1	BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION	
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3	In the Matter of:	
4	DOCKET NO. 090172-EI PETITION TO DETERMINE NEED	
5	FOR FLORIDA ENERGYSECURE PIPELINE BY FLORIDA POWER	
6	& LIGHT COMPANY.	/
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12	PROCEEDINGS:	AGENDA CONFERENCE ITEM NO. 6A
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14	COMMISSIONERS	CHAIRMAN MATTHEW M. CARTER, II
15		COMMISSIONER LISA POLAK EDGAR COMMISSIONER NANCY ARGENZIANO
16		COMMISSIONER NATHAN A. SKOP
17	DATE:	Tuesday, October 6, 2009
18		
19	PLACE:	Betty Easley Conference Center Room 148
20		4075 Esplanade Way Tallahassee, Florida
21	REPORTED BY:	JANE FAUROT, RPR
22		Official FPSC Reporter (850) 413-6732
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25		COCUMEN) PLABER-DATE

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PROCEEDINGS

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CHAIRMAN CARTER: This is 6A,

Commissioners. You should have gotten -- okay. You got the memo from staff on that? Okay.

MS. BROWN: Good morning.

CHAIRMAN CARTER: Hang on. Before you begin, Martha, are the parties here to speak? It's our discretion for oral argument, isn't it?

MS. BROWN: Yes.

CHAIRMAN CARTER: You may proceed. You're recognized.

MS. BROWN: Yes. Good morning,

Commissioners. Martha Brown on behalf of legal staff.

Item 6A is staff's recommendation to deny FGT's motion to terminate, or in the alternative, transfer the record to DOAH. Staff does not believe FGT has alleged reasonable grounds to terminate the case. FGT's allegations of staff bias are based on an Inspector General's report that specifically found no bias. The staff recommendation that you will consider next is really the best evidence of the fair comprehensive review staff gave the record in this proceeding.

With regard to transferring the record to

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DOAH, such a process is not contemplated in DOAH's governing statutes. Staff recommends that you proceed with the deliberations on the post-hearing recommendation. We would also note that the parties did not request oral argument on the motion.

CHAIRMAN CARTER: Thank you.

Commissioners, in this matter we have got a -- staff has briefed out the issue. There was a separate issue from 7 regarding this motion to terminate or, in the alternate, motion to transfer. Any discussion?

COMMISSIONER ARGENZIANO: Question.

CHAIRMAN CARTER: Commissioner Argenziano, you're recognized.

COMMISSIONER ARGENZIANO: If this is working. Thank you.

Just to go over the IG's report, I read it a few times to try to really get a feel for what, I guess, the IG had found. And while I think he says there is no bias, he said it was -- and, you know, we always debate issues. Staff is going to debate issues. We debate issues. It's just the way things happen. But it seemed that there was an elevation of the normal practice of, hey, it's more than a debate. And could you tell me what you -- what

staff -- when you recommend that there is no bias, and I think the IG said that he didn't find bias.

How far -- I mean, I'm not sure what the -- because the only part that sticks out is that there was -- it was different than the ordinary debate, and I'm trying to figure out if that doesn't rise above.

MS. BROWN: Well, Commissioner, it's all relative. Debates can be very contentious. A lot of it depends on the nature of the case, and it's my view that that is one of the main reasons that we all have very different opinions, because the case is hard. It is a difficult decision to make. And we have strong personalities on the docket, myself included, and we would argue pretty vociferously about what was the right recommendation to make to you all in what is a difficult case. I, myself, would not consider that to rise to some level of inappropriate behavior, unpleasant though it was, not inappropriate under these circumstances.

MS. BROWN: No, not marked, just perhaps in degree.

COMMISSIONER ARGENZIANO: And I say I read

it a few times, because when I read no bias, and I thought well, okay, it's normal stuff that we all go through when we have a difference of opinion, but it is still outstanding to me that the report says it was above the normal, and that's what I get from it.

But let me ask another question. When it comes to the General Counsel's suggestions that were input to the decisions that were removed, and I understand they were removed because the issue was removed, is that correct?

