

# I. Meeting Packet



**State of Florida**  
**Public Service Commission**  
**INTERNAL AFFAIRS AGENDA**  
Thursday, December 18, 2014  
Immediately Following Commission Conference  
Room 105 – Gunter Building

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1. Staff's Review of the 2014 Regulatory Assessment Fee Report. Due January 15. (Attachment 1).
2. Presentation by Public Utility Research Center—2014 Annual Report to the Florida Public Service Commission. (Attachment 2).
3. Executive Director's Report. (No attachment).
4. Other Matters.

BB/sc

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



State of Florida



## Public Service Commission

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

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

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**DATE:** December 9, 2014

**TO:** Braulio L. Baez, Executive Director

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

**RE:** Draft Review of the 2014 Regulatory Assessment Fee Report

**CRITICAL INFORMATION:** Please place on the December 18, 2014, Internal Affairs agenda. Approval by the Commission is required. Report is due to the Governor, the President of the Senate, and the Speaker of the House of Representatives, by January 15, 2015. **ACTION IS NEEDED**

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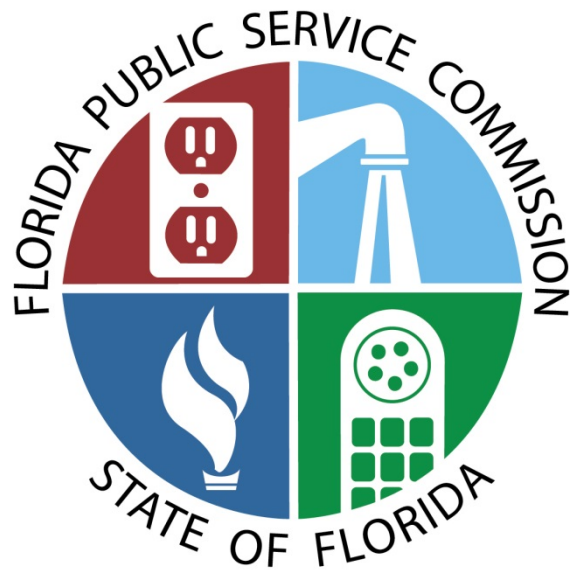
Pursuant to Section 364.336(3), Florida Statutes, "(b) by January 15, 2012, and annually thereafter, the commission must report to the Governor, the President of the Senate, and the Speaker of the House of Representatives, providing a detailed description of its efforts to reduce the regulatory assessment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

The draft report includes a staff-written synopsis of what actions the Commission has taken in 2014 to comply with the statutory requirements. **Staff is requesting approval of the draft report.**

cc: Lisa Harvey, Deputy Executive Director, Technical

**DRAFT**

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



As of December 2014

Office of Telecommunications

## **Introduction**

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

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

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

## **Regulatory Activities That Are No Longer Required**

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

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

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

There were no statutory changes in 2014 resulting in additional activities that are no longer required.

## Savings

The PSC has been seeking cost savings and efforts to streamline regulatory processes for well over a decade. The origin of these streamlining efforts is not limited to the emergence and evolution of competition in the telecommunications industry. In fiscal year 1999/2000, the PSC had 401 full time positions. Through several reductions over a period of years, that number was reduced to 286 in the 2014/2015 fiscal year, a total reduction of nearly 30 percent. For 2015/2016, a further reduction of two positions has been proposed. Over the years, many of these reductions came as a result of projected workload reductions in the telecommunications area.

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

## **Regulatory Activities That Continue To Be Required**

There were 366 telecommunications companies regulated in some way by the PSC as of November 13, 2014. The Commission continues to retain authority and responsibility in the following areas for telecommunications companies:

- The PSC resolves intercarrier disputes involving interpretations and implementation of sections of the intercarrier agreements.

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



- The PSC processes arbitrations of intercarrier agreements when the companies cannot negotiate all the terms of the agreement and request the PSC to resolve issues the companies define.
- The PSC reviews interconnection agreements filed with the PSC in accordance with federal requirements.
- The PSC resolves cases involving area code relief, number conservation plans, number resource reclamation, local number portability, and other numbering issues.
- The PSC analyzes information for and produces several statutorily required reports: the *Annual Report on the Status of the Telecommunications Access System Act of 1991*, the *Annual Report on Lifeline Assistance*, the *Report on the Efforts of the Florida Public Service Commission to Reduce the Regulatory Assessment Fee for Telecommunications Companies*, and the *Report on the Status of Competition in the Telecommunications Industry*.
- The PSC maintains oversight of the Florida Relay Service.
- The PSC maintains oversight of Florida's Lifeline Program including establishing eligibility criteria, coordinated enrollment, and monitoring ETCs.
- The PSC issues certificates of authority for telecommunications companies to operate in Florida, evaluating the applicant's technical, financial, and managerial capability to provide service.
- The PSC resolves consumer complaints relating to Lifeline, Telephone Relay, and payphones.
- The PSC publishes network access tariff information for all incumbent local carriers.
- The PSC publishes other tariff/rate schedule information for any certificated company if the company so decides.

- The PSC publishes and distributes informative materials relating to the Lifeline program and conducts related consumer outreach.
- The PSC monitors and/or participates in federal proceedings in cases which the state's consumers may be affected and to convey the PSC's positions and information requirements in order to achieve greater efficiency in regulation.

### Efforts to Reduce Costs

The PSC continues to find ways to reduce the costs of performing its continuing duties. In 2014, the PSC initiated electronic tariff and service schedule publishing that will further reduce the number of paper documents at the agency. All telecommunications tariffs, price lists, and service schedules have been published on the agency's website. This development will allow greater access to both consumers and companies and reduce costs associated with record requests.

Other activity includes the inclusion of call testing in the upcoming Florida Relay Service contract. The recent RFP and resulting contract include call quality testing by the vendor; this will reduce the PSC's staff time required to test relay calls. Also, the telecommunications certification and certificate transfer processes have been further streamlined.

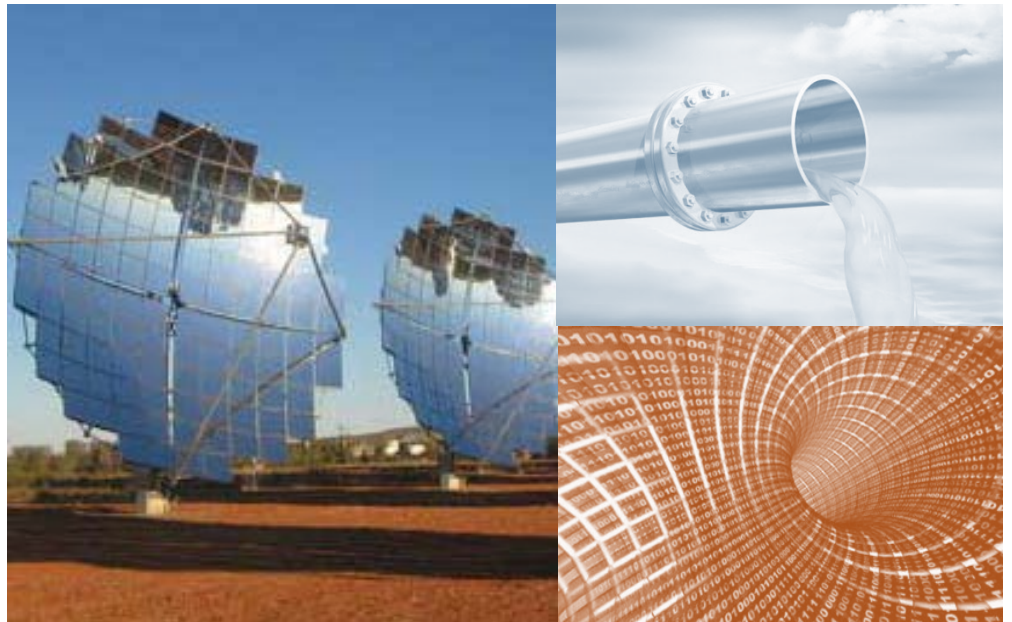
Additionally, the telecommunications staff continues to conduct periodic internal cross training on its remaining responsibilities and has developed comprehensive written Standard Operating Procedures for its functions. As staff become familiar with each other's duties, the requisite training time will be reduced should the need arise to further consolidate or transfer functions.

### Summary

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



# Public Utility Research Center 2014 Annual Report to the Florida Public Service Commission



2014

## Update on PURC Research and Outreach

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

# Public Utility Research Center 2014 Annual Report to the Florida Public Service Commission

## UPDATE ON PURC RESEARCH AND OUTREACH

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# Public Utility Research Center 2014 Annual Report to the Florida Public Service Commission

## UPDATE ON PURC RESEARCH AND OUTREACH

### HIGHLIGHTS

#### **42nd Annual PURC Conference**

The 42<sup>nd</sup> Annual PURC Conference, *Golden Egg or Scrambled Egg? Impacts of Decentralizing Utility Services* will examine options and decision making for energy supply, energy efficiency, the environment, prices, new technologies, and water regulation.

#### **NEW Online Course: Pricing for Sustainability**

PURC is proud to announce this online training program launched this October. This foundational course helps decision-makers develop rate structures that promote financial sustainability, while encouraging efficiency and fairness.

