

1 In the Matter of:

DOCKET NO. 140190-GU
2 PETITION FOR APPROVAL OF TRANSPORTATION SERVICE
AGREEMENT FOR AN EXTENSION IN PALM BEACH COUNTY, BY
3 PENINSULA PIPELINE COMPANY, INC.

4 In the Matter of:

DOCKET NO. 140189-GU
5 PETITION FOR APPROVAL OF TRANSPORTATION SERVICE
AGREEMENT FOR AN EXTENSION IN NASSAU COUNTY WITH
6 FLORIDA PUBLIC UTILITIES COMPANY, BY PENINSULA
PIPELINE COMPANY, INC.

7 In the Matter of:

8 DOCKET NO. 140210-EU
JOINT PETITION FOR APPROVAL OF AMENDMENT TO
9 TERRITORIAL AGREEMENT IN CHARLOTTE, LEE, AND COLLIER
COUNTIES, BY FLORIDA POWER & LIGHT COMPANY AND LEE
10 COUNTY ELECTRIC COOPERATIVE.

11 In the Matter of:

12 DOCKET NO. 140007-EI
ENVIRONMENTAL COST RECOVERY CLAUSE.
13 -----

14 In the Matter of:

15 DOCKET NO. 140180-EQ
PETITION FOR APPROVAL OF AMENDMENT TO EXTEND TERM OF
NEGOTIATED RENEWABLE ENERGY POWER PURCHASE CONTRACT
16 WITH RAYONIER PERFORMANCE FIBERS, LLC, BY FLORIDA
PUBLIC UTILITIES COMPANY.

17 In the Matter of:

18 DOCKET NO. 140185-EQ
PETITION FOR APPROVAL OF NEGOTIATED POWER PURCHASE
CONTRACT WITH EIGHT FLAGS ENERGY, LLC, BY FLORIDA
19 PUBLIC UTILITIES COMPANY.

20 PROCEEDINGS:

COMMISSION CONFERENCE AGENDA
21 ITEM NO. 1 - CONSENT AGENDA
22 ITEMS NO. 2 & 4-12
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COMMISSIONERS
PARTICIPATING:

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

DATE:

Thursday, December 18, 2014

PLACE:

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

REPORTED BY:

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Court Reporter and
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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: We had the fun festive part
3 of the morning and now it's time to get town to the
4 work of the State.

5 Before we call the meeting to order, I would
6 ask if you would like to join for us the invocation
7 and the pledge. If you could stand, and Lisa Edgar
8 will give the invocation.

9 (Invocation and Pledge of Allegiance.)

10 CHAIRMAN GRAHAM: Commissioner Edgar, thank
11 you very much for the invocation. As always, I am
12 always appreciative that my colleagues allow for us
13 to do that before the beginning of the meeting, and
14 especially this meeting, our last meeting before
15 the holidays, it always means a lot.

16 Before we get into the agenda, we have another
17 special occasion today, or -- what was that?
18 Bittersweet occasion. We have one of our -- one of
19 my fellow commissioners, this is his last meeting,
20 and before we get into the meeting, I wanted to
21 give him a little time to speak to you, to speak to
22 us and talk about his tenure here on the board.

23 Commissioner Balbis.

24 (Applause from the audience.)

25 COMMISSIONER BALBIS: Thank you, Mr. Chairman,

1 and thank you to my fellow commissioners for this
2 opportunity to spend a brief bit of time kind of
3 going over what I feel were some of the great
4 accomplishments of this commission and also maybe
5 have a little bit of fun at the end.

6 I am very proud of my past four years on this
7 commission serving with my colleagues here. I
8 reflected in the past few weeks on some of the
9 things we accomplished, and some of them are very
10 important and I believe that customers have
11 benefited. And starting with the electric
12 industry, just what have we accomplished? Well,
13 over the past four years, we have seen a tremendous
14 amount of investment in the utility infrastructure.
15 We have seen over \$5 billion in plant production
16 investment. We have seen over \$1 billion in
17 transmission investments, and \$2.1 billion in
18 distribution investments.

19 So what have customers benefited from this?
20 That's over \$8.3 billion in investments. We have
21 much cleaner power plants and much cleaner
22 omissions, see have seen our sulfur dioxide
23 emissions reduced by almost 50 percent, our
24 nitrogen dioxide emissions reduced by almost
25 45 percent, and mercury by 50 percent. Those are

1 dangerous greenhouse gasses and other pollutants
2 that have been eliminated, and the environment and
3 all Floridians are benefiting from that.