MS. BROWN: No, that's not correct. We had a series of meetings, and it was proposed by SGA staff that we include an executive summary in the case to try to lay it all out for you all, because it is really complicated. And SGA staff volunteered to draft that report, or that initial executive summary, and then provided us the opportunity, the other members on the staff, to make comments or revisions to that. Which I did, in order to, I think, bring a balance that I found not to be there the first time.

That said, my view of this is quite different than SGA's, and it was difficult for them in their next draft to reconcile the two. And they took a lot out of what I wrote, and I got mad about

it. But in the process there were further revisions after that to the executive summary which was made much more objective, much more standard. And the one that is in the recommendation that we all agreed on in the end is pretty objective. And I don't mind not having my stuff it, because my stuff is now in other parts of the rec.

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So I guess what I'm saying is the end result of this recommendation is fair, comprehensive, and comprises all of the multitude of views that the staff brought to the case.

COMMISSIONER ARGENZIANO: Okay. And the reason I asked is because I would be concerned as a Commissioner that the General Counsel's concerns were just taken out. I would like to know those things so that I can weight it, you know. But what I want to feel comfortable with, and I hear, I think, what you are telling me is that you feel comfortable now that they are in there anyway, they are just spread out.

MS. BROWN: Yes. Yes. Everything that I had put in that first cut at the executive summary that I made that is relevant to your decision is in the case now, in the recommendation now.

COMMISSIONER ARGENZIANO: Okay. And I

guess one other thing I would ask to try to be fair in all ways, because it is difficult, it's something new, and it is hard to come to, I guess, one mind-set on the issue. But since there's an allegation or was an allegation, I don't know, I guess it is still remaining, of course, that there was bias, and I appreciate the report indicating there wasn't, but still having that level of, well, there's always debate and always discussion, but this one -- and I forgot the word that he used and I read it three or four times, so I should remember the word, but it's escaping me. But it was out of the ordinary.

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When you have someone basically saying there may be bias, is it not wise at this point since there is -- contentious, I think that was the word -- that it was so contentious to remove that doubt maybe by sending it to DOAH? And I'm not saying that's what I'm recommending, I'm just trying to weigh -- you know, is it not wise to do that, or do we feel comfortable now, is staff comfortable.

And, I mean, I don't know now because there is other staff who may have, you know, felt very strongly at first and there may be changes in opinion now. I'm just sitting here trying to figure

out was anybody censored. You know, I mean, these are things that were in the report that come to mind, and I just want to kind of drag them out to make sure whether they are or they aren't. Go right ahead. Go right ahead.

wanted to kind of piggyback on that comment, which it is -- I love the fact that we have staff who feel passionate about these issues. We certainly -- I think each of us often have issues that come before us that we feel passionate about. But it is in my almost five years here somewhat unusual, I think, to have an Inspector General do a review of how a staff recommendation is put together. At least it's the first that I can recall. So I would like to piggyback on that and ask a very basic question. Is there a member of staff who alleged bias or misconduct?

MS. BROWN: Not to my knowledge.

COMMISSIONER EDGAR: Well --

it does make you sit here and scratch your head,
because it seems like somebody brought forward
something. And I guess, maybe now -- maybe now -now I have to wonder whether they don't want to come

forward or they are just saying it is okay now. We 1 had a disagreement and I firmly believe -- and maybe 2 there is still a disagreement on the opinion, you 3 know, having a difference of opinion. It is just 4 that when you hear words of censoring and that it 5 has gone beyond the normal, you have to sit and 6 question, and wonder --7 COMMISSIONER EDGAR: I'm sorry. 8 phrase of allegations of bias or misconduct 9 certainly gets my attention, I mean, just by that 10 11 phrase.

COMMISSIONER ARGENZIANO: Right.

COMMISSIONER EDGAR: And the fact that even an allegation of bias can in and of itself perhaps potentially foster bias.

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CHAIRMAN CARTER: Commissioners, I know we are having a interesting dialogue, but right now we need to take a pause for the cause. A station break. The whole system just went down, so we're just going to take a break in place and we will come back.

