, it's just that, that
10 household formation piece. So we expect that to happen.
11 We really haven't seen it to any large degree yet, but
12 we'd expect it over the next two years.

13 And then unusually for us -- we've always
14 talked about the downside risk for, for economic
15 forecast. Right now we do have an upside risk which is
16 we have so many homes that have been vacant for so long
17 since the housing correction started, that they've
18 reached the point that they're so deteriorated that
19 they're not really viable for someone to buy and move
20 in. They're not move-in ready. And so they -- the
21 decision is, in some of those worst cases, to raze a
22 house and start a new house or just get a new lot and
23 start new construction on it.

24 So what we've seen is that bifurcated the
25 marketplace to where you have a large part of our

1 inventory that's move-in ready, people could move;
2 another part of the inventory that's going to take a
3 while before it's going to be used again. And so that
4 has actually kind of opened up a hole or a gap for new
5 construction to come back start -- faster than we
6 thought it would start. That is very good for the
7 economy. We get much larger multipliers and economic
8 activity coming from new construction than we do from
9 existing home sales which are more just churning. So
10 that's an upside.

11 In terms of the fiscal cliff, this is our
12 biggest risk. Good news coming on the sequester front:
13 There is a bipartisan budget agreement that eases things
14 a little bit in the next, over the next two years, at
15 the cost of greater cuts later on, but it takes out some
16 of the worst effects in the immediate two years. That
17 agreement has been passed by the House. It is getting
18 ready to be passed by the Senate probably tomorrow.
19 They took a closer vote this morning and it passed, so
20 we expect that agreement to go all the way through.

21 Still ahead of us fairly quickly is going to
22 be what to do about the debt ceiling. So we don't know
23 what will happen with that. We were a little bit
24 conservative, I would say, especially on our economic
25 forecast when we met in the earlier part of this month

1 because we were worried about what these two events
2 would do. So that -- it is positive that things are
3 right now unfolding smoothly. And if they can figure
4 out a resolution to the debt ceiling without the economy
5 being affected, that would be very good news for our
6 forecast and good news for what we see going forward.

7 And this is just a snapshot of our latest
8 general revenue forecast. We did just meet on it a
9 couple of weeks ago. We did add a very little bit of
10 money. Not -- I don't want to belittle the value of
11 225 million, but in terms of a, of an overall forecast
12 that's approaching 28 billion, that's a very minor
13 change in our world. It's more tinkering. The good
14 news is it was tinkering to the positive side, so we
15 were adding a little bit of money.

16 And like I said, if we can figure out the
17 whole debt ceiling issue calmly, then that'll be good
18 news for what we do when we meet again, which will be in
19 March.

20 **CHAIRMAN BRISÉ:** All right. Thank you,
21 Ms. Baker, so much.

22 Commissioners, any questions?

23 Commissioner Graham.

24 **COMMISSIONER GRAHAM:** Thank you, Mr. Chair.
25 Ms. Baker, I appreciate this stuff. I love

1 looking at graphs and this kind of stuff. I guess it
2 appeals to the geek in me.

3 A couple of questions I have. When you start
4 dealing with the snowbirds that come in and out of the
5 state all the time, how are they counted, or are they
6 counted? Or where do they register to vote, where their
7 car -- where their drivers license is? How do you do
8 that?

9 **MS. BAKER:** The Census Bureau definition is if
10 they're -- if you're in a state for more than
11 six months, that's the state that counts as your primary
12 residence. So roughly we follow that. And I say
13 roughly because there's some reasons that people would
14 like to deem Florida their home, like the homestead
15 exemption would be a very big one. So --

16 **COMMISSIONER GRAHAM:** State income tax.

17 **MS. BAKER:** Yeah. So we, we probably have a
18 boost of people, snowbirds declaring Florida their home
19 that's not, you know, not present in other states. But,
20 but mostly the idea is where do you spend the bulk of
21 your time?

22 **COMMISSIONER GRAHAM:** Now I take it the growth
23 numbers you have are all net growth numbers?

24 **MS. BAKER:** Uh-huh.

25 **COMMISSIONER GRAHAM:** I hear people all the

1 time, they talk about how people are living longer now.
2 I take it you guys are looking at that as well and
3 that's part of the later on impact that we're seeing
4 between 2013 and 2030?

