IN RE:

Application for rate increase and increase in service availability charges by Southern States Utilities, Inc. for Orange-Osceola Utilities, Inc., in Osceola County, and in Bradford, Brevard, Charlotte, Citrus, Clay, Collier, Duval, Highlands, Lake, Lee, Marion, Martin, Nassau, Orange, Osceola, Pasco, Putnam, Seminole, St. Johns, St. Lucie,

Volusia, and Washington Counties.

DOCKET NO. 950495-WS

COPY

**BEFORE:** 

CHAIRMAN SUSAN F. CLARK

COMMISSIONER J. TERRY DEASON COMMISSIONER JULIA L. JOHNSON COMMISSIONER DIANE K. KIESLING

COMMISSIONER JOE GARCIA

PROCEEDING:

AGENDA CONFERENCE

ITEM NUMBER:

35\*\*

DATE:

Tuesday, November 21, 1995

PLACE:

4075 Esplanade Way, Room 148

Tallahassee, Florida

REPORTED BY:

JANE FAUROT

Notary Public in and for the State of Florida at Large

ACCURATE STENOTYPE REPORTERS, INC. 100 SALEM COURT TALLAHASSEE, FLORIDA 32301 (904) 878-2221

**BUREAU OF REPORTING** 

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## PARTICIPATING:

MICHAEL B. TWOMEY, representing Sugar Mill Woods Civic Association, Spring Hill Civic Association and Marco Island Civic Association.

BRIAN P. ARMSTRONG and KENNETH A. HOFFMAN, representing Southern States Utilities.

JACK SHREVE and CHARLES BECK, representing the Citizens of the State of Florida

## STAFF RECOMMENDATIONS

Issue: (The recommendation for this item will be filed on Tuesday, November 14, 1995.)

## PROCEEDINGS

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24 25 CHAIRMAN CLARK: Item 35.

MR. JAEGER: Commissioners, Item Number 35 is Staff's recommendation concerning the motions of Office of Public Counsel and the customers of Nassau County for reconsideration of the order establishing procedure in the Southern States Utilities rate case. Also, we will address SSU's response thereto, and the concerns expressed by the Commission at the November 7th agenda conference concerning the adequacy of the initial customer notice. In Issue Number 1, the issue is whether oral argument on OPC's motion for reconsideration should be allowed, and Staff is recommending that five minutes per side be allowed.

CHAIRMAN CLARK: Is there a motion, Commissioners? COMMISSIONER DEASON: I move we allow oral argument.

COMMISSIONER JOHNSON: Second.

CHAIRMAN CLARK: That it be limited to five minutes a side?

> COMMISSIONER DEASON: Yes.

CHAIRMAN CLARK: Okay.

COMMISSIONER GARCIA: Is it five minutes each

side?

CHAIRMAN CLARK: For each side.

COMMISSIONER DEASON: Well, now, is this a situation where -- I know last time, I mean, Mr. Shreve made an argument, I think Mr. Twomey came in, and that Mr. Shreve didn't want to yield any of his time, and I don't blame him for doing that, because he had an argument he needed to make. Is this the same situation here or is it each party would have five minutes?

CHAIRMAN CLARK: Well, I only understand that the motion is from Public Counsel.

COMMISSIONER DEASON: Well, I'm just trying to get the ground rules --

CHAIRMAN CLARK: Mr. Twomey, have you filed in support of the motion?

MR. TWOMEY: No. But I thought you -- aside from that, I thought, Commissioners, that you carried this item over from your last agenda conference in which we were involved, and we were to address the issue of validity of the synopsis and the notice.

CHAIRMAN CLARK: We asked them to go through and take that into consideration as we did this recommendation. Mr. Jaeger, has Mr. Twomey filed in support of the motion for OPC's motion?

MR. JAEGER: That is not addressed in this motion. I have seen no motion in support.

CHAIRMAN CLARK: Mr. Twomey, I would appreciate it

if when you want to make argument and support a motion 1 if you would file something or somehow give us notice. MR. TWOMEY: Okay. I will do that in the future. 3 I apologize. 4 CHAIRMAN CLARK: And what we will do is, Mr. 5 Shreve will give you five minutes, and, Mr. Twomey, we 6 will likewise give you five minutes, and we will give 7 the Company ten minutes to respond to the two of you. 8 Fair enough. Thank you. MR. TWOMEY: 9 MR. SHREVE: Does this mean that the Company and 10 Mr. Twomey are not of one mind on this, we thought they 11 might be sharing time. 12 13 CHAIRMAN CLARK: Mr. Shreve, you may know something I don't know. Is that correct, Mr. Twomey? 14 15 MR. TWOMEY: That he knows something you may know? 16 CHAIRMAN CLARK: No, that you may be --17 MR. TWOMEY: He probably doesn't. 18 CHAIRMAN CLARK: That you may be supporting the 19 Company on this. 20 MR. TWOMEY: I don't think that I am. 21 CHAIRMAN CLARK: Go ahead, Mr. Shreve. 22 MR. SHREVE: Well, we will let Mr. Twomey go and 23 we will either give him part of our time or let him 24 just go first. Most of the arguments were made last

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time.