COMMISSIONER ARGENZIANO: Okay.

(Off the record.)

chairman carter: We are back on the record. And when we last left, was it Commissioner

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Edgar? You're recognized, and then we will come back to Commissioner Skop, and then back to Commissioner Argenziano.

COMMISSIONER EDGAR: Okay, thank you.

And I was just following up, I think, when we stopped on Commissioner Argenziano's comments and questions. And I think what I was asking was if a staff member had alleged misconduct or bias, which is what the report, I think, says it was intended to determine whether there is evidence of misconduct or bias. And so my first question was did a staff member allege misconduct or bias, because an allegation, as we all know, is not necessarily the same thing as a fact, but an allegation would certainly be of concern. And so did that happen; and, if not, why was there a review or investigation of how a staff rec is put together, which is something that has always been a mystery to me, and I'm fine with that continuing to be a mystery to me.

MS. BROWN: It's probably good that it is.

COMMISSIONER EDGAR: Yes.

MS. BROWN: Well, let me see if I can put this in some context. I'm not aware of any specific allegation of misconduct. I think what happened here is that there was the initial investigation of

the former SGA Director and his visit to the party of the FPL employee. And that this -- because he was removed from this case right as we were beginning to deliberate it, the investigation of whether there had been any undue influence stems from that, and the two go together.

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As far as my knowing who asked for it, I don't, but I would imagine that that's how it happened. You would have to ask the Inspector General, I guess, if you really wanted, you know, a clear answer to that question.

I might tell you that having privacy in this kind of investigation is probably a good idea for the Inspector General going forward. Otherwise, there could be a chilling effect on his ability to investigate matters. That's why confidentiality is sometimes a good idea. That's my own view. You'd have to follow through with him on that. But that's about all I can tell you about how it happened, the two things ran together.

COMMISSIONER EDGAR: I guess at this point
I would just make this comment to that. Which is,
first off, I think our Inspector General does an
excellent job. I have worked with a number of IGs
over the years, almost all of whom have done an

excellent job, in my opinion, and I certainly put
this agency in that category. And I do think that
having an Inspector General as a resource to staff

But I do have just, you know, I guess a question and maybe even a concern, because I can say that the mere fact of an investigation occurring can be very intimidating, and that is something that I think needs to be always weighed very carefully. So thank you for your responses.

and to anybody in the suite as well is a good thing.

MS. BROWN: Sure.

to go to Commissioner Skop, but I think -- and then, staff, I will just ask this question up front.

There are two recommendations. There is an alternative recommendation, as well. Do those two recommendations represent the divergent views of staff, is that --

MS. BROWN: Yes. I would say that would be true as well as some of the other options that are included in the staff recommendation. That's pretty much it. The whole scope is there in that recommendation.

I want to point out, if I just might, something that Mr. Ballinger mentioned to me about

the contentious nature of those discussions. We

were -- staff was conducting multiple cases at the

time; FPL's rate case, multiple rate cases, DSM

goals. The General Counsel's office has a million

things to do, still does, and people were tired, and

their tempers were short, and they were frustrated

about getting things done because there was so much

going on. And I think that created the atmosphere

of contention that the Inspector General discusses.

I agree with Mr. Ballinger on that.

CHAIRMAN CARTER: Okay. Commissioner

CHAIRMAN CARTER: Okay. Commissioner Skop.

COMMISSIONER SKOP: Thank you, Mr. Chair.

Just a couple of questions with respect to some of the comments made about the Petitioner's desire to transfer this to DOAH. Would it be correct to understand that the Florida Public Service Commission has exclusive jurisdiction for determinations of need?

MS. BROWN: Yes, that's correct. And if I
might also add to what I wrote in that
recommendation about -- I'm sorry, go ahead. I'll
be quiet.