#### **NARUC Risk Management Project**

PURC developed a risk management course in response to NARUC's request for proposal and was selected to deliver the course in two locations nationwide.

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

One hundred and fifty one people attended courses in 2014. Since its inception in 1997, this program has educated more than 2,900 professionals representing 152 nations. Commissioner Ronald Brisé was a featured speaker in June.

#### **PURC Advanced International Practices Program**

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

## **Other Research**

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

## **Body of Knowledge on Infrastructure Regulation (BoKIR) web site**

PURC, in collaboration with The World Bank, is planning to expand the BoKIR content to include fragile states in 2015.

## **New Junior Economist joins PURC**

Dr. Michelle Phillips joined PURC in July. Michelle's research interests include regulatory policy, governance and institutions, and efficiency.

## **Prestigious Oxford University Appointment**

Dr. Mark Jamison was appointed to the Advisory Board of the Regulatory Policy Institute at Oxford University.

## **PURC Interns Published Telecommunications Book**

Natchaya Taweewitchakreeya and Roswan Sangsprasert of the National Broadcasting and Telecommunications Commission of Thailand published their book: *Towards Convergence: Thailand's Telecom and Broadcasting Policy*. The two composed this book while interning at PURC in 2012.

## **PURC Alumnus named to the GNSO Council of ICANN**

Mr. Carlos Gutiérrez attended the PURC/World Bank International Training Program on Utility Regulation and Strategy in January 2009 and has been named to the GNSO Council of ICANN.

## **PURC Alumnus appointed as Executive Director of OOCUR**

Mr. David Geddes attended the PURC/World Bank International Training Program on Utility Regulation and Strategy in January 2003 and has been appointed as the Executive Director of OOCUR (Organisation of Caribbean Utility Regulators).

## PRIMARY RESEARCH PROJECTS

### **What can the US learn from the EU's Energy Efficiency Policies?**

The chapter compares the approaches of the United States and the European Union toward energy regulation and governance. It explores the question of what the US can learn from the EU's experiences in developing and implementing energy efficiency policies in the area of electricity generation and use. A larger question is whether an initiative dependent upon the combined efforts of separate jurisdictions to meet a collective goal can effectively address an issue as complex as energy efficiency. Localized interests may be less of a priority or conflict with broader federal interests. Conversely, national or international policies may thwart localized policies.

### **How can regulators be successful in an environment in which they are required to be an implementer of policies established by others and be, at the same time, someone providing leadership to effect change?**

In this paper we examine the implications of utility regulators serving these two potentially conflicting roles. We explain that the regulator's success will depend upon his/her ability to properly perform each role at its appropriate time, to manage the pressures that these roles bring to the regulatory system, and to limit how the roles sometimes work at cross purposes.

### **Traditional justifications for common carrier regulation for communications networks do not apply to today's communications networks.**

The paper examines the historical development of the public utility and common carrier concepts and finds that the essential features of these constructs largely do not fit communications networks today and for the foreseeable future. More recent frameworks for economic regulation also do not fit. Communications networks are not special infrastructure because they do not exhibit zero marginal costs over an appreciable range of demand and do not exhibit a differentiating amount of social demand. Communications networks appear to satisfy the conditions for general purpose technologies, but the features of these technologies that would compel economic regulation, primarily the presence of significant externalities, are lacking.



### **How can utilities deal with an aging workforce?**

This article examines the situation and suggests that the looming retirements are both a challenge and an opportunity. On one hand, companies can lose expertise. However, the new generation of workers will create a new kind of utility that fits emerging markets and the new ways of working in the 21st Century.

### **What is the role of national or state regulators in monitoring and incentivizing state-owned and municipal utilities?**

Sanford Berg has been examining how one government agency (a regulator) might improve the performance of another government agency (such as an electricity or water distribution utility). The situation presents political issues, as managers might see such oversight as intrusive and unnecessary. For example, local boards often provide some oversight, and/or a Board of Directors represents citizen-taxpayers as they provide guidance to managers. Berg's chapter in *Global Water* summarizes material prepared for the United Nations Economic Commission for Latin America and the Caribbean, "Best practices in regulating state-owned and municipal water utilities." (<http://www.eclac.org/publicaciones/xml/1/49891/Bestpracticesinregulating.pdf> ). He shows that sound engineering is necessary, but not sufficient for improved utility performance. That means that governance within water utilities must be addressed (including selection of CEOs and boards of directors via non-patronage routes), just as external oversight of water utilities (sector regulators and government ministries) needs to be improved. Institutions matter — perhaps even more than money. The key lessons apply to utilities in developed and developing nations. The ECLAC Report has been translated into Portuguese as well.

### **What can regulators do if utilities take on too much debt?**

This paper goes into depth in principal-agent theory to develop incentive systems that encourage utilities to choose optimal capital structures. It identifies conditions under which a regulator should provide incentives for efficient capital structure and situations in which the regulator should use command and control.

### **How would managers or regulators know whether a utility is high-performing?**

Classifying utilities on the basis of performance is one tool for evaluating the impact of current incentives and determining factors affecting efficiency. Some elements are beyond managerial control, while others are within the managerial purview: "executives manage what they measure".

This study applies advanced quantitative techniques to show how powerful technical tools can help the analyst identify issues that warrant greater attention. The metric benchmark comparisons presented in this study do not help managers identify particular production processes that need to be improved at particular stages of production: that is the task of process benchmarking. Rather, data envelopment analysis (DEA) helps identify areas warranting further attention and provides analysts with a tool that helps “sort” utilities into various performance categories. One lesson from experiences in other nations is that citizen awareness of relative performance puts pressure on managers to reduce costs and improve service quality.

### **What characterizes municipalities that are more likely to accept government incentives to merge with other municipalities, when they both own and operate water utilities?**

This study examines the characteristics of municipalities that took advantage of incentives provided by the Japanese government to consolidate in what is known as the Great Heisei Era of consolidations. We find that economies of scale and government transfers were some of the main factors leading to consolidation of government services in municipalities that own and operate water utilities. This is expected given the Central Government’s efforts to equalize public service levels, which have limited the effects of Tiebout sorting, and given the large cost savings available due to municipalities also being the sole providers of water services for these areas. Our results are consistent with the existing literature regarding the consolidation of public services and provide evidence that these effects occur outside of the traditionally examined areas of North America and Europe.

### **Defining Relevant Markets in Revolving Evolving Industries**

The US antitrust regulators have established merger guidelines to inform companies proposing mergers as to how the agency staff will conduct their analyses. This paper examines the development of the merger guidelines and discusses next steps for how the guidelines might adapt to rapidly changing sectors, like the telecommunications sector.

### **Residential willingness-to-pay for reducing coal-fired generation’s emissions in Hong Kong**

In 2010 the Hong Kong government mandated a 50-60% decrease in carbon intensity by 2020, implying a 19-33% reduction of total greenhouse gas emissions from their 2005 levels. The reduction was to be achieved by increasing local natural-gas-fired generation and nuclear power imports from Southern China to displace local coal-fired generation. Our statistical analysis of the responses to a June 2013 telephone survey shows that local residents’ willingness-to-pay (WTP) estimate for a 30% emissions reduction via natural-gas-fired generation is an 18% annual electricity bill increase. The WTP estimate is twice the estimate for nuclear power. Since these estimates are below the projected bill increase required to achieve the government’s target, they call for a more comprehensive emissions reduction policy that would include energy efficiency

investment to reduce electricity consumption, as well as clean fuel adoption and fuel efficiency improvement by the transportation sector.

### **What are the considerations for developing and implementing sound environmental policy?**

It is difficult to identify and quantify the damage caused by pollution on human health or inflicted upon sensitive ecosystems, so determining the benefits and costs of remediation policies is often extremely difficult. Policy-makers respond to domestic political pressures by devising institutions and instruments to address pollution and environmental sustainability. Cost-benefit analysis (CBA) and cost-effective analysis provide frameworks for systematically identifying and evaluating abatement strategies that avoid potential inefficiencies or inequities.

### **How can energy storage developments evolve with regulatory uncertainty present?**

This Article begins the complex dialogue that must take place to address the emerging technologies providing energy storage for our electricity grid. Energy storage has the capacity to be a game-changer for many facets of our grid, providing better integration of renewable energy, enhanced reliability, and reduced use of carbon-intensive fuels. Energy storage faces a number of obstacles, however, including technological, financial, and regulatory uncertainty. This Article focuses on the regulatory uncertainty, and defends the proposition that not all regulatory uncertainty is created equal. It argues for differential treatment of this uncertainty, depending on its context, scope, and source, and applies this framework to the uncertainty surrounding the classification of energy storage. It finds that this uncertainty operates against high baseline levels of uncertainty in the energy industry, is limited in its scope, and is intentionally embraced by the federal regulators in an effort to realize the benefits of regulatory uncertainty. This Article asserts that this form of uncertainty is one that can be managed in a way to avoid stifling the development of this important technology. This Article sets forth strategies for regulators and regulated entities to continue to function, even within this zone of regulatory uncertainty.