CHAIRMAN CLARK: You would like him to go first? 1 MR. TWOMEY: And I'll try and be --2 COMMISSIONER GARCIA: Isn't this Jack's motion? 3 Shouldn't you go first, Jack, since he can't support 4 your motion. You're the one making it, right? 5 CHAIRMAN CLARK: Well, my only concern is that 6 Mr. Shreve may want to respond to some things that 7 Mr. Twomey has said. 8 MR. SHREVE: It depends on what kind of help he 9 gives us. 10 CHAIRMAN CLARK: I understand that, Mr. Shreve. 11 12 Mr. Twomey. MR. TWOMEY: I will go first, if that's okay, and 13 I will try and be brief. I want to say that my clients 14 support the Staff's motion insofar as it goes. We 15 16 don't think that it goes far enough. 17 CHAIRMAN CLARK: Mr. Twomey, you support the Staff 18 on what item, all of them? 19 MR. TWOMEY: Well, primarily, Madam Chairman, the 20 Item 4 alternative recommendation. 21 CHAIRMAN CLARK: Okay. 22 MR. TWOMEY: Which is, as I understand it, to send 23 out the supplemental notice to the customers as per the 24 Attachment A, reschedule the customer service hearings, and then, thirdly, postpone the technical hearings now 25

scheduled to begin the end of January 1996. And we support that. We think that it doesn't go far enough in that it doesn't suggest that the case should be started over, essentially. You should have the rate case clock started over again, and then also that it doesn't address the issue of testimony being filed and delays there. And in than that regard, let me say this. I want to ask you to focus on the issue of due process, notice, and the role that tariffs play in providing due process. A lot of people don't think of it, because you get so wrapped up in revenue requirements often, but by the law, what the Company has to ask for is the approval of specific tariffs. Revenues come in the middle. They don't ask for approval of revenues, they ask for tariffs.

And ultimately at the end of any rate case what the Commission approves by its stamp, its literally the seal of approval of the State of Florida, is when your Clerk stamps approved the tariff sheets. So what you approve is they request tariffs, you approve tariffs, and the revenue business is in the middle. One of the — without any other aspect of notice, one of the benefits of tariffs, rate filings at the beginning of a case is that any class of customer for any utility can go to the sought-after tariff and see how the Company

proposes to have the Commission affect their rates. It doesn't matter what class you are. You can look at — if your current rate is X, they ask for X plus, or two times X, or whatever, and you can determine how you're threatened, how your substantial interest is affected by their filing.

SSU's tariff filings in this case were deficient the moment they filed them, and they remain deficient because they have asked only for uniform rates on permanent basis, as well as interim. And we all know that they filed this case after the reversal in the First DCA, and nobody is going to get uniform rates, we think.

Now, you dismissed, so I suggest you need to have these people file new tariffs for everything they are asking for so the customers -- so you know what they are asking for specifically, not just all of this stuff. You know what they are asking for, your staff knows what they are asking for, and the customers know what they are asking for specifically for each service location. If they have to file multiple tariffs, so be it.

Now, you denied their interim filing based on the fact that they asked for uniform rates and because of the projected aspects of it. You gave them an

opportunity because of the complexity and controversy in this case to file a second interim filing. I don't think that's appropriate personally, but you did that. In response to that, last Wednesday afternoon late, SSU filed a supplemental filing, okay. This is it,

Commissioners. There is 38,872 pages of supplemental information addressing all of the former stand-alone, uniform systems on a stand-alone basis. Now, I don't think -- and I don't think they filed any tariff sheets supporting this so the customers could go to the tariffs, you can't expect customers to look at this, so there is still no notice.

I'm going to suggest to you, Commissioners, that you do your Staff and the customers of this utility a grave injustice if you place the burden on your Staff of trying to analyze interim rates using this information in any less than 60 days. I think you do your Staff an injustice by placing a huge burden on them trying to look at interim rates of this magnitude in the middle of a rate case.

The solution, restart the clock. Take 60 days to do this, let your Staff analyze this at the beginning of a rate case, okay. Now, start the whole thing over. Your Staff has said give new notice, reschedule the hearings, customer service hearings, reschedule the

There is no reason whatsoever, technical hearings. Commissioners, not to restart the whole business. Let your Staff work under a proper work load, although still heavy. Let the customers analyze their exposure, go through the service hearings. There is no sense whatsoever in making the intervenors and the Public Counsel file their testimony six days from now as is currently the schedule on the 27th, however many days that is from now, and still reschedule the hearings until May or whenever it is. There is just no sense in My clients want to look at uniform rates -- I mean, permanent rates on a stand-alone basis. information is the first time we have had all the information in one stack to look at. We can't do it in the next six days.

So, lastly, on the notice issue, while I think that the notice is deficient from the beginning, and is not in compliance with the law or your rules, you have taken the contrary position. I would say to you this and I will stop. It is one thing entirely to go into writing a brief and making an oral argument at an appellate court and arguing that the notice that the Commission and the utility gave customers was minimal and adequate after the fact. I would suggest to you that it's an entirely different thing to go into a case

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at the beginning arguing that the notice the utility has given, recognizing that the notice that the utility has given customers is just minimal. I think that you ought to try, as your Staff is now recommending through this appendix, you ought to try and give as complete and adequate notice as you can to all the customers of this company going in, and then worry about defending it. And not defending it as being minimal.