4 So what else have the customers received and
5 the State received from these investments?
6 Increased reliability, that is something that is
7 extremely important for the economy and for the
8 quality of life for all Floridians. We measure, on
9 an annual basis, different reliability metrics to
10 see how utilities are doing. And from all of the
11 spectrums, from our largest utility that has seen,
12 Florida Power & Light that has a system average
13 interruption indices, an improvement of 21 percent.
14 On the smaller side, Gulf Power has shown a
15 35 percent improvement in reliability. This is
16 shown system-wide. This helps the economy and
17 helps Floridians.

18 We have accelerated investments in storm
19 hardening so that, God forbid, a hurricane hits
20 this state again and customers will be without
21 power for hopefully a shorter period of time and
22 get back to restoration and recovery.

23 Another item in the electric industry that I
24 am very proud of, that is controversial but I think
25 is important to point out, is the fact that we have

1 completed the largest nuclear project in recent
2 U.S. history with FPL's uprates of their reactors.
3 They have put on line over 520 megawatts of clean
4 burning nuclear energy. Customers will save over
5 \$3 billion in actual costs over the life of these
6 projects. And the very controversial advanced cost
7 recovery mechanism actually saved customers over
8 \$300 million in interest payments. Those are
9 savings and those are resulting in clean burning
10 electricity.

11 Some of the improvements in emissions that
12 discussed didn't mention carbon dioxide, but that
13 nuclear uprate projects -- those nuclear uprate
14 projects are eliminating as much carbon as removing
15 seven million vehicles from Florida roadways.
16 Those are benefits that need to be applauded, and
17 this commission needs to be applauded, and FPL
18 needs to be applauded.

19 One of the other important things we have
20 accomplished in not only the electric industry, but
21 all the industries, is created a stable regulatory
22 environment. When at least four of us took office,
23 perhaps things were not as stable, and it was
24 mentioned by governors, by members of the
25 nominating council and members of Senate And

1 confirmation committees. I believe we stabilized
2 the regulatory environment and customers have
3 benefited from this.

4 Standard & Poor's has upgraded all three of
5 our largest electric utilities since 2010. What is
6 more impressive is two of them enjoy a single A
7 rating. So what is the benefit to customers?
8 Well, it's evident in the cost of capital. If you
9 look at the reductions in cost of capital for each
10 utility, it is very significant and important.
11 Florida Power & Light, since 2010, has seen their
12 cost of capital reduced by 12 percent, Duke Energy,
13 11 percent, TECO 21 percent and Gulf Power
14 19 percent. That results in cost savings to
15 customers and allows the utilities to access
16 capital at a cheaper rate.

17 So that summarizes the electric industry, and
18 moving on to the water and wastewater industry. We
19 are still challenged by the many issues associated
20 with this industry, large capital requirements,
21 shrinking customer base and decreased consumption.
22 But one thing that I am proud of that we have done
23 in this commission is we have tried to stress the
24 importance of quality of service, of improving
25 customer relations, of eliminating the disconnect

1 that sometimes exists between the utilities and
2 customers, so that customers know what they are
3 paying for and can have choices as to whether or
4 not they should pay for improvements that will
5 increase and improve the water quality. We have
6 had recent help from the Legislature, and we will
7 be acting later today on rule implementations that
8 will further assist us.

9 In the natural gas industry, which I have been
10 very involved with and I am very proud of, I think
11 we have had great strides and accomplishments. I
12 have mentioned several times the accelerated
13 replacement of bare steel and cast iron pipes.
14 Those are safety improvements that will help
15 Floridians. We have over 47,000 miles of pipeline.
16 We still have 1,600 miles left of unprotected bare
17 steel and cast iron pipe, and I am glad this
18 commission has approved these accelerated recovery
19 mechanisms.

20 Another aspect of the natural gas industry
21 that isn't talked about too much is the fact that
22 although Florida has very little natural gas
23 resources, we have actually become a leader in
24 compressed natural gas facilities. With help from
25 the Legislature and actions this commission

1 ascertain, we have gone from just having but a
2 handful of compressed natural gas facilities in the
3 state to having over 41 in operation today, over 12
4 of them having public access. We are seeing school
5 buses, transit buses, sanitation trucks and even
6 beer distribution trucks being converted to clean
7 burning natural gas. And frankly, if you are not
8 in favor of the more efficient delivery of ice cold
9 beer, I don't think we can with friends.