### **Do customers save on energy with high-efficiency technology?**

This paper seeks to estimate the energy savings effect of a Demand-Side Management program, specifically Gainesville Regional Utility's (GRU) high-efficiency central Air Conditioner(AC) rebate program in which GRU offers incentives to its customers to replace their old, low-efficiency AC unit with a high-efficiency model. We used a difference-in-difference coarsened exact matching approach to reduce the imbalance of pre-treatment characteristics between treated and control households and also to control for the effects of weather on electricity consumption. We found

substantial annual energy savings of the high-efficiency AC program. We disaggregated the effects into summer-peak effects, winter-peak effects, and non-peak months effects. The results indicate that the summer-peak effects were substantial and statistically significant while there were no statistically significant effects of the program on winter-peak demand. Also, by following program participants over a three-year period, we find that there is no statistically significant rebound effect of the high-efficiency AC rebate program.

## OUTREACH

### Plans for the 42nd Annual PURC Conference

The 42<sup>nd</sup> Annual PURC Conference, *Golden Egg or Scrambled Egg? Impacts of Decentralizing Utility Services*, February 4-5, 2015, will examine options and decision making for energy supply, energy efficiency, the environment, prices, new technologies, and water regulation. Conference details are available online at <http://www.purc.ufl.edu>.

### Elements Determining the Success of Infrastructure Regulation

Dr. Sandy Berg delivered a presentation on "Elements Determining the Success of Infrastructure Regulation" at 20 Years of Public Services Regulation Conference in Colombia. His presentation highlighted six elements that are necessary for strong infrastructure performance: Information, institutions, incentives, ideas, ideals, and individuals.

### Would Internet users be better off or worse off if ISPs (Internet Service Providers) were required to make public their contracts for interconnecting their networks?

This might sound like an overly esoteric issue, but it is one that is attracting attention at the U.S. Federal Communications Commission (FCC) and has implications for Internet users around the world. PURC director Mark Jamison discussed this topic at the workshop "Regulating the Evolving Broadband Ecosystem" sponsored by the American Enterprise Institute, the University of Nebraska Law School, and the FCC, September 10-12, 2014. Commenting on a paper prepared by Daniel Lyons of the Boston College Law School, Dr. Jamison explained that public disclosure of these contracts is likely to be little value to customers and may harm them. Why? The contracts number in the thousands, making public disclosure useless to anyone who isn't deeply involved in the details of how they work. That means that the ISPs would be the main consumers of information, which could

lead to tacit or even actual collusion. Also, public revelation of the contracts would limit some ISPs' abilities to profit from innovation, which would necessarily slow the dynamic changes that have long characterized the Internet. Dr. Jamison's comments were largely in line with the Dr. Lyons's conclusions.

### **Practicing leadership in a regulatory environment is probably more complicated than in any other space**

Why? The regulator's leadership must come through influence more than through authority, which is the reverse of most situations. Industry and regulators alike must deal with a complex system of laws, traditions, politics, and stakeholders that often hides underlying conflicts and resists candid examination of its challenges. PURC Researchers, Mark Jamison and Araceli Castaneda led this discussion during an NRRI/PURC Teleseminar: Leadership Challenges in Regulation in August.

### **Cost of Service and Public Policy**

Dr. Ted Kury delivered a presentation about Cost of Service and Public Policy at the University of Curacao for students and public in general to better understand regulation and pricing issues in June.

### **Challenges in Implementing CO2Emissions Policy**

In response to the EPA's climate change proposal in June, Dr. Ted Kury delivered a presentation to the residents of Oak Hammock, a retirement community in Gainesville, Florida. Ted discussed the components of the proposed EPA rule on CO2 emissions from power plants, and its potential impact on Florida and the U.S.

### **IEI Turkey Energy Summit**

Dr. Mark Jamison delivered a session, "Regulation on Energy Markets, Lessons from the U.S.," at the IEI Turkey Energy Summit in June of this year. He discussed market prices, regulatory impacts, renewables and shale gas, as well as leadership challenges in energy reforms.

### **World Energy Markets: Challenges for Leadership and Policy**

Dr. Mark Jamison delivered a presentation on the challenges for leadership and policy as pertaining to world energy markets to the Department of International Relations at TOBB-ETU University in Ankara, Turkey. He discussed the current energy climate, future forecasts and the drivers of energy policy.

## **The Revision of Market Definition and Competition in the Thai Telecommunication Industry Project Conference**

In Bangkok, during May of this year, Dr. Jamison delivered sessions at the Thai Telecommunication Industry Project Conference. His sessions centered around how market competition is examined and how mergers are analyzed in the U.S., the complications of defining markets in monopolization or dominance cases where there is an issue of the appropriate benchmark price, the use of critical loss or critical elasticity of demand to define markets, and the challenges of analyzing competition where technology and industry changes are uncertain.

### **What happens if you have a regulator? Considerations for Stakeholders.**

In St. Lucia, in April of this year, Dr. Mark Jamison and Dr. Ted Kury explained what regulation means, what it does and does not do to a group of St. Lucian stakeholders.

### **Regulatory Design Concepts**

In April of this year, Dr. Ted Kury made a presentation about the types of regulatory models and how they relate to the Caribbean at a Regulatory Forum in St. Lucia. His presentation focused mostly on a centralized model vs a local jurisdiction model.

### **Dr. Ted Kury participated on the faculty of the ERRA Price Regulation and Tariffs training in Budapest, Hungary**

In February, Dr. Kury lead sessions on Economic Fundamentals of Price Regulation in the Energy Sector, Components of the Revenue Requirement, Cost of Service Regulation in the US Tradition: Process and Outstanding Regulatory Issues, Case Study: Tariff Design for a Privately Owned Electric Utility - the US example.

### **Can mergers lead firms to more rapidly adopt new technologies?**

Yes, according to research by PURC director Dr. Mark Jamison and his co-author, Dr. Janice Hauge. Speaking at the 2014 Annual Meeting of the American Economic Association, Drs. Jamison and Hauge explained that while a merger often means a decrease in competitive pressures, which can lead to higher prices for customers, the decreased pressure also means that the merging firms can profit more from new technologies than they could before the merger. These results have implications for two mergers that were rejected by antitrust regulators. In the case of AT&T's proposed acquisition of T-Mobile, the U.S. Department of Justice had opposed the merger on grounds that it would lessen competition. But the firms argued that they could deploy advanced wireless services more rapidly if they were allowed to merge. Drs. Jamison and Hauge's research, "Effects of Mergers on Incentives for New Technology Adoption", implies that the companies might

have been correct and that the value of the technology could have trumped any concerns with market power. In another case, the EU had rejected the proposed merger of GE and Honeywell, concluding that the merged companies could have produced superior products and harmed rivals. The "Effects of Mergers" analysis finds that rivals in such situations are actually more likely to adopt the advanced technology than they were before the merger.

### **Making Energy Efficiency Real for the People**

Energy efficiency can be an important part of a state's resource portfolio, but consumers have been slow to embrace many programs. In his presentation "Making Energy Efficiency Real for the People" given to the NASUCA Annual Conference in Orlando, PURC Director of Energy Studies Ted Kury discussed strategies for energy efficiency programs. He discussed the potential for energy efficiency programs to correct inefficiencies in electricity markets.

### **How is Florida doing in terms of energy efficiency?**

Quite well, according to research conducted for the Florida Public Service Commission and the Florida Department of Agriculture and Consumer Services. Florida's programs are both effective and cost efficient. PURC Director Mark Jamison presented the research to the NARUC Staff Subcommittee on Energy and the Environment at the 125th NARUC annual meeting in Orlando on November 17, 2013. The research included examinations of the types of programs used in Florida, how Florida compares with other states, and how stakeholders view Florida's policy.

### **Electricity Market Reform in Nigeria: Learn from the Past or Doomed to Repeat It?**

Nigeria is in the midst of an energy market reform effort that will almost certainly serve as a model for future reform efforts in Sub-Saharan Africa. It remains to be seen whether that model will be one to emulate or to avoid. In his presentation "Electricity Market Reform in Nigeria – Learn from the Past or Doomed to Repeat It?" given to the International Relations Committee at the 125th NARUC Annual Meeting in Orlando, PURC Director of Energy Studies Ted Kury discussed these efforts. He shared experiences from PURC training programs conducted with Nigerian electricity market participants, the hybrid ratemaking approach of the Multi Year Tariff Order, the innovative function of the Nigerian Bulk Electricity Trading PLC, and mileposts for continued reform. He concluded that Nigeria has taken great pains to learn the lessons from others and is well on the way toward achieving their goals, but cautioned that 2014 will be an interesting year for the reform efforts.

### **Energy Efficiency as part of carbon reduction efforts in the EU**

Dr. Holt discussed her recent research (with Mary Galligan), which focused on the varying policy approaches to energy efficiency in the United States and the EU at the 125th NARUC Annual Meeting in Orlando. Read more.