So, I would ask that you grant that part of your Staff's recommendation. You reset the clock, the 60-day clock, the 80-day clock, and most importantly that you reschedule the time for intervenor testimony to allow us at least an additional eight weeks to digest this massive amount of information that the Company has just filed and to allow us to properly prepare our cases. Thank you very much.

CHAIRMAN CLARK: Mr. Beck.

MR. BECK: Thank you, Madam Chairman. As you can see, there have been some dramatic developments even since we have been here a couple of weeks ago with the last agenda conference. And Mr. Twomey has stacked up the volumes here. You can see the size of them.

Southern States filed those volumes on November 13th.

A number of the volumes are what used to be work papers that were used, I guess, to develop the uniform case.

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On the other hand, a large number of the volumes are brand new materials. And let me give you an example of one of the problems we face. In the uniform rate filing you have probably noticed that the revenue percentage increase in water is different than the rate percentage. Approximately, the revenue increase is about a 37 percent revenue on water, but it's over 70 percent on a rate increase. And the reason for that is price elasticity that they built in a repression for Now with these new volumes that they filed over here, we have a whole new set of problems. over 100 systems, and the best we can tell they have used new price elasticities, and we think they change from system to system. We've got a whole new case here that we have to fight. Price elasticity is a very high dollar issue that we are going to be addressing in the uniform case, and we have worked our case up on that, and now we have got a new filing with new price elasticities and over 100 systems to work on. an example of the kind of problem we face on these new volumes that we just got. What they have done is filed These are new MFR volumes that the Company a new case. has sent around to the different counties.

To us, the obvious thing to do is to the clock anew. They have changed the case, they have made new

proposals that should have been in there when they filed their case to begin with. And we have argued this at length, and I'm not going to go through it all again. We did it last time on the motions to dismiss. Southern States knew when they filed this case that there had been a reversal at the First District Court of Appeal, and they had known that for 2-1/2 months before they filed the case.

What you see here is they are finally filing what they should have done in the first place, and that's one of the reasons notice is improper in this case, is that Southern States has not told customers what their exposure is in this case. These volumes give the first instance of where customers could find some information about what their exposure is.

In fact, the only information that the customers have so far, I think, is what Southern States has wanted the customers to know. When they filed the case, it was a uniform rate. The only thing that was told to customers was the Company's proposal, not what the customers were exposed to, but just what the Company wants. Now we understand they are sending out notices to customers giving some other information to some customers that they want. We have been through the infirmities, we think, of the notice that went out.

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It's in our motion, we argued it last time, and I'm not going to repeat it. Thank you.

CHAIRMAN CLARK: Thank you, Mr. Beck. Mr. Armstrong.

Thank you, Madam Chairman. MR. ARMSTRONG: would like to begin by just noting several substantive points regarding the Staff recommendation, and then I will address briefly the points raised by Mr. Twomey and Mr. Beck. As the Commission is aware, the Company since at least September has offered to reschedule and renotice customers providing information that has been suggested as being necessary by the parties as well as by several Commissioners. The Staff's initial proposal, the primary recommendation proposes that we provide such a notice within 14 days of the Commission vote. We have reviewed the notice and we don't have any problems with the notice with one exception, and that is on Page 20 of the Staff recommendation, which is part of the notice. There is a reference to -there is the word true which appears.

CHAIRMAN CLARK: The word what?

MR. ARMSTRONG: The word true. About eight lines down, the first paragraph of the notice, the last word is true.

CHAIRMAN CLARK: Okay.

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MR. ARMSTRONG: The Company would request that the word true be deleted. I think the rationale is apparent. The Company believes not only that we have abided by the black and white letter of the law, but also by the spirit of the law regarding our notice. much has been indicated about what the Company knew, or should have known, or could have known, and the Staff recommendation deals with it honestly and forthrightly. The Company could not have known what this Commission would do regarding rates and rate structure at the time we filed this case. The significance of the Commission's finding that Southern States was one system and had functionally related land and facilities throughout the State of Florida should not be overlooked and can't be underestimated. It's the Company's firm belief that in regulatory proceedings such as this and with regulatory matters, this Commission has further latitude than a court might have, a trial court reacting to a dispute, a contract dispute between two commercial entities where it's just a breach of contract. This Commission has to look at the long-term best interests of not only the company, but as well as our customers.