COMMISSIONER SKOP: I would appreciate more of a straight response. So sending it to DOAH

would do nothing more than have them come back with 1 findings of facts, and also, more likely than not, 2 they would want to establish their own evidentiary 3 record before making such findings of fact, is that 4 correct? 5 MS. BROWN: That's my opinion. If you 6 could turn it around and put yourself in that 7 position, if DOAH gave you a hearing record to make 8 determinations on, would you want to do it without 9 listening to witnesses and hearing -- testing their 10 11 credibility? I don't think DOAH would want to do that. But there I went on again. I'm sorry. 12 CHAIRMAN CARTER: Commissioner? 13 COMMISSIONER SKOP: I have additional 14 15 questions. Ms. Brown, you're lead attorney on this 16 docket, is that correct? 17 MS. BROWN: That's correct. 18 COMMISSIONER SKOP: At any time as lead 19 attorney on this docket, did you observe SGA staff 20 21 seeking to solicit another legal opinion that 22 supported their position? MS. BROWN: Yes, it's my understanding 23 24 that that did happen. 25 **COMMISSIONER SKOP:** So they were shopping essentially for legal opinions?

MS. BROWN: Yes.

COMMISSIONER SKOP: Okay.

MS. BROWN: That's not -- that has happened before.

make it right. Okay. So notwithstanding what previously happened in this docket, and the fact that by virtue of your comments that now both sides of staff recommendation, whether it be primary or alternate, are clearly presented and embodied within the final recommendation, without the intervention or intervening event of the IG's report, do you honestly feel that that would have happened, that both sides of staff's perspective would have been incorporated in the final opinion?

MS. BROWN: Yes.

COMMISSIONER SKOP: Okay. All right. Mr. Chair, just to answer Commissioner Edgar's inquiry and as it has been reported, for the record I was the one that requested the IG investigation. And I have no problem doing that based upon numerous staff members expressing concerns to me as to how this was happening in terms of some of the pressure that's somewhat reflected in the IG's report, although it

seems to be somewhat watered down in context of what was initially alleged to me. But, again, I have a duty as a Commissioner to ensure the integrity of the process, and I had no reservations about taking those concerns to the IG, whose purpose it is is to investigate such concerns.

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So, again, the report is what it is. was necessary, I believe, based upon the concerns that were expressed to me, and I would have no problem doing that again. Again, do I feel that the report is 100 percent, you know, reflective of some of the comments that were expressed to me? No. confidentiality important? Absolutely. I will never reveal who brought those concerns to me. at the end of the day, some of the comments within the Petitioner's motion seemed to be somewhat reflective, they are somewhat critical of the IG report, you know, I could draw a few criticisms of my own on that. But, again, I think the important thing is to recognize from the Commission's perspective that this got off on the wrong foot to begin with given the tension, given the full court press that was being put on by technical staff to other staff members. I think that is accurately reflected in the IG's report.

Now, at the end of the day did we get back on track and both sides of the staff's concerns get presented? I think we did. So I'm somewhat comfortable in that. But I think the lesson learned here is to never repeat that experience.

There seemed to be some serious reservations about what was happening from the staff perspective. You know, some of that appears to be perhaps glossed over in this morning's discussion, but I would not have, as an attorney, taken my concerns to the IG had I not thought those concerns to be well reflective of concerns that were expressed to me by staff and worthy of additional review and consideration by the IG. So I just wanted to state that for the record.

And I know given the attendant circumstances with respect to the SGA director attending a party in a post-hearing posture, that presents its own set of question marks. Again, obviously an invitation was extended. That invitation unfortunately was accepted. Again, it's hard to determine. Maybe nothing happened wrong, maybe something did, I don't know. I wasn't there. But at the end of the day, that combined with some of the other concerns that are addressed in the

staff's alternate and/or primary recommendation I think certainly are worthy of consideration.

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I know that staff has raised some concerns about the openness of the bidding process and perhaps we can get to those concerns within the context of considering the recommendation as a whole. At least for me, from my perspective, in light of what I have observed, in light of what has been communicated to me by members of our staff, in light of the IG's report, it seems to me that, you know, perhaps in the interest of fairness, you know, we might consider as a Commission, based on some of the staff recommendations perhaps moving forward in a posture that would allow this to be rebid. And, basically, you know, have another two-day hearing to address the evidentiary -- or create an evidentiary record based on the new bids that would be, perhaps, more reflective of ensuring that this \$1.5 billion project ultimately is the best decision to be made on behalf of Florida's consumers.