## **Other Research Conferences**

At the International Industrial Organization Society Conference, PURC Director of Energy Studies, Ted Kury, presented a paper on the challenges of identifying the optimal level of CO<sub>2</sub> emissions abatement. PURC also awarded its annual “Best Paper in Regulation” to Shanjun Li for his paper, “Better Lucky than Rich? Welfare Analysis of Automobile License Allocations in Beijing and Shanghai.” PURC researchers also delivered poster sessions at the 2014 FESC Workshop and presentations at the UF Water Institute Symposium. PURC researchers spoke at several international conferences, including the Bermuda Energy Summit, Hawaiian Power Summit, the Organisation of Caribbean Utility Regulators’ 12th annual conference in Dominica, Ibero-American Energy Regulators (ARIAE, Latin America) Annual Conference, and the ARESEP (Costa Rica) Congress on Water Regulation. The presentations covered renewable energy, regulatory governance, and leadership topics.

## **Results of the 41st Annual PURC Conference**

More than 90 key leaders in industry and government attended the 41st Annual PURC Conference, “Politics & Policy: What is Next for Utilities?” in February. Speakers included Karl A. McDermott of University of Illinois at Springfield and Roger G. Noll of Stanford. Speakers examined how federal initiatives and inaction shape Florida, how innovations and technological changes affect the business models of energy utilities, the risks and opportunities with natural gas, the options for improving water service in Florida and what can be expected regarding broadband development and universal service. Conference details are available online at <http://www.purc.ufl.edu>.

## **Body of Knowledge on Infrastructure Regulation (BoKIR) Web site**

PURC updated this valuable online resource to include more recent information in its sections. Currently, the web site provides tutorials, literature surveys, self-paced tests, and more than 500 downloadable references on utility regulation, as well as a regulatory glossary translated into several different languages. As of 2014, a new translation of the glossary of terms is available in Russian.

## **Other:**

PURC is also a member of a consortium that won the USAID Helping Access Basic Infrastructure Technical Assistance and Training (HABITAT) Indefinite Delivery Indefinite Quantity (IDIQ) contract.

Commissioner Prasert Silphiphat and his staff of the National Broadcasting and Telecommunications Commission of Thailand visited PURC in July to renew the Memorandum of Understanding between our organizations and to discuss potential research and training projects.



## TRAINING AND DEVELOPMENT

### **35<sup>th</sup> and 36<sup>th</sup> PURC/World Bank International Training Programs on Utility Regulation and Strategy**

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

### **2014 PURC Advanced International Practices Program**

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

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

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

### **Pricing for Sustainability**

In October 2014, PURC delivered this online pricing course for the third time. The course was designed to introduce engineers, lawyers, and other professionals to the sustainability concepts

important for designing prices in infrastructure industries. When implemented, these prices can promote a cleaner environment, efficiency and sound finances. In addition, the course will show how to minimize potential inefficiencies associated with cross-subsidies and programs addressing environmental externalities. This foundational material will help decision-makers develop prices that promote financial and environmental sustainability, while encouraging efficiency and fairness.

### **PURC Regulatory Training Course for High Level Members of the Organisation of Eastern Caribbean States (OECS)**

Understanding the important benefits of an independent regulator, even for state-owned utilities, was the subject of this three-day course in Grenada, October 14 -16, 2014. Leadership from the OECS (Organisation of Eastern Caribbean States) who are working on forming a multinational regulatory system examined the critical features and roles of an independent regulator, the findings by academic researchers on the effects of having a proper regulatory agency, and how a well-designed regulatory system affects the roles of prime ministers, legislative bodies, ministries, courts, utilities and other stakeholders. Noting that important affected stakeholders experience losses and may resist change, the PURC faculty, Dr. Mark Jamison and Dr. Ted Kury, led the group in exploring ways to improve outcomes by proper regulatory design and working with impacted groups.

### **Cost of Service Training for the Nation of Curacao**

Over June 24 - 27, 2014, PURC delivered a three-and-one-half day training in Curacao to provide attendees with basic knowledge on cost of service and rate design. PURC designed this course in consultation with Aquallectra, Curacao's Water and Power Company.

### **PURC Regulatory Training Course for the Caribbean Electric Utility Service Corporation**

The Caribbean Association of Electric Utilities (CARILEC) hosted a Regulatory Training Course delivered by PURC in St. Lucia. Dr. Mark Jamison and Dr. Ted Kury educated participants on the role of regulation and discussed strategies for addressing transition issues. The first day of the training consisted of presentations and small group exercises, while the second day focused on group presentations of critical issues in adapting to market reform.

### **PURC Executive and Leadership Academy**

PURC is developing a distance learning series, "Independent and Interconnected," designed for new commissioners and heads of utility regulatory agencies. The series addresses the strategic and leadership challenges of being at the top of a regulatory agency.

## Public Utility Economics Course, Energy Sustainability

In August of 2014, Michelle Phillips, PURC junior economist, started teaching Energy Sustainability. Energy sustainability is a popular topic, but fact-based and analytically rigorous discussions of the economic realities are rare. Florida students and other Floridians need to understand these realities so that they can make sound business and career decisions and to be informed citizens.

The course is targeted to upper level undergraduates from any college at UF who have fulfilled a prerequisite in the principles of microeconomics. The class is funded for two offerings and will be video recorded in Spring 2015 so that it can be made available for continuing education certificates.

## FACULTY RESEARCH FOCUS



**Mark A. Jamison, Director**

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



**Sanford V. Berg, Director of Water Studies**

Dr. Sanford Berg continued to focus on issues associated with ways the regulatory system promotes or weakens infrastructure performance. He presented material on water sector governance at two international venues; "Quality of Service for Water and Wastewater: Challenges for Regulation," at 1st Latin American Congress on Challenges of Water Quality Regulation, ARESEP, San Jose, September 29, 2014 and

“International Visions of Public Services: Foundations for High Performance” at a Conference in Bogota, celebrating Twenty Years of Regulation in Colombia (October). Dr. Berg also completed a proposal to the World Bank to add material on regulation in fragile states—ways to develop institutional competencies so as to move forward in developing incentives for cost containment, network expansion, and cost containment. The material would be added to the Body of Knowledge of Infrastructure Regulation (BoKIR) [www.regulationbodyofknowledge.org](http://www.regulationbodyofknowledge.org). He also incorporated some of the answers to eight Frequently Asked Questions in the BoKIR into publications into a Working Paper, “Regulatory Functions Affecting Energy Efficiency in Developing Countries: Roles for Sector Regulators.”



**Ted Kury, Director of Energy Studies**

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



**Lynne Holt, Policy Analyst**

During 2014, Dr. Holt focused on energy efficiency, renewable portfolio standards, and carbon emission reduction in the United States and the European Union. In collaboration with Dr. Mary Galligan, she wrote papers about the different approaches taken by the U.S. and the EU toward these policy tools and the interaction of these policy tools.



**Araceli Castaneda, Director of Leadership Studies**

During 2014, Araceli Castaneda has focused on the design of “Independent and Interconnected: Preparing for Effectiveness in Your First 90 Days”, a distance learning course designed for new commissioners and heads of utility regulatory agencies. The course addresses the strategic and leadership challenges of being at the top of a regulatory agency. “Independent and Interconnected” offers key knowledge and tools based on research and the faculty’s own experiences, and focuses on what commissioners typically have to accomplish within their first 90 days to prepare themselves to be effective in their positions. This is not a course on regulatory techniques or regulatory issues.



**Michelle Phillips, Junior Economist**

During the past year, Michelle Phillips focused on research in efficiency of water utilities and mergers. She published a study on Japanese water utility efficiency and finished a project on water utility mergers. The main question asked in the mergers project was: what characterizes water utilities that merged in Japan during the Great Heisei era of consolidations? Michelle’s current research focuses on markets, regulation, and incentive structures for solar PV projects in developing countries.



**David Sappington, Lanzillotti-McKethan Eminent Scholar**

Professor Sappington’s recent research analyzes different elements of regulatory policy. His work considers how to encourage utilities to learn more about the

changing environments in which they operate and how to design policies to encourage the efficient distributed generation of electricity.

## APPENDIX

### Public Utility Research Center

#### Recent Publications and Working Papers

#### APPLIED PUBLICATIONS

**Horowitz, Ira, Chi-Keung Woo, Prys Sreedharan, Jeremy Hargreaves, and Frederick Kahrl.** 2014. "A review of electricity product differentiation." 114:262-272.

**Holt, Lynne and Mary Galligan.** 2014. "EU Energy Efficiency Regulation and Governance: Lessons for the US?" Research Handbook in International Energy Law, ed. Kim Talus, Ch. 17. U.K.: Edward Elgar Publishing Ltd.

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

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

**Jamison, Mark A., and Araceli Castaneda.** 2014. "Retain.Retrain.Renew." Utility Horizons Quarterly, 36-38.

**Dirioz, Ali Oguz and Benjamin A. Reimold.** 2014. "The Strategic Context of the UAE's Nuclear Project: A Model for the Region?" Middle East Policy Council Journal. XXI:3

**Berg, Sanford V.** 2014. "Good Governance for State-Owned Water Utilities," Chapter 19 in Global Water: Issues and Insights, eds., R. Quentin Grafton, Paul Wyrwoll, Chris White and David Allendes Australian National University Press, 2014. Applied Publications

## TECHNICAL PUBLICATIONS

**Jamison, Mark A., David M. Mandy, and David E. M. Sappington.** 2014. "Motivating Regulated Suppliers to Assess Alternative Technologies, Protocols, and Capital Structures." *International Journal of Industrial Organization*, 37:13-22.