We believe uniform rates are the appropriate rates for a number of reasons. Obviously, we don't believe

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that it's a prudent thing to do from a conservation perspective in the State of Florida to allow customers who use more water, 150 percent, 200 percent more water than our other customers to benefit by that by having lower rates under these modified stand-alone or stand-alone rates. It's not the prudent way to go. What we have are customers who are complaining and alleging that rates of \$17 for 10,000 gallons of water are unaffordable. Again, it's not the way to go. hardly to be believed. You have heard recently in past customer service hearings, just very recently, a number of customers in Lake County from the Silver Lake Estates area. Those customers complained about the enormity of their rates, and they said to you, they are using 25,000 and 30,000 gallons of water a month. Our revenue requirements at the Silver Lake Estates facility on a so-called stand-alone basis are commensurate with many, many other facilities. other facilities that we serve would have higher stand-alone monthly rates, so called stand-alone. why is that? Because those customers already have listened to the conservation message. It would be impractical, inequitable to allow those customers to pay the higher rates based on their response already to the conservation message, the fact that they use 5,000

gallons of water as opposed to the people who benefit from these so-called stand-alone rates who use 10, 15, and more thousand gallons of water. It would be inappropriate and inequitable.

Our next question is just a practical one, and that is on the 14-day limitation for sending out the customer notices. I have been informed by Company staff that it would be impossible to get that notice out within 14 days. We have put the finger to them and asked them how quickly could they do it, and we requests fervently that we have 30 days to get that customer notice out, if that is the Commission's desire. That would allow appropriate time for the rate schedules to be developed, passed back and forth between your Staff and yourselves, and then the mechanics, which can't be underestimated of getting these notices out to 100,000 customers, could then be accomplished.

We have some questions regarding the notice.

Specifically, on Page 24, which is the schedule. And more specifically, under present rates. What Mr.

Twomey has brought in here in this Volume 2B is simply responsive to the Commission's desires, customer desires, and the attorneys sitting at this tables desires to see rate designs. I think Mr. Beck

acknowledged, I know he did, that they have had a significant amount of material in here regarding the service area specific rates already since early September of this year. The rate design schedules, the E-Schedules that are in here, are the things that are different. And the rate design schedules do include 1994, '95, and '96 based on the three scenarios that have been suggested so far as being a possible rate design. That is the stand-alone, the modified stand-alone, and the uniform rate designs.

with this regard, we have to, again, state that
the Company cannot be pressured and we cannot be held
-- nor can the Commission be held to a standard of
pressure to know what rate design some party might
allege or might propose during the course of this
proceeding. If the Staff notice were to be delivered,
we believe -- we hope and would expect that that would
be sufficient at that time point in time as far as
customer noticing as to what the extremes are.
However, we don't know that. And given what we hear
today and given what we have seen to date, procedural
-- I call it gamesmanship -- asking for further, and
further, and further information, and now it's the
tariffs that have to be provided. The E-Schedules are
in here. The summary schedules are in here. We

provide over and over again summary information that is not required in the MFRs, but which is a summary of all the data incorporated in those documents. We cannot be more plain. A customer notice cannot make it more plain as the Commission has set out as to what the rates are, and yet today you hear Mr. Twomey suggest that the tariffs have to be there, the tariffs must be there, or else the customers can't know from looking at a one-page summary.

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We believe, and I know the Commission agrees, that the customers deserve information. We provide that information whenever it's possible and whenever it's prudent, because that information provided to customers is not supposed to be there to confuse the customers. And if we release information in a happenstance way, that is exactly what occurs. And we don't want to see the up and down, and the up and down, and have customers confused. We really don't want to see that either, and we want to comply with the desires of having customers know what is necessary. But what you're hearing today again with regard to Mr. Twomey saying tariff sheets now out of the blue, not required, certainly not credible. One sheet, one sheet is all that's necessary to provide the information that has been requested to date as far as we know. But we would like to have it settled once and for all regarding what the Commission would like. And, again, the Company would be willing to comply with that.

You heard brief reference by Mr. Twomey, again, to restarting the clock. Obviously, you heard no reference to any legal support or justification for The Company doesn't believe that there is doing that. Again, I just want -- two points in closing. large portion of what you have here in these volumes has been provided and was provided back in September to all the parties, including Mr. Twomey and his clients. So, if there is any suggestion that they have to go through the whole thing and analyze it again, the only thing that needs to be analyzed and looked at is the E-Schedules; that's the only new piece of information. Regarding price elasticities, the information in here applies the same price elasticities which were applied in the uniform rate design, which previously was submitted by the Company. So it's the same elasticities. There isn't any need to go investigating what other elasticities have been applied.

CHAIRMAN CLARK: Are you done, Mr. Armstrong?

MR. ARMSTRONG: That's it. Thank you, Madam

Chairman.

CHAIRMAN CLARK: I just wanted to be clear. I

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understand that you don't object to sending out the supplemental notice to customers of the application which is shown on 20?

MR. ARMSTRONG: We do not object.

CHAIRMAN CLARK: It was not clear to me whether you support Staff's primary or alternative recommendation on Issue 4.

MR. ARMSTRONG: We do support the Staff's primary, which would suggest that we do not have to reschedule the customer service hearings.

CHAIRMAN CLARK: Okay. But, as I understood it, you have no objection to holding customer hearings again?

MR. ARMSTRONG: We do not. One alternative might be, you know, the first day of the evidentiary hearings, if the Commission would like to hear evidence from witnesses at that point, that is one possibility. If there is really a substantive need and desire to have customers heard from, again, then we don't want to deny that to the customers at this point in time. It is noteworthy as far as we are concerned that under the uniform rates and the uniform rates as they have been proposed, I think we have seen a significant decrease in the customers who attended our customer service hearings to date. And I believe that's what we

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suggested all along uniform rates would provide to customers.