You know, it's easy to put branding on stuff with cute names like EnergySecure and market it and try and sway public opinion. But at the end of the day, I mean, this is a very expensive, perhaps very necessary project for Florida. But,

again, what it needs to be approved on is its individual merits, and ensuring that we have the business possible data, I think, is very important. And I'm not suggesting that this should preclude us moving forward with the staff recommendation, because I think that we can do so should the will of the Commission desire to move in that direction.

But I also wanted to take the opportunity to point out the obvious. And, you know, I think perhaps on a forward-going basis things will be done differently. I would hope they would, and I would expect they would. But, you know, I think that this is the perils of what has transpired with respect to the docket lends the same question mark as I think Commissioner Argenziano alluded to. So I will just stop there. I wanted to put that out there and we'll see where the discussion goes.

chairman carter: Thank you. I'm going to go to Commissioner Edgar, and then I will come back to you, Commissioner Argenziano.

COMMISSIONER EDGAR: Thank you, Mr. Chairman.

Very briefly a couple of comments. First, Commissioner, I think you carried us over into 7, and I'm still on 6A. So I wanted -- and on 7 I do

have a number of questions, and I'm looking forward to some full discussion on that, because I agree with you it is a very important issue and a very intriguing legal issue, in my opinion.

But back to 6A, you apparently have a great deal more knowledge about how this staff recommendation was formulated from the beginning until its completion than I do, and you have mentioned that perhaps we should do some things differently. And I'm always, always looking for improvement, but it does raise a concern about staff going to an individual Commissioner during the analysis and formulation of drafts. And I would hope that maybe that's something that on a go-forward basis is taken into account.

CHAIRMAN CARTER: One second.

Commissioner Argenziano.

COMMISSIONER ARGENZIANO: Thank you.

Mr. Chairman, my concerns are simply that it rose to a level of extraordinary. It wasn't the ordinary, but -- and I have to say that if I were on one side and then found that there was contention and that possible censorship -- or just heard about it, I think I would feel, hey, wait a minute; this is my case and I'm concerned. If somebody is

censoring and somebody is pushing in one direction, they have a right to be concerned, and that's just so easy to see.

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What I think gave me the most heartburn was that it did rise and that there was somewhat of an allegation of censorship and that did bother me. And what really bothered me, to be honest, is the --not that I wouldn't be honest -- I don't know why we say that, but really was that General Counsel's suggestions or recommendations might be withheld or stifled, and that really concerned me, because I don't want that to ever occur. I want to know what our counsel's concerns are regardless of staff, whether staff thinks they belong in there or not. I think that is very important and I think I have heard that they are in there. And that makes me feel more comfortable.

I wouldn't feel comfortable if there wasn't an alternative, another alternative, then I would feel that somebody was stifled and their side was not heard. So given the fact -- and I'm going back and forth with this -- that there is an alternative, that tells me that their side came through, both opinions. No one was stifled. No one was censored. I hope not. And that makes me feel

better, and that's just where I come from.

CHAIRMAN CARTER: Thank you, Commissioner.

Commissioner Skop, you're recognized.

COMMISSIONER SKOP: Thank you, Mr. Chair.

Just to Commissioner Edgar's comment. My door is always open to listen to valid employee concerns, particularly in light of if they affect the integrity of the process. That has absolutely nothing to do with the merits and it should not be even remotely construed as having a discussion on any merits. It's just merely a fact. Some of the terminology that was used when concerns was explained was railroading, amongst other choice words, some of which were reflected in the staff -- I mean in the IG's report.

So, again, I think that this, from my perspective, seemed to have some valid issues that warranted taking the extraordinary step of requesting the IG to look at what was going on. And I truly feel, absent the IG's intervention in this case, you would not have had the second minority voice or the alternate recommendations that Commissioner Argenziano just alluded to.