**Berg, Sanford V., Marques, Rui Cunha, and Shinji Yane.** 2014. "Nonparametric Benchmarking of Japanese Water Utilities: Institutional and Environmental Factors Affecting Efficiency," *Journal of Water Resources Planning and Management*. May 2014.

## WORKING PAPERS

**Castaneda, Araceli, Mark A. Jamison\*, and Michelle Phillips.** 2014. "Considerations for the Design and Transformation of Regulatory Systems." University of Florida, Department of Economics, PURC Working Paper.

**Fikru, Mahelet and Michelle Phillips.** 2014. "Consolidation of Municipality-owned Water Suppliers in Japan during the Great Heisei Era." University of Florida, Department of Economics, PURC Working Paper.

**Jamison, Mark. A.** 2014. "Defining Relevant Markets in Revolving Evolving Industries." University of Florida, Department of Economics, PURC Working Paper.

**Li, Shanjun.** 2014. "Better Lucky Than Rich? Welfare Analysis of Automobile License Allocations in Beijing and Shanghai." University of Florida, Department of Economics, PURC Working Paper.

**CK, Woo.** 2014. "Residential willingness-to-pay for reducing coal-fired generation's emissions in Hong Kong." University of Florida, Department of Economics, PURC Working Paper.



**Berg, Sanford V., and Theodore Kury.** 2014. "Environmental Policy." University of Florida, Department of Economics, PURC Working Paper.

**Stein, Amy.** 2014. "Reconsidering regulatory uncertainty: Making a case for energy storage." University of Florida, Department of Economics, PURC Working Paper.

**Boampong, Richard.** 2014. "Evaluating the Energy Savings Effect of a Utility Demand-Side Management Program using a Difference-in-Difference Coarsened Exact Matching Approach." University of Florida, Department of Economics, PURC Working Paper.

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

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

***INTERNAL AFFAIRS  
December 18, 2014***

<b><u>Speaker</u></b>	<b><u>Representing</u></b>	<b><u>Item #</u></b>
Dr. Ted Kury	PURC	2

# III. Supplemental Materials for Internal Affairs

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

# IV. Transcript

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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

PROCEEDINGS: INTERNAL AFFAIRS

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

DATE: Thursday, December 18, 2014  
TIME: Commenced at 12:44 p.m.  
Concluded at 1:26 p.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK, Court Reporter

PREMIER REPORTING  
114 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Let the record show it is  
3 still Thursday, December 18th. It feels like it's  
4 a day or two later, but it's not.

5 This is the Internal Affairs agenda, and we  
6 have a few things on our agenda today, but before  
7 we get into the agenda, I want to take a little  
8 time of personal privilege and talk about --  
9 somebody else said this is going to be their last  
10 meeting today, and that's our General Counsel, Curt  
11 Kiser.

12 Curt is probably one of the first ones that I  
13 met even before I came on the Commission. I have  
14 known of the legend of Curt Kiser for quite a bit  
15 but I didn't get the opportunity to meet him until  
16 I was trying to get this appointment. And, Curt, I  
17 have to say that you are -- you have always been a  
18 friend and you have always been a mentor to not  
19 just regulatory policy but to state policy and  
20 basically just the betterment of our state of  
21 Florida. And it's -- I am in awe of some of the  
22 things that you have accomplished over the years as  
23 a legislator and as a General Counsel, and there is  
24 a long list of things we can go through, but I  
25 don't want to take that away from anybody else that

1           may have that to mention or in your own remarks,  
2           but before I open it to my other commissioners, do  
3           you have some remarks you would like to say?

4           MR. KISER: Of course. I have just a few  
5           notes that I made.

6           First of all, I want to thank the Commission  
7           for the honor and privilege of serving as General  
8           Counsel. Five years have gone really fast, and how  
9           quickly we forget what this agency looked like five  
10          years ago. I remember it well.

11          CHAIRMAN GRAHAM: So does Lisa.

12          MR. KISER: The PSC, particularly at the  
13          Commission level, was somewhat dysfunctional, and  
14          that's putting it mildly. And it was all due to  
15          the lack of civility, the lack of respect for  
16          fellow commissioners. And there were charges and  
17          countercharges virtually every meeting. You never  
18          knew where the landmines were when you showed up in  
19          the morning, who was going to be accusing somebody  
20          of something else.

21          And I can remember, as we went through the  
22          nominating counsel process -- because after I had  
23          been here a few months, many of you recall I also  
24          applied for the Commission, and they were adamant,  
25          as many of you remember, every single one of them



1 as soon as you got in front of the microphone was  
2 what were you going to do about bringing some order  
3 to the Commission. And the statutes required it,  
4 required that you be a collegial body, and it was  
5 far from it, as Commissioner Edgar well knows. It  
6 was a lot of turmoil, and it was pretty obvious  
7 that new commissioners were needed, and it's been  
8 so refreshing to work with you since the  
9 transforming took place.

10 I was very fortunate to inherit a very good  
11 legal staff, lots of good people, people who had  
12 been here a while, and I felt very fortunate that I  
13 had that as backup behind me.

14 I was also fortunate that at the first  
15 opportunity a good friend of mine was hired as your  
16 Executive Director, and I have enjoyed well working  
17 with Braulio as we were at one point in the same  
18 law firm and knew each other when he was  
19 commissioner.

20 And staff works well together. And just like  
21 you, Commissioners, we feel like we are a team, and  
22 that we need to be a team and perform like a team.  
23 So all of that has been very rewarding to me as I  
24 reached hopefully the final years of my work and  
25 time to play a little more.

1           I want to talk a little bit about what's in  
2           the future. I think I can present to you that GCL,  
3           through the last four or five years, we have added  
4           a number of new lawyers, some of them brand new  
5           right out of law school, and some who have been  
6           here before, and some who have practiced law in  
7           simple court, all, I think, very well equipped to  
8           help serve your needs for the future. And I think  
9           we have had a very, very good record of the appeals  
10          that have been taken from our decisions, and it's  
11          because you have had good lawyering through the  
12          process, so that when the record was put together  
13          it was a good record, and that when it did get  
14          appealed, we had good lawyers in the courtroom to  
15          argue the Commission's position.

16                 And I think, you know, you just can't find two  
17          bigger cases in the history of the Public Service  
18          Commission than the one challenging the nuclear  
19          cost recovery statute. That was a pretty big one,  
20          and that was unanimous. And then likewise, when we  
21          had the appeal from the Florida Power & Light  
22          settlement, that was another huge decision. And I  
23          think there are things that the court said in there  
24          that are going to serve this commission well for a  
25          long time. I think it clearly defined the role of

1 the Commission versus the role of the Public  
2 Counsel.

3 The dark shadow of the Crystal River nuclear  
4 plant is going to fade. It may take a while, but  
5 that's a pretty gig big issue. Not too many  
6 commissions in the whole country have had to deal  
7 with the multitude of issues and the number, the  
8 dollars associated with it of what happened at  
9 Crystal River.

10 Big issues are still out there. There is a  
11 bunch of them on the horizon, and they present real  
12 and exciting challenges for people involved in the  
13 regulatory process, and I have a few  
14 recommendations and observations regarding some of  
15 those.

16 I think you definitely need to continue to  
17 work hard with the Legislature. They obviously  
18 hold a great deal of sway with what you do and how  
19 do you it, and so I feel like that we are in pretty  
20 good position there with, obviously, with the role  
21 that Commissioner Brisé has played as being a  
22 former House member. You have another House member  
23 coming on board next month, so I feel like you are  
24 well positioned for that to work well with the  
25 Legislature.

1           When you start talking about some of the  
2           specifics for the future, I kind of liken what's  
3           going on in the electric utility business, I don't  
4           think anybody out there that really pays a lot of  
5           attention to what we do thinks that 40 or 50 years  
6           from now that we are going to be delivering  
7           electricity the same way we are today. It's going  
8           to be big changes. All you have to do is say  
9           telephone deregulation and suddenly lots of issues  
10          pop up.

11           Obviously, if at some point, if transmission  
12          is separated from generation, that changes the  
13          whole picture, and suddenly what has been the  
14          biggest monopolies we have in Florida will probably  
15          start to shrink, in my opinion.

16           And I think all of these changes will be good.  
17          It will be good for the consumer. It will be good  
18          for the economy. Look at the things that have been  
19          spawned by what happened to telephones. Look at  
20          the services that are out there now and how quickly  
21          they started popping up once the market entered  
22          into telephones -- the telephone business.

23           Deregulation could happen. It may not be  
24          total, but it will be just like telephones, a good  
25          share of it will change. I think you need to be

1 ready for that. It's not going to happen next  
2 year, probably not in the next five years. But  
3 certainly, as you go down the road and more  
4 technology comes along, more exciting things happen  
5 in the whole field of energy, these things will  
6 change. It will be forced by the marketplace, as  
7 it should be.

8 Now, let's take a little bit of a less global  
9 view. Many of you that know my record know that  
10 while I was in there, I did deal with a lot of big  
11 issues, and a lot of things that are happening now  
12 with issues that I worked on. It's hard to explain  
13 to somebody that in 1974, when I was, I think in  
14 the beginning of my second term in the Legislature,  
15 I sponsored a bill to require peak load pricing be  
16 offered by every utility. And I still think we  
17 have a whole lot more work to do in that area. I  
18 wish there were more of it.