CHAIRMAN CLARK: But you're indicating you need 30 days to get out that notice?

MR. ARMSTRONG: Madam Chair, I would be shot if we don't get the 30 days. Particularly when three or four days are lost for Thanksgiving.

CHAIRMAN CLARK: You have to be careful when you say things like that. My husband always responds, "That's an option."

MR. ARMSTRONG: And that's what I have been told by the employees, that the Company would do that, too.

CHAIRMAN CLARK: All right. And you are also saying that most of the new filing is rate design?

MR. ARMSTRONG: That's right.

CHAIRMAN CLARK: And you are giving information about the rate design that had previously been provided?

MR. ARMSTRONG: To be clear, a good portion of this information is the specific information to service areas, work papers which previously had been provided to all the parties. The additional information is the rate design information for '94, '95, and '96, which gives the other rate designs which have been requested.

CHAIRMAN CLARK: Mr. Shreve, did you want to

respond briefly, because you did not use all of your time?

MR. SHREVE: Thank you, Madam Chairman. A couple of things I hadn't planned on raising. First of all, I take it that Mr. Armstrong is representing to this Commission that there is no new information on elasticity of the individual systems. And I hope you will make note of that. A large part of these were not filed in the MFRs, the work papers came out in discovery. They were not in the MFRs. For all practical purposes, this is a new filing, and when there is a new filing there are other cases where there has been a -- even at the hearing when you have gone I know you will remember one in Ocala where we had the hearing that was dismissed at the last minute by Commissioner Gunter and Commissioner Nichols because of a new filing on one portion of the case. they have a new filing they very clearly can be dismissed.

Mr. Armstrong makes a great deal about not wanting the customers to be confused. Possibly also not informed. And I would assume from his representations to you that they think the uniform rates, which we are not going to get into that fight, but that the uniform rates are good for everyone. That they would keep --

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they would inform all of the customers of the same information that they inform a part of the customers, and not be selective. I received a copy of a bill from a customer yesterday that was very upset, and I would like to pass this out, where Southern States had asked for them to try and influence you on your reconsideration of uniform rates as well as contact their state legislators, giving specific examples of the increases and decreases.

Now, I don't know what the situation is on this. This gentleman was really upset because he had called the Staff, and the Staff had gone over the rates with him and said that the figures he was given were incorrect. Now, I don't know about that, but I would like for Mr. Armstrong to tell you, did they send this information to all of the customers or were they selective in what they were giving to the customers? I would imagine they were selective, and a certain portion of the customers that would not be affected in the same way this group of customers were not given the information. And that's what we have been dealing with all along here.

The customers are entitled to be properly informed, honestly informed. The Staff's suggested notice appears to do that. I would have a couple of

notice appears to do that. I would

suggestions, but I think it really goes very close to doing that. I think that it should be potential final rates in the last three columns, but beyond that I think the Staff has made a real attempt here to give the customers the proper information. Southern States is still not giving the customers all of the information, they are being selective in what they are sending out, and I would like for Mr. Armstrong to tell you here and now whether they are giving it to all the customers or being selective in what they are sending out to them or anyone else that they may be trying to have influence this Commission.

I think the case should be started over, and the time frame that Southern States had talked about in one of their pleadings is not that different, but I think it's clear that the customers need to have adequate notice and be able to participate in this case the way they were intended to, and we would like to have the time to have them noticed, have the hearings, present our testimony and their side of this case.

Thank you very much.

CHAIRMAN CLARK: Thank you, Mr. Shreve.

Questions, Commissioners?

COMMISSIONER DEASON: I have a question. What is this? What is this on this bill?

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MR. ARMSTRONG: The Company's new bill allows for messages to be provided on the bills. I haven't seen the bill itself, but I read it and it informs customers of their rate change. I can't answer the question about who got this information. I know that the bills go out over a period of time.

COMMISSIONER DEASON: Is this standard practice for you to basically lobby your customers to influence this Commission?

MR. ARMSTRONG: I have to take exception to the lobby question. I mean, when is it informing customers and when is it not? I think if you recall, the Office of Public Counsel has filed a motion for Southern States --

COMMISSIONER DEASON: Well, it's one thing to give information and it's another thing to tell customers to call this Commission and to call their legislators.

MR. ARMSTRONG: Excuse me, Commissioner, but what I was going to say is that the Office of Public Counsel has made a motion for Southern States to pay for a lawyer to inform the customers who benefit from uniform rates and to represent them in support of the uniform rates. We know that the customers -- and we have provided the same notices to customers who benefit -- and I hate using the word, because I don't think it

applies -- but benefit or have a detrimental temporary impact from uniform rates. They have been informed of the same information, they have been offered to have people from Southern States go speak with them. We have spoken to them, they are represented by counsel, it is obviously the people who, from the small facilities that don't have the lawyers in front of this Commission, other than the Company. And like I said, this information, I think, is providing information as opposed to lobbying. But it would certainly be a surprise to me if the Commission looked askance on us informing customers that they should notify the Commission of their desires and their wants, as well as their legislators of their desires and their wants.