5 **MS. BAKER:** Yeah.

6 **COMMISSIONER GRAHAM:** Because the expected
7 life is -- what is it now, the expected life? Do you
8 know that?

9 **MS. BAKER:** We, what we have embedded in our
10 forecast is where we are right now, which is, you know,
11 just around 80. But that is going to continue to grow
12 as we, as you know, as we go forward between now and
13 2030.

14 So one of, one of the things we've been
15 spending a lot of time about is baby boomers in terms of
16 the length of their retirement probably will face a
17 greater retirement period than any generation before
18 them.

19 So if you, if you retire at 67, and let's say
20 by 2030 you're, you know, 90, 91 in terms of average
21 life expectancy, most people are not going to be
22 prepared to have the assets to last all the way through
23 that, that length of time. So we've been focusing on
24 that a lot in terms of what, what that's going to mean
25 for government services and how to deal with those

1 issues. Some of the folks that are going to be in a
2 situation where they don't have enough assets to last
3 that whole period of time are folks where we don't
4 typically have safety net programs for them.

5 For an example, divorced women, a lot of them
6 didn't necessarily, if they divorced early, didn't
7 necessarily think about retirement when they put
8 together their, you know, their settlement agreements.
9 And so they're going to hit retirement, a lot of them
10 having sat out of the workforce for a period of time,
11 not having backfilled that through their divorce decree,
12 and so they're going to be in retirement with not, you
13 know, with definitely not enough assets to carry them
14 through that whole retirement period, or they're going
15 to be much more reliant on Social Security than most
16 people are. Most people have something else in addition
17 to that. So they're going to be running out of assets
18 earlier. But that's not a group we have typically
19 thought of as a need to put safety net programs behind.

20 So all of these issues are going to be new to
21 us, and we're going to be wrestling with them for the
22 first time with that baby boomer population.

23 **COMMISSIONER GRAHAM:** Thank you.

24 **CHAIRMAN BRISÉ:** Commissioner Balbis.

25 **COMMISSIONER BALBIS:** Thank you, Ms. Baker.

1 Thank you for your presentation.

2 A quick question. One of the things that we
3 look at along with utilities are load forecasts, and
4 we've recently had a case where those projections were a
5 little bit off. You have very specific information. Do
6 you share that with the utilities? Do you work with
7 them on providing this information?

8 **MS. BAKER:** There, actually there have been a
9 few utilities that have called us or that we're aware
10 watch our different estimating conferences, particularly
11 the demographic. But as a, as a general rule we have no
12 formal interaction with them or formal relationships
13 with them where we share information.

14 Now we try -- I've been at EDR for ten years,
15 and we try very hard to post everything we do online,
16 all the data we have. And we, in fact, are in the
17 process right now of renegotiating our contract with
18 Beiber (phonetic), which supports us in our demographic
19 work, to include a lot more information that we would
20 also be posting online. So I think the, the data is
21 readily available. I don't -- I can't swear how much
22 people are availing themselves of it.

23 **COMMISSIONER BALBIS:** Okay. Thank you.

24 **CHAIRMAN BRISÉ:** Commissioner Brown, did you
25 have anything?

1 **COMMISSIONER BROWN:** No. Excellent
2 presentation. Very thorough. Thank you.

3 **CHAIRMAN BRISÉ:** All right. Curt, you had a
4 question.

5 **MR. KISER:** I was just going to add I've known
6 Amy ever since she started, and she was working for the
7 Legislature in the Senate way back in the early '80s.
8 And when I was affiliated with the Collins Institute,
9 David Winslow (phonetic) was on our board, and he
10 functioned as a state economist for quite a while. And
11 one of the things that when you look at those numbers,
12 Commissioner Graham, particularly on the
13 80-year-old-and-up, it's dramatic. The over 85 is a
14 separate age group. They're called the frail elderly.
15 And we will have and have the highest percentage of
16 those people in the country and are going to continue to
17 have the largest group of over 85 age group.