10 On the telecommunications side, we have seen
11 our jurisdiction decreased quite a bit since I took
12 office this late 2010. However, we still are
13 involved in wholesale transactions to make sure
14 predatory pricing or noncompetitive issues are
15 resolved. What I am very proud of is the fact that
16 even though we have seen a tremendous increase in
17 our lifeline participation of our Floridians,
18 statistics show over 49 percent increase, and even
19 with that increase, we have still been recognized
20 as being a leader in reducing waste, fraud and
21 abuse of that program that helps so many.

22 Those are just some of the accomplishments
23 that I am proud of. There are many, many, many
24 others. But I wanted to thank everyone here, and
25 thank a few people that are in the audience here

1 today.

2 First of all I would like to thank my fellow
3 Commissioners and I will thank each of you
4 individually a little later, but I wanted to thank
5 you for your thoughtful deliberation, the
6 discussions, the respect that we have shown with
7 each other, the patience of me clearing my throat
8 over 300 times a meeting and me asking a question
9 of every single witness.

10 To our Executive Director, Braulio Baez, thank
11 you for your hard work and understanding. You
12 understand what it is to sit in this seat and the
13 needs and expectations we have. And I really am
14 going to miss you coming into my office 45 seconds
15 before a meeting and asking, are you good? Are you
16 good?

17 To our General Counsel, Curt Kiser, thank you
18 for our long and -- for your long and distinguished
19 service to this state. You have taken steps and
20 you have been involved with all of the
21 accomplishments that I have listed and even before
22 them. I am going to miss your obligatory
23 commentary as to every single statute, who filed
24 the bill, why it was developed, whether or not we
25 asked you.

1 To our newest award recipient, Mary Ann
2 Helton, I am going to miss you being -- where did
3 she go? Where is she? Sorry. Usually you are
4 over there. Chairman Graham mentioned this, but I
5 am going to be to miss you being startled by him
6 asking your position on a surprise objection and
7 you having to ask, could you please repeat that
8 objection? And you always recover and always give
9 us great advice to make sure that everything we do
10 is legal.

11 To all of staff, a heartfelt thank you for all
12 the hard work that you put into it. Thank you for
13 dealing with the questions that I have asked during
14 briefings, during agenda conferences, and thank you
15 for the dedication that you have shown to the
16 State. Without that, we cannot do our jobs, and I
17 am very appreciative of it.

18 I would also like it thank the parties, the
19 utilities, the intervenors. Without your hard work
20 and dedication in providing the information and
21 testimony that we need, again, we cannot make those
22 decisions.

23 Hopefully at some point today I will be able
24 to request a late file exhibit so John Moyle can
25 object to it once again, but I am not sure we will

1 have that opportunity.

2 I would like to thank my advisers, Lisa
3 Bennett, Casey Hinton, Diana Caridad and John
4 Truitt. I think that I have had more advisers than
5 Commissioner Edgar has served with Commissioners,
6 and each one did an excellent job, and I am thank
7 fowl full for their service.

8 I would like to thank my executive assistant,
9 Christina Slaton, who has stuck with me these past
10 four years, has put up with all of the issues and
11 all of the things that you need to put up with in
12 order to work with me. She has been tremendous,
13 professional and a pleasure to work with.

14 And finally my fellow Commissioners, starting
15 with Commissioner Brown. It has truly been a
16 pleasure to work with you and the passion that you
17 bring to this commission is palpable.

18 COMMISSIONER BROWN: You are funny.

19 COMMISSIONER BALBIS: I think that your
20 experience with local government has certainly been
21 a benefit to the Commission, and I have a few
22 regrets, and one of them probably is I should have
23 supported you on that motion in limine a few years
24 ago. Her experience with contracts assures this
25 commission that she will look very closely at every

1 single contract, and she will find the mistakes no
2 matter how hard it is to see or even hear.

3 To Commissioner Brisé, I appreciate you diving
4 into the issues of telecommunications. As exciting
5 as ILECs and CLECs, and all the other acronyms are,
6 you diving into it and being recognized nationally
7 is a benefit to the Commission and this state, and
8 I am sure you will continue to be involved and be
9 recognized.