COMMISSIONER DEASON: You do not know which customers received this?

MR. ARMSTRONG: I don't know now, but it's on the bill, you know, and the message was sent through the bill, so I assume it went out to customers. I can't tell you who it went out to.

COMMISSIONER DEASON: Well, how did the persons who were responsible for this, how did they know to calculate what the increase in the water rates was going to be for these customers if they didn't identify which specific system or what rates would be changed

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for that system and that specific customer to be able to give this kind of detail?

MR. ARMSTRONG: Well, that has definitely been calculated for the 127 service areas, that's definitely been calculated. And that's available throughout the Company, all the areas of the company. People on the Speakers Bureau might have to go out to customer groups to speak to them when they ask for us to go out.

monthly water and wastewater bill, based on the average monthly usage from your plant." It doesn't say for the average Southern States system. It says, "your plant," which means this information must be specific to the plant which provides service to this customer, and then that is followed by a precise calculation of what that impact is going to be down to the very penny as to what that customer is going to be faced with, and then it goes on to ask the customer to contact the Commission and to contact their legislator. My question is do you have a similar notice to other customers that says what the decrease would be for a certain customer, perhaps that's on the other side of the coin on this issue?

MR. ARMSTRONG: That's why I say -- this is the first time I have seen this thing on this bill. I can't tell you whether it is, but --

COMMISSIONER DEASON: So you're segregating one customer group, asking it to lobby this Commission, and ignoring another customer group. Is that what you're saying?

MR. ARMSTRONG: I just told you I cannot answer that question. I don't know what's been done.

COMMISSIONER DEASON: Well, I think that is something this Commission needs to know.

MR. ARMSTRONG: I don't know what has been done. I can tell you that right now. But I do know that the information is being provided to assist customers to understand what is going on. And let me even posit that if it was the case that only the ones who were detrimentally impacted by uniform rates were getting the notice, I don't know that that is a significant problem, either, since it — obviously, the Office of Public Counsel feels that those people aren't being made aware of this information so that they can also have their voice heard. So, I don't know what the answer is, but I will say that I don't know that I have a concern regarding it, either, because, obviously, the people who oppose uniform rates are aware of that fact.

COMMISSIONER DEASON: Well, I can tell you I've got concerns about it. And this goes way back to the last case, the very tactics that your Company was

using, trying to bus people into these hearings, trying to get them to come to the hearings and ignoring other customer groups. I had very serious doubts at that time; I have very serious doubts now, if this is the type strategy that you're using to influence public policy and to try to influence this Commission. seems to me you have a responsibility to come forward with your case before this Commission, put on the facts and give us your opinion, and we'll make the decision. But it's not your -- in my humble opinion, it is not your position to be out there trying to create public support or public dissatisfaction. That is not your responsibility. And I don't think it would be appropriate for this type of expenses to be included in your rate case expense, either. Maybe that will be a issue for later time, and maybe that needs to be made an issue.

MR. ARMSTRONG: Well, I do think I ought to have the opportunity to address that. Obviously, the fact that a bus was used means that people have to travel a significant distance to get to the hearings that were scheduled. It's unlike the situation with Spring Hill or Sugar Mill Woods where the hearings were held in their backyard. Customers had to come a long distance. And if you noted, they were senior citizens. The buses

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were requested by the customers and made available by the Company. The Company also had open houses and told any customers from facilities that opposed uniform rate structure that they would also have buses provided. It was an even-handed offer made by the Company to both parties. It just so happens that the hearings of those who opposed uniform rates were held in their backyard, and they didn't accept the buses.

CHAIRMAN CLARK: Commissioners, we're on -- we've done Issue 1. Is there a desire to go issue-by-issue? Would you like Staff to respond to the points made on argument or shall we go issue-by-issue?

COMMISSIONER GARCIA: I would like to hear what Staff thinks on this.

MR. JAEGER: Commissioner, the first thing I'd like to say is Staff was addressing just the motion for reconsideration and the Commission's concerns about the adequacy of the notice, the synopsis and the customer service hearing notices, and so we were not addressing at all the interim rate issue or the filing. This filing came in just as our motion was going in. And I think what we were -- all we are is focused on this motion for reconsideration and the adequacy of notice. And so I believe something that should be pointed out is if you do go with the alternative recommendation in

the filing of testimony and changing maybe dates around or maybe that should have been a part of the recommendation, and it wasn't in this case. So, I think we will -- you should address about when OPC should be made to file its testimony, when Staff should file and when rebuttal testimony should be filed. And Issue Number 2 is divided into three parts. And in the middle of that is about the intervenor testimony, and I think by recommending to deny the motion for reconsideration, then in that part, based on that part, that we would not make any changes to the intervenor testimony that's now due on November 27th.

COMMISSIONER KIESLING: Wait a minute, that confuses me. Because as prehearing officer, I've already entered an order that extended it from the 20th to the 27th, so we could have a resolution here before I do anything further. And are you saying that the Commission has to debate out and figure out what the new due dates would be today or that the prehearing officer, depending on what happens here, would enter another order?