18 And when she talks about, you know, the safety
19 net, the commission I chaired on the nursing home stuff
20 back in 1996/97, we focused a lot on those frail elderly
21 and the numbers and the kind of services they would
22 need. And what we're also finding is that when a lot of
23 them, like she mentioned, when they get to the end of
24 their resources they've had because they didn't plan to
25 live that long, a lot of them go back north, they go

1 back to their kids. There's quite a number of them that
2 will end up going back home when they're up in their
3 80s. So that relieves, you know, some of the pressure,
4 but nonetheless it's still pretty terrific trying to
5 plan for that amount of your population to be that old
6 because it runs through everything -- you know, grocery
7 shopping, taxicabs, transportation issues -- trying to
8 meet that group. And likewise as, you know, more stuff
9 happens, they're going to need more things in the home,
10 more issues.

11 So the good news is that Florida is growing.
12 You just wish that people would pay attention to these
13 presentations and pay attention to history, because it
14 was so obvious back in 2005 and particularly 2006 that
15 the building boom was out of control. It was just out
16 of control. And you talk about the people that are in
17 bankruptcy, too many people were buying beyond their
18 means because the credit got too easy for them and they
19 got into trouble. And it was so obvious that the
20 developers had so much inventory -- I mean, ordinarily
21 if you have six months of inventory of empty buildings,
22 you know, you can handle that. But they were getting up
23 to two, two and a half years of inventory, and that's
24 one of the reasons why the recovery in Florida is taking
25 longer because you've got to use up part of that

1 inventory before you can get new construction. And so a
2 lot of that -- if they'd just, if they had kind of paid
3 attention that the credit was out of control and had to
4 be, wraps had to be put on that, and I just hope we
5 don't go down that same path again because we'll have
6 the same result.

7 **CHAIRMAN BRISÉ:** Thank you.

8 Mr. Baez.

9 **MR. BAEZ:** Thank you, Mr. Chairman.

10 And something along the lines of what
11 Commissioner Balbis had asked. You had a slide that
12 represented how -- which counties were closer to their
13 peak in terms of construction permits. How closely does
14 that slide or does that data correlate to where you
15 might be projecting growth, fastest population growth
16 where your new population centers are going to sprout
17 up? Is there any connection to that and, or do you all
18 get into that sort of forecasting at all?

19 **MS. BAKER:** It is, it's very close. Our, all
20 of our large urban areas that we've had are going to
21 continue to grow. None of them are showing any
22 weakness. So for that reason where we're seeing the
23 most improvement is where you're posting your largest
24 numbers.

25 We have two new areas that we haven't really

1 thought about as high growth areas, but they're starting
2 to solidify. One is The Villages. The Villages, pretty
3 much in terms of growth rates, population growth rates,
4 everything else we're looking at, is posting big
5 numbers. So it's, it's continuing to grow. That's --
6 you know, five years ago, ten years ago that wouldn't
7 even have been a growth area for us that, you know,
8 ranked in our top areas but now it does.

9 The other area that's really starting to show
10 up over and over is Northwest Florida. We, you know,
11 that's been kind of a steady area -- it's had growth but
12 it hasn't had that large spiking growth, and we're
13 starting to see very strong growth come in that area.
14 So I would say pretty much it's our normal culprits:
15 You know, Orange, Hillsborough, Miami-Dade, Broward,
16 Duval. Osceola is Orange kind of spilling into Osceola.
17 So we've added counties but kept those, and then the two
18 new areas is what we're seeing in terms of the most
19 growth activity right now.

20 **MR. BAEZ:** Thank you.

21 **CHAIRMAN BRISÉ:** All right. Well, I want to
22 thank you very much for your presentation. Very
23 thorough. It reminds me of my days at the Legislature,
24 but always excellent. And I think these, these type of
25 presentations are important for us to get a broader

1 perspective of what is going on within the state as, as
2 entities come before us. And so if we have that in
3 mind, it helps guide our thinking a little bit. So
4 thank you very much once again.

5 **MS. BAKER:** You're quite welcome.

6 **CHAIRMAN BRISÉ:** Okay. Moving on with our
7 agenda. Moving on to number two. I'm looking at
8 comments for FERC.

9 **MS. MILLER:** Cindy Miller with the Office of
10 General Counsel. With me are Phillip Ellis of the
11 engineering department and Ben Crawford of the Office of
12 Industry Development and Market Analysis.

13 We're recommending that the Commission file
14 comments in the Federal Energy Regulatory Commission
15 dockets on the Florida utilities' second-round Order
16 1000 compliance filings. These are part of the ongoing
17 efforts of the industry's compliance with that order.