10 To Chairman Graham, I am certainly going to
11 miss your detailed engineering drawings of lime
12 sludge piles and what they represent, but I also am
13 going to miss your leadership. That's one thing
14 that you had mentioned previously, you are not
15 afraid to make decisions, move things along and
16 rule on issues, especially objections, that are
17 quite difficult and complicated, and make sure that
18 we operate efficiently and effectively.

19 And Commissioner Edgar, we spent some time a
20 few weeks ago poking fun and roasting you a little
21 bit, so I will refrain from that. But I have truly
22 enjoyed working with you these past four years. I
23 have learned quite a bit from you, not only how
24 procedurally things should work, but also how to
25 read your mannerisms, expressions and swift kicks

1 under the diocese.

2 It has been a pleasure serving these past four
3 years. I want to thank Governor Scott and Governor
4 Crist for appointing me to this position, for the
5 Senate for confirming me and the nominating
6 council. It has been a pleasure, and I am sad to
7 go but I appreciate everyone that's here. Thank
8 you.

9 (Applause from the audience.)

10 CHAIRMAN GRAHAM: Commissioner Balbis, you, as
11 I said before, and several people have heard me say
12 many, many times outside of this room, I refer to
13 this commission as Team Florida, especially when we
14 go outside of the state, and you have always been a
15 very strong and very needed member of this team.

16 When we got here, as you said before, and
17 several people said before, that one of the biggest
18 drives -- one of the biggest tasks before us was to
19 create a collegiate board, and no doubt about the
20 fact that you added to that.

21 It's great to work with somebody else that
22 actually has more college football knowledge than I
23 do, which I think is fantastic. You are my go to
24 guy for that stuff, you know, and can you believe
25 this call, and what about this? But on top all

1 that, you know, because I am up here with attorneys
2 and legislators, and it actually feels good to
3 actually have somebody up here that speaks the same
4 language that I do being a nut fellow engineer, so
5 I am going to miss that very much, and I wish you
6 all the best in your future endeavors.

7 Commissioner Brisé.

8 COMMISSIONER BRISE: Thank you, Mr. Chairman.

9 It's always a sad and bitter moment, I guess,
10 to a certain degree when you see one of your
11 colleagues moving on to something different, but we
12 certainly wish and expect great things from you as
13 you leave these walls. And I can always remember
14 and think about, like I put on your little thing,
15 you know, we talk about O&M expenses, and you know
16 I'm going to ask a question just because, and the
17 comradery that we have actually built here with
18 each other.

19 You know it's interesting -- and when I served
20 in the Legislature, and serving in this body, you
21 have people who are completely different, whose
22 perspective is completely different, but we have a
23 common goal, and that is to serve the State of
24 Florida, and I think that you have served this
25 state admirably in your role as a commissioner.

1 But we have gotten to know each other and gain an
2 appreciation for each other, gain an understanding
3 of how we think and how we approach things, and it
4 has truly been an honor and a pleasure for me to
5 serve with you. So I will be able to say 20 years
6 from now, hey, I served with of that guy, you know,
7 who is doing great things today. And it's been an
8 honor for me.

9 Thank you for your service.

10 CHAIRMAN GRAHAM: Commissioner Brown.

11 COMMISSIONER BROWN: Thank you.

12 And Commissioner Balbis, also known as Eddie
13 to us commissioners up here, Eddie Mango, a lot of
14 different versions we call him up here, but we are
15 definitely going to miss you.

16 And there were a few inside jokes that maybe
17 you didn't get that we appreciate, but we
18 definitely, along the years, the past four years,
19 it's amazing how fast they go by. You know, people
20 say, when you have children, you know, time just
21 warps and you can actually see them grow up so
22 quickly. Well, that's similar here, too, as a
23 commissioner, and we have gotten to go through --
24 the four of us went through Senate confirmation
25 together the first few months, and that was very

1 stressful, and we definitely all formed a bond
2 together. And Commissioner Edgar was a critical
3 component of that.

4 And, you know, Commissioner Balbis, you
5 alluded to it, but you started off, right from the
6 bat, never being reticent to ask anyone questions
7 about anything, even when it's midnight. Nope, we
8 know that Commissioner Balbis, he is going to ask
9 that question.

10 So we do appreciate it, though. You provide
11 our board, as a unit, you provide a such in-depth
12 analysis that really helps for a discussion among
13 us. So we are going to -- I mean, I am going to
14 miss you. They are going to miss you. Staff is
15 going to miss preparing all the additional
16 documentation for you. I know the parties are
17 going to miss that.

