

Chairman Julie Brown's Remarks
For January 5, 2016 Commission Conference
FINAL

Good morning and happy new year to all—I would like to take a moment of personal privilege to make some remarks and address some issues facing the Commission over the next two years. Before I begin, I want to recognize the most important person in my life, my husband, Hank, who is here today in the audience. I absolutely would not be here today if it wasn't for your encouragement and support to follow my dreams and pursue public service and you really are the best of the best. Moving onward, I want to express thanks to my colleagues today for their trust and faith in electing me chairman. It is a real honor. I appreciate the opportunity to serve with such accomplished leaders here, each of you in your own right; and, collaboratively, we have an effective synergy. Today, as I pick up the gavel entrusted to me, I pledge to remain consistent in my leadership and continue this work with great pride and dedication to the difficult tasks at hand; always committed to serving the public.

Today is a day for reflection and making resolutions. 2015 was a year of change, as we dealt with challenging federal environmental laws impacting the electric industry, took public comments regarding solar development in Florida, addressed securitization of nuclear assets for the purpose of reducing customer costs, approved guidelines for evaluating future gas reserve projects, re-visited the benefits of fuel hedging, implemented rules regarding secondary water quality standards in the context of rate proceedings, arbitrated a number of issues in the negotiation of an interconnection agreement and had several commissioners testify before Congress on a variety of proposed regulations and rules affecting the industry. There are other highlights of 2015, but I just wanted to re-cap what a “slow” year looks like here at the Commission.

The next two years will undoubtedly continue to be very active in the energy arena. So, what goals, issues and initiatives should we expect to see?

Electric industry

Starting with the electric industry, the energy landscape is truly evolving across the country and in Florida. As regulators, we will need to:

Consider fuel diversity in our resource decision making, especially as we monitor fuel price variability, the changing capital cost of generating units, and the expansion and integration of renewable resources and other technologies.

We must also ensure that Florida's electric utilities have access to fuels that keep energy affordable and reliable for all as our utilities are forced to comply with a variety of stringent environmental regulations. This could in fact be our greatest challenge in the coming years—balancing compliance with the federal regulations and our state directive of maintaining safe, reliable service at a reasonable cost.

Some of these new EPA rules cast a cloud of uncertainty for Florida. Under the CPP, Florida must cut carbon emissions by 25 percent by 2030, which is different from EPA's original target of 38 percent. To meet this target, Florida's utilities may choose from a variety of emissions-reducing options. However, how we will do that and how much it will cost consumers, is still under careful review.

It is critical for the Commission to continue our collaboration with the Florida Department of Environmental Protection, the Energy Office, our legislators, and Governor Scott as our state plan is being written and implemented. The Commission has to be an active participant in these discussions that ultimately will shape Florida's future energy policy—especially since we are the ones charged with ensuring safe, reliable and affordable retail electric service. To that end, I will be designating a commissioner to serve as the Commission's liaison to DEP for the purpose of focusing on the economic and reliability issues associated with implementing the CPP. And staff will continue monitoring and updating the Commission on the various EPA regulations promulgated and their impacts on the industry and its consumers.

Additional Issues

Issues like grid modernization, plug-in electric vehicles, distributed generation, net metering, energy efficiency, conservation and the deployment of renewables are likely to be topics that come before the Commission over the next two years as technologies continue to be developed and enhanced. And I believe that the gamut of technological advancements will bring about a convergence of change.

In addition, given the growing dependence of natural gas for electricity generation in Florida, we must continue looking at responsible natural gas development practices to ensure its reliability and affordability as a fuel source.

Rate Cases

As most of you are probably aware, many of our rate case decisions with stay out provisions will soon be expiring. As such, it can be expected that several of the companies will file new rate case applications within the next two years.

This will initiate an extensive process that must, by law, be completed within eight months and include customer input. Each rate case involves a lot of long hours—for staff and the Commissioners—and each of us sitting up here is dedicated to ensuring that the process is a fair one and that our decisions will always be in the public’s best interest.

Gas Industry

With regard to the natural gas industry, safety will continue to be paramount. We have approved a number of pipeline programs that replace existing bare steel and cast iron pipe with piping that is more resistant to corrosion and more reliable. There has been great progress in the replacement of the aging pipelines and we must continue to support these efforts.

Water and Wastewater Industry

With regard to water, it is perhaps the most important natural resource in Florida. The issues surrounding the water and wastewater industry are among the more complicated ones our state will face in the coming years. Water and wastewater systems are especially challenging to regulators. They are capital intensive and lack of economies of scale and the ability to attract capital like larger utilities possess. Water quality and service, allocation and conservation are a few issues that we grapple with here. We will continue to balance the need for infrastructure improvements with the need to keep rates down, coordinating our efforts with state and federal agencies whose interests conjoin ours. We are fortunate to have Commissioner Graham on the bench, who serves as co-vice chair of NARUC’s water committee, who is really at the forefront on a lot of these issues.

Telecommunications Industry

In the telecommunications industry, we will continue ensuring an infrastructure that promotes Florida’s economy, enhances commerce, and permits Floridians access to all the benefits of competition. We will continue to promote the Lifeline Assistance program and oversee the administration of the Florida Relay Service. We are lucky to have Commissioner Brisé on the Federal/State Joint Board to ensure Florida’s interests are protected and the state’s Universal Service Fund contributions are spent wisely.

Public Input

I am a big believer that we can always do things better, more efficiently, more responsively. The services that utilities provide are critically important to all Floridians. In fact, very few government agencies have as much impact on peoples' lives as does the PSC. To that end, consumer education and participation is essential to our process. We will strive over the next two years to further educate customers of the different platforms and forums available for them to become engaged and provide input to this Commission. And we will also explore additional tools and technologies to further expand consumer education across the state.

Conclusion

As we begin the New Year, I want to acknowledge how privileged we are to be working here for the great State of Florida with this talented, experienced and diverse group of professionals. We have the past NARUC President and former PSC chair as our fellow Commissioner. We have two former legislators—one, who is currently the President of SEARUC and a former PSC chair, and another who is also an accomplished Florida businessman (who could possibly be the most technologically savvy one up here). We also have an engineer who is a two-time former PSC chair and elected official. We have one of the most accomplished professional staffs of any in this country led by my friend and colleague, Braulio Baez.

I believe the industry will continue to evolve around us and there will be unforeseen events that impose additional challenges. However, we have incredible assets and resources here at the Commission. We have a strong history of addressing challenges head on and finding solutions that benefit the public interest. While the tasks before us are great, the decisions we make in the coming years should strive to keep energy affordable and available through a variety of sources.

Before I close, I would like to thank my dear children, Tripp and Emerson, and my husband, Hank, for your understanding in allowing me to devote so much time to my professional life over these last five years on the Commission. I also would like to express my gratitude to my very loyal-serving staff, Katherine and Joann. You all really have my back; and I am extraordinarily grateful. Finally, I would like to reiterate my thanks to Governor Scott for allowing me to continue to serve. This job isn't always easy or fun. But, it is definitely rewarding knowing we are helping to make our state better by ensuring safe, reliable and affordable energy for all Floridians. Thank you for the time and I look forward to working with you, and being your chair for the next two years!