I don't care how you want to cut it, it just -- from what I observed, what was going on from

the concerns that was expressed to me, that wasn't going to happen. The likelihood was not promising. So it's always important, I think, to have a balanced recommendation. I don't care what is in the recommendation myself. That is for staff to determine. But when the allegations rose to the level that are presented in the IG's report, absolutely, I have no problem with requesting that to be looked at, and I wouldn't hesitate to do it again.

CHAIRMAN CARTER: As I said earlier,

Commissioners, is that -- and I take Ms. Brown at
her word, she's a member of the bar and been there
for a long time. She said -- and I asked were both
sides put in this, because I saw their alternate
recommendation and their other recommendation, and
she said that they were. I'm comfortable with that,
because both sides got their opinion in there. And
it is up to us as Commissioners to make a decision
on where we fall down on it. You know, and that's
just the way it is. And I think we need to go ahead
on and move forward.

I'm comfortable with staff's recommendation on how we should proceed further. I look forward to us delving into Item 7. But on Item

6A, I think that we are Commissioners, we have exclusive authority on the need determination, it's our responsibility. We shouldn't pass the buck; we should do our job.

Commissioner Argenziano.

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COMMISSIONER ARGENZIANO: I don't want to lengthen the debate on this at all, but I think staff should always feel free to be able to have their input. And sometimes there is more than one alternative, and if other staff is trying to stifle staff, then that need not occur. They need to feel free to be able to show difference of opinions. Of course you can't have 800 of them, because then where would you ever get to. Within reason, of course.

But, I think what I'm hearing today is that if staff ever feels that one Commissioner is pushing in one direction -- I mean, Commissioners should let staff do their job and then we take it or leave it. If we feel that there should be some information included -- well, of course, you can do that. But I think no Commissioner should tell staff this is what you have to do. And I hope that if that ever occurs, they would come to us as a whole and say, look, in the best way you can, because I

know it is difficult having five or four bosses at the time. So I think saying that -- that is why I wanted to make it clear. Of course we had concerns. There were words that were -- things that were out there, and the company -- both sides have a right to feel concerned. But since two alternatives are there, and that is what I would hope that in the future if there ever was a difference in opinion, we're big enough to understand that people have differences of opinion --

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CHAIRMAN CARTER: Absolutely.

commissioner argenziano: -- and then we just judge on those. So I hope that staff never feels pressured by any one Commissioner. And we will just leave it at that, I hope.

CHAIRMAN CARTER: Okay. Let's do this,

Commissioners. On Item 6A, we have a recommendation

from staff.

briefly. I'm looking forward to the discussion I hope here in a minute on the merits on Item 7. I know that at the hearing, I asked both parties if there was a third alternative. I didn't want 800, but I did ask both parties at the hearing if there was a third alternative. And staff has given us two

and maybe more as we hopefully here walk our way through the flow chart. So I was hopeful that staff would look into a third alternative, and I think that was clear from my questions at hearing.

But as to this matter before us, I'm glad that we have had the opportunity to discuss it out in the open with staff. And I am comfortable moving forward and getting into the merits. So, Mr.

Chairman, if it is all right with you, I would like at this time to make a motion that we deny the FGT motion to terminate or transfer, and that as part of that then we would obviously not close the docket, and we would then here in a moment at your pleasure move into a discussion on Item 7.

COMMISSIONER SKOP: Second.

CHAIRMAN CARTER: It has been moved and properly seconded. Commissioners, any further questions? Any further debate?

Hearing none, all in favor, let it be known by the sign of aye.

(Unanimous affirmative vote.)

CHAIRMAN CARTER: All those opposed, like sign? Show it done.

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1 2 STATE OF FLORIDA) 3 CERTIFICATE OF REPORTER COUNTY OF LEON 4 5 I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 6 do hereby certify that the foregoing proceeding was 7 heard at the time and place herein stated. 8 IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that 9 the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings. 10 11 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 12 parties' attorney or counsel connected with the 13 action, nor am I financially interested in the action. 14 DATED THIS 16th day of October, 2009. 15 16 17 JANE FAUROT, RPR Official FPSC Hearings Reporter (£850) 413-6732 18 19 20 21 22 23 24 25