MR. JAEGER: The Commission doesn't have to debate that. And, as you say, you have extended it by order issued last week to the 27th.

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1	CHAIRMAN CLARK: Okay. Let me just make sure I
2	understand. With respect to Issue 2, you're
3	recommending that we not reconsider the order
4	establishing procedures. But that doesn't foreclose us
5	the ability to make adjustments depending on what we
б	feel is appropriate today.
7	MR. JAEGER: That's correct, Madam Chairman.
8	CHAIRMAN CLARK: Okay. And that goes for No. 3,
9	as well.
10	MR. JAEGER: Yes.
11	CHAIRMAN CLARK: Let me ask you, on No. 3, do we
12	have to do we have to first make a determination on
13	whether or not the Nassau has the authority to or
14	whether they are, in fact, a party? Do we have to
15	COMMISSIONER KIESLING: That is pending before me
16	at this point.
17	CHAIRMAN CLARK: Okay.
18	MR. JAEGER: They filed a motion to intervene, and
19	Southern States has responded to that motion to
20	intervene, and I think the response came in yesterday.
21	CHAIRMAN CLARK: Okay. But procedurally we can
22	if we agree with Staff on 2 and 3, we can make
23	adjustments on our own motion?
24	COMMISSIONER KIESLING: Uh-huh.
25	MS. JABER: I believe so, yes, ma'am.

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COMMISSIONER CLARK: Okay. Does anyone care to make a motion on Issue 2 or 3?

COMMISSIONER KIESLING: Well, since I'm the Prehearing Officer and it is my order, I don't think I ought to be the one that does that, so --

COMMISSIONER JOHNSON: You know what I need, and I apologize for being a bit confused. But Issue 2 is -- could Staff walk through what these issues are.

Because although the parties made argument, they were arguing things that appeared to be different from those that were in these motions. So, maybe it would help me to segregate and see how they are each related, to hear from you, before I go ahead and --

MR. JAEGER: In Issue No. 2, OPC filed its motion for reconsideration, and it had three main parts in that motion. In the first part, OPC requested that the Commission require the Utility to send new notices. And after what they called "adequate notice" has been given, then for the Commission to set new service hearings. And the main thrust of OPC's argument appears to be that the synopsis, initial customer notice and the notice of customer service hearings violate the requirements of Section 120.57(1)(b)(2), and they also do not give the customers fair notice of what is facing them, and that, therefore, there is no

clear point of entry into the 120.57(1) process. And that was somewhat argued in their motion to dismiss at the November 7th agenda conference.

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But Staff has reviewed the cases, reviewed the notices, the synopsis, and we believe that the customers have been given that clear point of entry into the 120.57 process. They have been advised of what is facing them, but at the point in time that notices were given, the Commission had not voted on the final rates, and so something new has come along. still we believe that all notice requirements, both by our rules and by case law have been provided. specifically, in that Plant City case that was discussed at the last agenda, the Commission in that case was arguing that rate design is and always has been an open issue in any rate proceeding, that the notices here were adequate and this is the Commission -- the court talking, "Were adequate in any event, because they warn customers that increases, if any, would be spread among users in any manner the Commission found to be fair, reasonable and proper, and that the complexities of ratemaking make it impossible to give notice of all matters which a final rate order might encompass." And so the Court -- this is the Florida Supreme Court speaking, says, "We must agree

that more precision is probably not possible; in any event, not required. To do so would either confine the Commission unreasonably in approving rate changes or require a prehearing procedure to tailor the notice to the matters which would later be developed. conclude, therefore, that the Commission's standard form of notice for rate hearings imparts sufficient information for interested persons to avail themselves of participation." And that is what the Staff is basically -- we're saying that the notices that have been provided comply with our rules, they comply with the Plant City reasoning and the customers having given adequate and legal notice. 

COMMISSIONER JOHNSON: Not to confuse you, but with respect to Issues 2 and 3, Issue 2 is just the ruling on whether or not we should reconsider an order. Although the substantive issues may be the same as those in Issue 4, the standard of review under 2 is different. And so, therefore, in 2 we're just determining whether or not we should reconsider the order that was issued by the prehearing officer.

MR. JAEGER: Yes, ma'am.

COMMISSIONER JOHNSON: And we can -- even if we move Staff on Issue 4, we can still address the same substantive issues, can we not? And I just want to

make sure that we that opportunity.

MR. JAEGER: Yes.

CHAIRMAN CLARK: And that's what Staff is recommending. It hasn't met the requirements for reconsideration, but we can certainly reconsider on our own motion.

COMMISSIONER JOHNSON: Okay. That's fine. And I was just confused by, I guess, us going into the substantive arguments at this point, it was confusing me a bit as to what we were doing if we approved Issue 2. Then, with respect to Issue 2, I can go ahead and move Staff that the motion for reconsideration be denied.

COMMISSIONER DEASON: I have another question on Issue 2. What is the difference in the argument supporting the motion for reconsideration in Issue 2 and the argument that we had at the last agenda concerning the motion to dismiss? What is the difference?