19 Now with smart meters, it makes it a whole lot  
20 easier. Back then I was fighting the issue that to  
21 do peak load pricing back then would require these  
22 expensive meters, and that would have been a  
23 sticker shock to most of the customers back then.  
24 But that was an issue that I championed way back in  
25 1974. And they did do one pilot project, amazingly

1           enough in my area, right where my law office was,  
2           and it turned out to be a pretty good experiment,  
3           and showed that not everybody will do it. But it  
4           was also something that everybody felt at the time  
5           that it takes more time, people will start to  
6           adjust about thinking about peak loads and the  
7           pressures they create, and so I think we are at a  
8           point where that could be rejuvenated a lot more.

9           Anyway, on a less global view, one of the  
10          things that I would suggest that you consider is  
11          that when settlements come in, particularly the  
12          ones that come in right before you take up the  
13          case, set everything aside for 30 days, you know,  
14          just let -- parties need to know, if you file a  
15          settlement, nothing is going to happen for 30 days  
16          while we have a complete chance to review  
17          everything and decide what approach to take. I  
18          think that would good for the process and I think  
19          it would be good for the consumers as well.

20          I think, too, that it has been a number of  
21          occasions where, at the end of your questions and  
22          answers during your major hearings, it might be  
23          good, it might be nice to call on legal if there is  
24          any other questions or things that they think might  
25          be confusing that we could clear up for making some

1           comments before things are shut off; because I do  
2           think on several occasions issues have come up that  
3           a couple good questions from some of the lawyers on  
4           the staff would have helped clearly define some of  
5           the issues better. It may cause some more  
6           questions to be asked by Commissioners, but that's  
7           good for the process.

8                     Please set a rule or a set of rules for how  
9           you are going to operate. Not having it set what  
10          your rules are for your procedure, whether you do  
11          Roberts Rules or you do the Legislative Rules, but  
12          it would be very helpful for those of us that we  
13          have to answer questions about them to kind of  
14          operate and know what the rules are that you and  
15          the public have to play by for your -- for your  
16          rules of procedure, it would be very helpful to do  
17          that.

18                    And I think, too, there has been some issues  
19          along the way dealing with public participation.  
20          It just -- it seems like, on some occasions, it's  
21          not real clear what public participation is, what  
22          the rules are, when it's appropriate and when it's  
23          not appropriate. So I think those could -- some  
24          clarification of that would, I think, could be  
25          helpful for future procedures.

1           And I would also really recommend that when it  
2 comes to these settlements, don't be timid. Be  
3 aggressive in putting your own amendments on them  
4 if you think they are necessary. Just because  
5 those parties come in with that, that shouldn't be  
6 the end of it. And there have been several cases,  
7 including the FPL settlement, where you all reached  
8 out and said, well, we have got some issues here  
9 that we are not really happy where it's currently  
10 setting, so here is the five issues, let's adjourn  
11 for an hour or two and come back and tell us what  
12 you can do. And they did, they came back with four  
13 or five major changes. That helped us in the  
14 lawsuit, by the way, too, I think, in terms of in  
15 the public interest, et cetera.

16           But I would recommend that on settlements, let  
17 the parties know that, yeah, hey, this is the  
18 settlement we are proposing, but the Commission is  
19 going to have their say on it. And there may be  
20 provisions either they don't like or they think  
21 need to be enhanced. And I think serving notice on  
22 the parties would be helpful for the process.

23           I don't intend to go away. I don't know that  
24 I am going to practice law much more, just kind of  
25 wait and see what happens, but I do still intend to



1 stay very involved in a number of activities. I'm  
2 probably going to go back on the board of the  
3 Florida Wildlife Federation. I am currently the  
4 Chairman of the Citizen Support Group for Mission  
5 San Luis here in town. I am still very active on  
6 the Old Capital Museum and Legislative Research  
7 Center. We meet regularly on those sort of things.  
8 So I will still be around and I will still be  
9 working on some issues. I still -- my major pet  
10 peeves, of course, are environmental issues, and I  
11 will probably delve back into those as much as I  
12 possibly can.

13 I know my wife doesn't want me to be home  
14 every day 24/7. She will encourage all of that  
15 kind of activity, and that will be good for me.  
16 But I want to continue my friendships and  
17 acquaintances with you all and the staff. I have  
18 really had an enjoyable -- it's been a nice way to  
19 finish out my public service career is to serve at  
20 one of the agencies, which I started looking at  
21 this agency the first campaign I ran, and the first  
22 session I had, I got involved and it was really  
23 kind of a campaign issue the whole thing of the  
24 creation of the Office of Public Counsel. My  
25 opponent proposed it. And I thought, man, that is

1 a good idea. And so when I beat him, he was the  
2 incumbent, the first bill I filed was to create the  
3 Office of Public Counsel and. Sure enough, the  
4 next -- and we passed it.

5 The next election, that same opponent came  
6 back after me to try to get his seat back. And  
7 that was, of course, one of the things I could brag  
8 about, and say, well, this guy talked about it, I  
9 helped create it. And so that was kind of the  
10 beginning.

11 And then obviously serving 17 years on the  
12 nominating council, I got to see a lot of the  
13 commissioners and staff, and that's been a major  
14 part of my career, and I have been very happy to  
15 have had that chance and opportunity to work with  
16 that.

17 And each of you, I have significant memories  
18 on different little issues, some big issues. I can  
19 still remember coming in to see -- for the  
20 interview for the job with Commissioner Edgar. And  
21 at that time there was a lot of publicity about  
22 text messages, the phones, public records, all  
23 those issues. And we had a very good frank  
24 discussion of where she stood on all those issues,  
25 and she just kind of wanted to let me know that.

1 And she's never been shy about letting me know, as  
2 most of you have been, to let me know areas that  
3 you have special concern for.

4 I thoroughly enjoyed my working relationship  
5 with Chairman Brisé, and obviously now with Art  
6 Graham when he first took his first shot at  
7 chairman, and then the seconding around on it. He  
8 has been a good friend, and I have always enjoyed  
9 talking football and some of the issues -- and  
10 Commissioner Balbis was on top of the Crystal River  
11 issue. We had a number of content with us sessions  
12 with different parties to that. And we -- I think  
13 we thought lot about most of it the same, and it  
14 was fun seeing him ride heard on that and he  
15 finally brought it home, I it's just always good to  
16 remember those things.

17 So thank you very, very much. It's been very  
18 special to me. It means a lot that I had this  
19 chance to do it. Thank you.

20 (Applause from the audience.)

21 CHAIRMAN GRAHAM: Just to let you know, you  
22 still have 13 -- 13 more minutes to speak.

23 Commissioner Brown.

24 COMMISSIONER BROWN: Thank you, Mr. Chairman.  
25 Curt, how many years have you been in public

1 service?

2 MR. KISER: Well, it's -- in terms of, you  
3 know, everything, probably over 40.

4 COMMISSIONER BROWN: 40 years, and a good  
5 portion of that has been dedicated to the Public  
6 Service Commission. You have been -- you  
7 definitely have, as a legislator, took an interest  
8 right from the start. You have been dedicated  
9 yourself to energy issues, consumer issues and  
10 ultimately the Public Service Commission issues.

11 I am very impressed with your background, your  
12 year, your dedication to the legal department. You  
13 have run the legal department like a smooth ship.  
14 Really, I mean, you have a lot of talented people,  
15 and they have definitely helped us over the years,  
16 and I have enjoyed knowing you. Is this your wife?

17 MR. KISER: Yes, that's my wife Sally.

18 COMMISSIONER BROWN: Hi. Thank you for  
19 letting us have him for the past five years. We  
20 appreciate it.

21 And, Curt, I know we will see you around the  
22 circles, but I do think you have paved the way no a  
23 lot of the Tampa Bay legislators in this arena and  
24 your interest in it, and you are very well  
25 respected, and I wish you all the best. I know

1 anything you do, you will do it very successfully.

2 MR. KISER: Thank you.

3 COMMISSIONER BROWN: Good luck.

4 CHAIRMAN GRAHAM: Commissioner Balbis.

5 COMMISSIONER BALBIS: Thank you, Mr. Chairman.

6 I will be brief. I wanted to thank you for  
7 your service. I thanked you before in my comments,  
8 but I think it's important to recognize, you know,  
9 what an asset you have been to me personally, to  
10 this agency and to the state of Florida. It's  
11 been -- you know, I kind of make -- I like to make  
12 an analogy. You have heard of the three degrees of  
13 Kevin Bacon. There is the one degree of Curt  
14 Kiser. I don't think there is a single person in  
15 this town or in the Legislature, or wherever, ahs  
16 either -- who hasn't worked with you, has not  
17 served with you in some capacity, and I think of  
18 that's a testament to your ability to work with  
19 people, to mentor people, and it's something that I  
20 think will benefit you as you move on to the next  
21 stage of your career.