18 And we know -- I know that you are on to
19 greater, you know, and better things for you and
20 for your family. I wish you and your family,
21 Laura, Zac, Mark and Sarah, wish you guys the best
22 luck on your next journey.

23 CHAIRMAN GRAHAM: Commissioner Edgar.

24 COMMISSIONER EDGAR: Thank you, Mr. Chairman.

25 And Commissioner Balbis, thank you for your

1 gracious comments. And thank you for taking the
2 time to lay out, in a big picture, some of the work
3 that he would done over these four years, that we
4 have done together. It is compelling. I also find
5 it hard to believe that it has really been four
6 years. I think it's four plus years a little bit.
7 And I remember when you first walked into the
8 building.

9 I have enjoyed having the opportunity to be
10 down here at this end together for these past few
11 years. When you sit this close to somebody, you do
12 get to know them very, very well, and that has been
13 a pleasure.

14 I also have found it interesting your ability
15 to both attract and repel chief advisers, having
16 had the same one for over 10 years myself, but --
17 and another inside joke. But I do fondly, as he
18 knows, refer to him as our \$20 million man, and
19 that will forever, forever be one of ways that I
20 think of you.

21 The other way is of course as our gas guy, I
22 say fondly and respectfully. And you have laid out
23 some of those. Your efforts on C&G, future L&G
24 imports, pipeline inspections, pipe replacements,
25 absolutely good work for the state of Florida, and

1 we all, I know, and for myself of course, have felt
2 comfortable knowing that you were focusing on those
3 issues for all of our benefit.

4 I also think it's great the way you have been
5 able to combine your background in water issues and
6 water public works with your new and added
7 additional expertise in gas, and putting those two
8 backgrounds and your knowledge on current issues
9 and issues ahead will make you a huge asset on all
10 of the next work and next projects that you do, and
11 I will be very, very interested in seeing all of
12 that. And I know you know this, but I will say it
13 anyways, my door is always open if there anything I
14 can ever do to be helpful to you.

15 The comradery that we have developed over the
16 years, I hope y'all can see it. It's real. And we
17 don't always agree on issues, and that's okay. In
18 fact, it makes the work more interesting and makes
19 the decisions stronger. But this would not happen
20 if there was not the desire by each of us to
21 support one another, and I believe that contributes
22 to better decisions on behalf of the State of
23 Florida.

24 So Commissioner Balbis, my friend, I will miss
25 you, and I look forward to seeing all the good

1 things that you do ahead.

2 (Applause from the audience.)

3 CHAIRMAN GRAHAM: Okay. Now we will call the
4 agenda conference of this meeting to order.

5 Let the record show, it is Thursday,
6 December 18th, and we have several items here on
7 the move staff list, and we are going to do it the
8 old school way.

9 So let's start -- we have items number 1, 2,
10 4, 5, 6, 7, 8, 9, 10, 12 -- I am sorry, 10, 11, 12
11 and 14 all on the move staff list. 13 has been
12 pulled off, 3 has been pulled off and 15 has been
13 pulled off.

14 Can I get a motion? Commissioner Edgar.

15 MS. HELTON: Actually, Mr. Chairman, 14 has
16 been withdrawn.

17 CHAIRMAN GRAHAM: I am sorry, 14 has been
18 withdrawn.

19 COMMISSIONER EDGAR: So, Mr. Chairman, I look
20 forward to making that motion, but just for
21 clarification, are you including item 13?

22 CHAIRMAN GRAHAM: No, I am not.

23 COMMISSIONER EDGAR: Okay.

24 THE WITNESS: That does not include 3, 13, 14
25 or 15.

1 COMMISSIONER EDGAR: Thank you. Okay. So,
2 just to be clear, Items 1B, 2, 4, 5, 6, 7, 8, 9,
3 10, 11 and 12, I move the staff recommendation.

4 COMMISSIONER BALBIS: Second.

5 CHAIRMAN GRAHAM: It's been moved and second
6 staff Recommendation on Items 1, 2, 4, 5, 6, 7, 8,
7 9, 10, 11 and 12.

8 All in favor say aye.

9 (Chorus of ayes.)

10 CHAIRMAN GRAHAM: Any opposed?

11 (No response.)

12 CHAIRMAN GRAHAM: By your action, you have
13 moved staff recommendation on those items.

14 (Agenda item concluded.)

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

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

DATED THIS 29th day of December, 2014.



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