18 As you may recall, the utilities have already
19 submitted one round of compliance filings. However, the
20 FERC directed the utilities to make a number of
21 revisions. One of those areas for revision related to
22 the utility's express references to the Florida
23 Transmission Line Siting Act. The FERC stated that the
24 actual criteria from the act might be approved if they
25 are justified, but told them not to refer generally to

1 the Transmission Line Siting Act.

2 The Florida Commission filed a request for
3 rehearing but the FERC has not ruled yet on that. One
4 of the issues raised by the Commission related to this
5 requirement.

6 The utilities have incorporated the separate
7 criteria such as must cross county lines from the act in
8 their newest filing. We've seen a draft of it and it's
9 due today. We're recommending the Commission file
10 comments which oppose the use of any criteria differing
11 from the Transmission Line Siting Act criteria and
12 continue to state the Commission's preference that the
13 act itself be referred to instead of separating out the
14 criteria.

15 If you vote to approve this item, we will
16 draft and file comments within the parameters listed in
17 the memo.

18 **CHAIRMAN BRISÉ:** Thank you.

19 Commissioners, comments, questions?

20 Commissioner Edgar.

21 **COMMISSIONER EDGAR:** Thank you.

22 I had an opportunity to meet with our staff
23 and discuss this in further detail, and I think we're
24 absolutely on the right track and need to go in this
25 direction. I recognize we discussed that the, the

1 comments that we would be commenting on had not finally
2 been submitted as of yesterday afternoon. Is that still
3 the case as far as we know?

4 **MS. MILLER:** I believe so. And I know that we
5 have Greg Ramon from Tampa --

6 **COMMISSIONER EDGAR:** That was going to be my
7 next -- would it be all right?

8 **CHAIRMAN BRISÉ:** Sure. Perfectly fine.

9 **COMMISSIONER EDGAR:** I was going to ask if
10 there is somebody from the -- representing the companies
11 who could speak from your perspective.

12 **CHAIRMAN BRISÉ:** You're welcome to join the
13 table.

14 **MR. RAMON:** All right.

15 **CHAIRMAN BRISÉ:** And my understanding is that
16 you're speaking on behalf of --

17 **MR. RAMON:** The Florida sponsors.

18 **CHAIRMAN BRISÉ:** All right. Thank you.

19 **MR. RAMON:** Well, good morning, Mr. Chairman
20 and Commissioners. Thank you for the opportunity to
21 speak. My name is Greg Ramon. I'm the Director of
22 Regulatory Policy and Compliance for Tampa Electric, and
23 I'm appearing before you today on behalf of the Florida
24 sponsors, and to remind you it's five utilities: Three
25 public utilities, three nonpublic transmission

1 providers -- the three IOUS, JEA, and Orlando Utilities.

2 And first and foremost, we want to commend
3 staff for their efforts. The Order 1000 compliance
4 process has been long and complex and will continue to
5 be, and the staff has been very engaged.

6 The Florida sponsors unquestionably support
7 the principles listed in the staff memo that would form
8 the basis for your comments regarding the need to
9 maintain the viability of using the TLSA threshold
10 criteria for the Order 1000 type projects. And in our
11 filings we have coined a term from FERC: Cost-effective
12 and/or Efficient Regional Transmission Solutions or
13 CEERTS. It's not a breath mint.

14 The minimum threshold criteria, as Cindy
15 mentioned, did not specify it and justify it. We
16 believe in our filing today, and it largely consists of
17 the existing TLSA criteria, which we believe will
18 increase the likelihood that the FRCC regional planning
19 process will identify projects that would be built and
20 therefore will support the goals of Order 1000.

21 By largely adopting the TLSA criteria, the
22 Florida sponsors have aligned the regional planning
23 process with the regulatory review and approval
24 performed by this Commission in its need determinations,
25 as well as the one-stop siting process overseen by the

1 Florida Department of Environmental Protection.

2 And I want to thank you again, Mr. Chairman,
3 for the opportunity to address you. Unless you have any
4 further questions, this concludes the major comments
5 that the Florida sponsors wanted to make this morning in
6 support off the principles in the staff memo.

7 **CHAIRMAN BRISÉ:** Thank you, Mr. Ramon.