22 And it's funny, you brought up the Crystal  
23 River discussions that we had, and at the advice of  
24 my therapist I wasn't supposed to talk about that  
25 anymore. But I will tell everyone, probably one of

1 my favorite Curt Kiser stories, and it was when  
2 John Truitt first came on board as an adviser, and  
3 I am walking out to my car and there was this  
4 horrific stench coming from somewhere, and Curt's  
5 car, you know, unfortunately at the time, you know,  
6 his park spot was next to mine, and so there is  
7 this burlap sack that's covering his truck, and it  
8 smelled like putrifying bodies to me. And so John  
9 was in the military, so I had to call him over and  
10 say, listen, I think our General Counsel has bodies  
11 in his car and we need to report it. So we ended  
12 up poking up one of the burlap sacks, and there was  
13 probably 20 bushels of husked oysters rotting in  
14 his truck.

15 So I am sure the Commission will miss those  
16 times when you bring -- or maybe your wife made you  
17 bring it to the Commission.

18 MR. KISER: Well, Commissioner, I had decided  
19 out at my place, where my barn is, the area where I  
20 keep all of the implements to my tractor it gets  
21 muddy and the weeds grow up, so I decided to create  
22 a shell basically pavement there instead of gravel.  
23 And so I got ahold of one of the restaurants and so  
24 I would never know when they call, sometime they  
25 would call twice a week, sometimes it might be a

1 month and they would call, and when I go down there  
2 they throw all of those fresh shucked oysters. And  
3 unfortunately that was the middle of the summer and  
4 it did have quite an aroma. And when you stood at  
5 the doorway to the building and looked out, you  
6 could see this thin black cloud. It was all flies.  
7 And you came back in and said something about,  
8 Curt, you got bodies or something in the back of  
9 your bed? Well, those are oyster shells, and I lay  
10 them down on my concrete and then I would drive  
11 over them with my tractors and crush them up, and  
12 then I would push them out, and I have gotten about  
13 half there, so I have still got a few more  
14 truckloads to go.

15 COMMISSIONER BALBIS: Thank you very much  
16 again, I will miss you.

17 MR. KISER: Thank you.

18 CHAIRMAN GRAHAM: Commissioner Brisé.

19 COMMISSIONER BRISÉ: Thank you, Mr. Chairman,  
20 and I just want to express my appreciation to you  
21 for your service to our state. You know, the  
22 contributions that you have provided, not only on  
23 policy, but also in politics associated with your  
24 tenure here in our state has made our state much  
25 better as a result of the fact that you have

1 served.

2 I certainly hope that you will enjoy your time  
3 in the Keys out there, enjoy time with your family.  
4 And I know that we will see you around this place  
5 and these areas, because we know you are just  
6 simply not going to stay away.

7 But all kidding aside, you have -- you are one  
8 of those individuals that have served this state  
9 that has definitely left an impression on our  
10 state, and I am grateful to have had the  
11 opportunity to serve in this capacity and have you  
12 as a sounding board and as an adviser when I served  
13 this chair, so thank you.

14 MR. KISER: Thank you.

15 CHAIRMAN GRAHAM: Commissioner Edgar.

16 COMMISSIONER EDGAR: Thank you, Mr. Chairman.

17 Our General Counsel has mentioned a little bit  
18 about the time that he joined us. I can say during  
19 the time I have been here, we have had -- I have  
20 had the opportunity to work with some very  
21 excellent general counsels and, Curt, you are  
22 certainly in that category.

23 At that time, we had a vacancy, and there was  
24 sort of the discussion internally and externally of  
25 who in the world would want to go work there? I



1 felt at the time that it was important that we hire  
2 a General Counsel that had a number of qualities.  
3 I wanted somebody that had a legal background and  
4 could also -- had had enough experience in life and  
5 work to serve as what I respectfully refer to as  
6 that kind of elder statesman. So in addition to  
7 the legal work and knowledge and requirements of  
8 the job, that they were there as a voice of  
9 experience and to be available to Commissioners  
10 individually and collectively for life counsel and  
11 close discussions.

12 Curt brought to us, though, all of those  
13 qualities but even more. In addition to the legal  
14 background, he had background in the legislative  
15 arena, political experience, policy experience, a  
16 lot of knowledge of the Administrative Procedures  
17 Act, which I think is a great benefit in our  
18 General Counsel's office, and also had additional  
19 experience with the media and public records and  
20 public relations. So I was very, very pleased when  
21 I found out, Curt, that you might be interested in  
22 coming to join us at that time.

23 You mentioned some contentious meetings that  
24 we had back then. If anybody wants an example of  
25 that, I would refer you to the transcript and video

1 of the meeting where we actually voted to hire  
2 Curt, particularly painful for me. And one of not  
3 just a few votes where I felt very strongly at what  
4 the right thing to do was and what the right vote  
5 was, and personally paid a price for it. However,  
6 I was quite convinced at that time that Curt was  
7 the right person at the right time, and I think  
8 that that decision has been borne out to be the  
9 right one as well.

10 So, Curt, again, thank you for the good work  
11 that you have done. Thank you for being willing to  
12 come and join us and for staying us with while we  
13 have gone through all of this transmission. I wish  
14 you and your family the best.

15 MR. KISER: Thank you.

16 (Applause from the audience.)

17 CHAIRMAN GRAHAM: Okay. I guess I wouldn't  
18 have done that if I knew it was going to hurt my  
19 fellow colleague.

20 COMMISSIONER BROWN: Yes, you would.

21 CHAIRMAN GRAHAM: Yes, I would.

22 All right. Number 1 on the agenda.

23 MR. LONG: Commissioners, Item 1 is 2014 RAF  
24 report, staff is asking permission to file it with  
25 the Legislature.

1           CHAIRMAN GRAHAM: Commissioners, is questions,  
2           comments, concerns on the RAF report?

3           COMMISSIONER BALBIS: Mr. Chairman, I move  
4           that we authorize staff to submit it to the  
5           Legislature.

6           COMMISSIONER EDGAR: Second.

7           CHAIRMAN GRAHAM: It's been moved and seconded  
8           to authorize staff to submit the report.

9           Any further discussion?

10          Seeing none, all in favor say aye.

11          (Chorus of ayes.)

12          CHAIRMAN GRAHAM: Any opposed?

13          (No response.)

14          CHAIRMAN GRAHAM: By your objection, you have  
15          approved the motion.

16          Thank you very much.

17          Number 2. Yes, sir.

18          DR. KURY: Good afternoon. My name is Ted  
19          Kury. The Director of Energy Studies at the Public  
20          Utility Research Center to present some highlights  
21          from PURC's annual report to the Commission.

22          First I want to send the regrets of our  
23          Director, Mark Jamison. Mark, unfortunately, had a  
24          family emergency and is not able to be with you  
25          today, so I am pinch hitting.

1 PURC's 2014 initiatives have focused on our  
2 three primary goals as a center, research, outreach  
3 and our training development efforts.

4 Before I talk a little bit about that, we have  
5 had a number of what we like to call kudos this  
6 year. We have entered into an agreement with the  
7 World Bank and the Norwegian Trust to expand our  
8 existing body of knowledge on infrastructure  
9 regulation website. This will be a three-year  
10 process which will greatly expand the resources and  
11 expand some of the treatment concerning regulations  
12 in fragile states. That was an overall goal of the  
13 World Bank, and we are happy to be helping them  
14 with that.

15 We hired a new junior economist this year, Dr.  
16 Michelle Phillips. Michelle is a graduate of the  
17 University of Florida. She has been teaching in  
18 Missouri for the last couple of years and now she  
19 comes back and joins us. Michelle will be working  
20 on primarily energy issues, but she will be delving  
21 into some of the broader regulatory issues as well.

22 Dr. Jamison was recently appointed to the  
23 advisory board of the Regulatory Policy Institute  
24 at Oxford University. And although, it's not in  
25 your report, he has also assumed the mantle of the

1 Gunter Professorship at the University of Florida.

2 It's -- the story of the Gunter Professorship  
3 and the way it's been treated at the business  
4 school is kind of a sorted tale of university  
5 politics, but it's very nice to have the Gunter  
6 Professorship back with someone who actively does  
7 research in the regulatory sphere.

8 Two of our interns from 2012 from Thailand  
9 have recently authored a book on telecom  
10 convergence. They worked on that while they were  
11 interns at PURC, and so we are very happy there.  
12 And one of our alumnus, David Gettys, was recently  
13 appointed as the executive director of the  
14 Organization of Caribbean Utility Regulators, so we  
15 are very happy to have David there.

16 Our research this year has focused on various  
17 issues regarding energy efficiency, market  
18 structure, market structure in telecommunications  
19 and the use of benchmarking as a tool. Dr. Jamison  
20 and Dr. Janice Hauge of the University of North  
21 Texas published a paper on the role of mergers and  
22 technology adoption. They basically found that  
23 telecom mergers will incentivize utilities to adopt  
24 new technologies quicker than if a merger may not  
25 be allowed. And this becomes an issue when we get

1           into whether we allow mergers or don't allow  
2           mergers. Sometimes the benefit of adopting new  
3           technologies may outweigh the cost of the merger,  
4           so an interesting finding.

5           Dr. Berg continues his work on benchmarking  
6           and incentivizing utility performance. He is  
7           applying this research to a broad -- across a broad  
8           spectrum of utilities throughout the developing  
9           countries, and we are happy to hear him -- to see  
10          him moving forward with that. Dr. Berg has  
11          recently retired from the university, but we are  
12          happy to say that he is not leaving PURC, so we get  
13          to keep saying he is a resource.

14          Dr. Phillips has been working on an NSF grant  
15          that involves greater -- allowing for greater  
16          penetration of solar panels in developing countries  
17          by not focusing so much on some of the rare earth  
18          metals that are often used to construct the solar  
19          panels. She has been working with engineers in  
20          three different universities, and she's been  
21          handling primarily the economics aspect.

22          My own research has focused on different  
23          policies regarding that metering and energy  
24          efficiency, basically how quickly some of these  
25          policies are adopted, as well as the market

1 structure, the effects of independent system  
2 operators on the degree to which utilities  
3 participate in wholesale markets and the effect on  
4 transmission investment, and I am going to be  
5 developing that further next year.

6 Recently, we have been working on a research  
7 grant for the State Energy Office, looking at  
8 strategies for increasing opportunities for energy  
9 and water efficiency in multi-family -- in  
10 multi-family dwellings. That was a specific focus  
11 of the State Energy Office. We anticipate having  
12 that report completed by the first week in January.  
13 And it -- the energy office hopes to use it to  
14 inform policies and programs in the coming year.

15 Our outreach efforts, our primary -- you know,  
16 our primary outreach is through our annual  
17 conference, so I would like to put in our plug for  
18 the annual conference coming up February 4th and  
19 5th. Basically the theme of the conference is  
20 going to be looking at changing roles under  
21 external, not only technological changes, but  
22 policy changes. How do we adapt to those changes?  
23 How do we move forward? And the agenda is  
24 available on our website. And as always, I hope to  
25 see a lot of folks there at the annual conference.

1           We have been involved with a number of efforts  
2           outside the United States. Dr. Jamison spoke in  
3           two conferences in Turkey, and we have delivered a  
4           number of presentations across the Caribbean over  
5           the past year on the role of regulation in a number  
6           of countries that have not yet adopted a formal  
7           regulatory structure for their utilities. There is  
8           a lot of misunderstanding about what regulation is  
9           and what regulation isn't, and so we have had a  
10          chance to work with a number of these countries on  
11          clarifying the role of regulation.

12           At the NARUC and the SUCA annual meetings last  
13          year, Dr. Jamison presented on Florida's progress  
14          in energy efficiency and where Florida ranks.  
15          Contrary to what you might read outside the state,  
16          Florida actually does very well in terms of energy  
17          efficiency, and so Dr. Jamison was clarifying some  
18          research that we put together as a result of the  
19          FICA study a couple years back.

20           Lynne Holt presented at the NARUC meetings on  
21          the difference in energy efficiency policy between  
22          the United States and the EU and what we might be  
23          able to learn from that. And I presented at the  
24          SUCA annual meeting on making energy efficiency  
25          real for the people, basically strategies for



1 consumers finding value in energy efficiency.

2 And then finally our training and development.  
3 Our flagship program remains our two-week program  
4 every January and June. This past year, we were  
5 very happy to have Commissioner Brisé and  
6 Commissioner Balbis participate in the programs.  
7 And I have to say, I go to different countries and  
8 meet with some of our alumni, and I have to say  
9 they still recount the stories that they hear from  
10 the commissioners, and from JR and from the utility  
11 folks that help us out, you know, when they get  
12 back home and they are deal with their problems  
13 every day. So I know you are aware that your reach  
14 goes far beyond the state of Florida and the U.S.,  
15 but I just -- I wanted to reinforce that.

16 We are expanding our on-line course offerings.  
17 We have a current -- we just finished offering our  
18 pricing for sustainability. And starting in the  
19 spring, we are going to be offering a course on  
20 regulatory impact analysis that will be conducted  
21 by myself and Sandy Berg.

22 And then we conducted training programs in  
23 Curacao for the Dutch islands and St. Lucia  
24 primarily for the utility, but the ministry was  
25 involved as well, and for Grenada -- in Granada for

1 the members of the Organization of Eastern  
2 Caribbean States, and all of those focused on the  
3 cost of service process and the regulatory process,  
4 and again, the idea of what regulation is and  
5 isn't.

6 So, you know, you have the report. I am happy  
7 to address any questions you might have. I just  
8 wanted to say that we thank you for your continued  
9 support and the support of the State of Florida.  
10 We could not do what we do without that support and  
11 we do appreciate it.

12 Thank you.

13 CHAIRMAN GRAHAM: Thank you very much.

14 Commissioners, questions, comments?

15 Commissioner Brown.

16 COMMISSIONER BROWN: Thank you. And I don't  
17 have any questions, but I just wanted to make a  
18 comment that in general, this is one of my favorite  
19 times of year, when PURC comes and provides us with  
20 a synopsis of everything that's been going on. And  
21 it's always so interesting the resources and the  
22 materials that you developed over the years provide  
23 us with so much, a great background for us, and  
24 it's always interesting to see your focus over the  
25 next years, and so I commend you.

1 I appreciate you coming out here and providing  
2 us with this, and we will definitely be utilizing  
3 you as a tool moving forward.

4 DR. KURY: Thank you.

5 COMMISSIONER BROWN: Thank you.

6 CHAIRMAN GRAHAM: Well, we do thank you very  
7 much for coming down and speaking to us today, and  
8 even though I know you were told the last minutes  
9 you had to get down here, so we appreciate you  
10 pinch hitting, and we do appreciate everything you  
11 do for us as a state as a whole, because I think  
12 your a very valuable resource.

13 And I am sure we will be reaching out to you  
14 because we have a, I guess we will call it a  
15 workshop, because you mentioned solar earlier, and  
16 so there are some big questions, policy questions  
17 that we are going to have to -- we will be  
18 struggling with in the next up coming months, so I  
19 am sure staff will be reaching out to you to deal  
20 with that stuff as well.

21 DR. KURY: Thank you, Mr. Chair.

22 CHAIRMAN GRAHAM: Thank you very much.

23 All right. Item Number 3, Executive  
24 Director's Report.

25 MR. BAEZ: Thank you, Mr. Chairman. And I

1 will be very brief, but as this is the last meeting  
2 of the year, I thought I would leave you with a few  
3 numbers and achievements that we have all together  
4 accomplished this year.

5 Earlier today you all -- we all recognized our  
6 employees' dedication to the State of Florida, and  
7 one of them actually sits next to me who's leaving  
8 us very soon, but -- and though you already know  
9 this, I did want to throw out this information.  
10 Just a few little numbers for you to mull over all  
11 the work that has been done in the past 12 months.  
12 For example, there were 250 dockets opened this  
13 year, and 796, that's just short of 800, orders  
14 issued by this commission.

15 Other numbers, the audit staff completed just  
16 shy of 100 audits this year. And our consumer  
17 assistant outreach division took in 8,798  
18 complaints have been received to date and all but  
19 97 remain unresolved. I think those are really,  
20 really impressive numbers.

21 In addition 23,000 -- over 23,000 information  
22 requests have come through our doors, our phone  
23 lines, if you will, and all have been resolved,  
24 many of them -- or most of them in the very same  
25 day.

1           Other initiatives have been going on at the  
2           commission that perhaps you hadn't noticed because  
3           it doesn't touch and concern you on a daily basis,  
4           but as you well know, our initiatives to bring the  
5           Commission, the Clerk's Office into full e-filing  
6           capabilities is at or near completion, and we are  
7           very proud of the work that they are doing as well.

8           The technical divisions of the staff have  
9           undertaken the placement of all the electric gas,  
10          telecommunications tariffs and water tariffs  
11          on-line so that they can be publicly available. I  
12          think that's a service that we have been able to  
13          offer now for some time to the public, and also  
14          adds to the transparency and the accessibility of  
15          the public to the work that we do.

16          In terms our leader stip projects, we have  
17          since revised commission performance metrics, and  
18          they have been incorporated into our long-range  
19          performance plan for 2014, which has already been  
20          filed. The staff, through their leadership -- some  
21          of the senior staff, through their leadership  
22          projects, have also created regulatory training  
23          work websites and also have instituted staff  
24          assisted rate case training for all employees, and  
25          over 85 employees have attended either part or all

1 of the training so far.

2 And this is the work of many, many people  
3 whose names I cannot mention now because it would  
4 take too long, but I think we all owe them,  
5 certainly I do, a debt of gratitude for their  
6 commitment to us way more than just their years of  
7 service, but certainly the quality of those years  
8 as well.

9 And that's my report and I want to wish you  
10 all Happy Holidays.

11 CHAIRMAN GRAHAM: Thank you very much.

12 Commissioners, other matters?

13 I wish I had my cricket sound.

14 All right. There is no other matters. I do  
15 appreciate everybody being patient as we got  
16 through this meeting. I wish everybody a Merry  
17 Christmas and Happy Holidays, and we are adjourned.

18 (Whereupon, the proceedings were adjourned at  
19 1:26 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, DEBRA R. KRICK, Professional Court  
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  
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attorney or counsel connected with the action, nor am I  
financially interested in the action.

DATED THIS 29th day of December, 2014.



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DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #EE212307  
EXPIRES JULY 13, 2016