8 Any questions or comments, Commissioners?

9 Commissioner Balbis.

10 **COMMISSIONER BALBIS:** I just wanted to thank
11 staff. I think I agree with the proposed comments and
12 support authorizing staff to submit them. I think we
13 just need to continue to watch and make sure that
14 Florida's interests are protected.

15 **CHAIRMAN BRISÉ:** Okay. Any additional
16 comments? Okay. Then I think we're ready to entertain
17 some sort of motion.

18 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.
19 I would move that our staff, that our staff be directed
20 to finalize comments per the principles that are here,
21 and, and coordinate filing them through the Chairman's
22 office.

23 **COMMISSIONER BALBIS:** Second.

24 **CHAIRMAN BRISÉ:** It has been moved and
25 seconded.

1 All right. Any additional comments?

2 All right. Hearing none, all in favor, say
3 aye.

4 (Vote taken.)

5 All right. Great.

6 Moving on to the next item dealing with the
7 FCC.

8 **MR. CASEY:** Good afternoon, Commissioners.

9 Bob Casey on behalf of staff.

10 Item number 3 addresses staff's draft comments
11 on an FCC proposal to create an Address Confidentiality
12 Program for Lifeline customers. Address Confidentiality
13 Programs protect victims of domestic violence by
14 allowing them to use a substitute mailing address
15 through the Florida Attorney General's Office rather
16 than their physical home address.

17 Staff's draft comments encourage the FCC to
18 consider the following: The FCC should waive the rule
19 limiting the use of P.O. Box residential addresses;
20 number two, eligible telecommunications carriers should
21 accept a Florida Address Confidentiality Program
22 authorization card as proof of program enrollment; and
23 number three, the FCC should waive the requirement for
24 Address Confidentiality Program participants to fill out
25 a one-per-household worksheet.

1 Staff is available for comment, questions.

2 **CHAIRMAN BRISÉ:** Thank you. Any questions or
3 comments?

4 Okay. I want to thank staff for putting
5 together these comments. I think they're important to
6 ensure those who need that added layer of protection are
7 going to be protected.

8 All right.

9 **COMMISSIONER EDGAR:** Move approval.

10 **COMMISSIONER BALBIS:** Second.

11 **CHAIRMAN BRISÉ:** All right. Moved and
12 seconded. All in favor, say aye.

13 (Vote taken.)

14 All right.

15 **MR. CASEY:** Thank you, sir.

16 **CHAIRMAN BRISÉ:** Thank you.

17 Mr. Executive Director, is there anything?

18 **MR. BAEZ:** Commissioners, you have the
19 upcoming IA is, while it's still tentative, just giving
20 you a brief preview of it. We will be forwarding to you
21 the annual FEECA activity report for your approval and
22 later submission to the, to the, to the Legislature.
23 And secondly, as I had mentioned before, a summary of
24 our training initiative through the RF funding that
25 recently ended.

1 I wanted to thank Ms. Baker, who has since
2 left the building, I think this is our continuing effort
3 through the, through the good efforts of the Chairman to
4 try and bring more diverse presentations to you so that
5 we can relate it back to the, to the work we do, and I
6 think it's important for, for us to have those
7 opportunities. So to all that were involved, including
8 those in my office that facilitated and our staff that
9 facilitated her being here today, I thank them as well.

10 And lastly, since it is my birthday, I want to
11 take a point of personal privilege and join the
12 Commissioners who have already spoken so glowingly of
13 you, Chairman, and thank you on behalf of myself and the
14 rest of the staff for your leadership, but mostly for
15 your kindness and your generosity. And while many, many
16 references to rocks as nouns have been thrown around
17 this morning, I just want to use -- have a different
18 grammatical use and just say "You rock." Thank you
19 again.

20 **CHAIRMAN BRISÉ:** Thank you.

21 With that, I think we're -- with that, seeing
22 that there are no other matters, so this is the last
23 time I get to wield the gavel for a while, I just want
24 to sincerely express my appreciation to staff throughout
25 the agency for your continued hard work and support to

1 all of us during these past two years. I have no
2 reservation about what the future holds for this agency.
3 We are in good hands, and we will continue as an agency
4 to do the work that we have been called to do.

5 So with that, I think I will say that we
6 adjourn.

7 (Proceeding adjourned at 12:09 p.m.)
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1 STATE OF FLORIDA)
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I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 05 day of January, 2014.

Linda Boles
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