MR. JAEGER: There may be a slight difference on -- when you're doing a motion to dismiss, that is a sanction and it's a severe sanction, and so you may -- it could be that you did not want --

COMMISSIONER DEASON: I'm not asking what the difference is between a motion for reconsideration and

COMMISSIONER DEASON: Yes, and I need some more information on the discovery aspect of this motion for reconsideration. I read what was here I just don't really understand what the dispute is.

MR. JAEGER: I'm sorry, I couldn't hear you.

COMMISSIONER DEASON: Concerning the limits on discovery, now that's something, obviously, we did not discuss last time. We are discussing it now. I guess I just want some further amplification from Staff as to what the basis of their recommendation is concerning that aspect of the reconsideration motion.

CHAIRMAN CLARK: I would echo that. I had some confusion, and I think what my confusion was was they have asked for unlimited discovery, but they haven't bumped up against the limit yet.

MR. JAEGER: There are two parts to the discovery.

One, that the initial order limiting discovery was issued on August 4th, and they didn't do a petition for until October the 9th, so we think it's untimely.

Also, pursuant to the Florida Rules of Civil Procedure, the presumption is discovery will be limited until they show good cause, notice and request for additional discovery. And here they are asking for just carte blanche unlimited. And we think that turns that Florida Rule of Civil Procedure. And what the

Prehearing Officer said was, "We have 500 requests for production and 1,000 interrogatories, as allowed, and that was decided on August the 4th. And they should have petitioned for reconsider then -- reconsideration of that order, and that the order establishing procedure just says that order will go.

COMMISSIONER DEASON: But it seems to me when you're processing a rate case, something especially of this magnitude and complexity, that at some point during the case you may think 1,000 interrogatories is more than plenty, and then you may get two months down the road and find out it's not near enough, so what is your remedy?

COMMISSIONER KIESLING: To ask the Prehearing Officer to extend the number.

COMMISSIONER DEASON: Okay. Has that been done?
COMMISSIONER KIESLING: No.

MR. JAEGER: No.

COMMISSIONER DEASON: So, that is available?

MR. JAEGER: That is available. They can go to the Prehearing Officer and show good cause why it should be extended again.

CHAIRMAN CLARK: I think that it's -- one could argue it's premature mature at this point, that they may never have the need for more discovery. But I do

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have this concern, and that being that if they find they need more discovery, we need to be prepared to expedite that request.

MS. JABER: Let me clarify something. OPC did file a motion to permit additional interrogatories. We took that to the Prehearing Officer. The Prehearing Officer issued an order granting OPC's motion to permit additional interrogatories and order on discovery. did handle this case a little bit different, Commissioner Deason. Typically, the discovery part of a case is handled in an order on procedure. included in the order establishing procedure. But because we got OPC's motion, we went ahead, we took it to the Prehearing Officer. She issued a separate order on discovery. That was unique to this case. the order on discovery that OPC did not seek reconsideration of. OPC is not precluded from filing a second or third motion to permit additional discovery.

COMMISSIONER DEASON: Okay. Let me ask my question a little differently, then. And I appreciate that. That is helpful. But is there any discovery that has been filed by any party that is outstanding at this point which exceeds the limit and, therefore, is not being responded to?

MS. JABER: No. Exceeds the limit, no. There is

outstanding discovery, yes.

COMMISSIONER DEASON:

COMMISSIONER DEASON: But at this point there has been no discovery filed which exceeds the limit?

MS. JABER: No.

COMMISSIONER DEASON: And any party that finds it necessary to exceed the preestablished limit could file for relief from that.

MS. JABER: That's correct.

COMMISSIONER DEASON: And then file their discovery.

MS. JABER: That's correct.

COMMISSIONER KIESLING: And, in fact, if I could just add, the reason that we did a separate order on that original request back at the beginning of August was so that they could go ahead and get started. I can't save that one until there were, you know, some other things to do an order on. I expedited, you know, an order on that so the parties would know the discovery parameters. And I granted them, you know, more than -- double what SSU wanted to have, but not unlimited.

CHAIRMAN CLARK: Is there a motion on Issue 2?

Any more questions?

COMMISSIONER JOHNSON: Move it.

CHAIRMAN CLARK: There's been a motion. Is there

1	a second?
2	COMMISSIONER GARCIA: I will second it.
3	CHAIRMAN CLARK: All those in favor say aye.
4	COMMISSIONER KIESLING: Aye.
5	CHAIRMAN CLARK: Aye.
6	COMMISSIONER JOHNSON: Aye.
7	COMMISSIONER GARCIA: Aye.
8	CHAIRMAN CLARK: Opposed, nay.
9	COMMISSIONER DEASON: Nay.
10	CHAIRMAN CLARK: Issue No. 3.
11	COMMISSIONER JOHNSON: Move it.
12	CHAIRMAN CLARK: Is there a second?
13	COMMISSIONER DEASON: Second.
14	CHAIRMAN CLARK: All those in favor, say aye.
15	COMMISSIONER KIESLING: Aye.
16	CHAIRMAN CLARK: Aye.
17	COMMISSIONER JOHNSON: Aye.
18	COMMISSIONER GARCIA: Aye.
19	COMMISSIONER DEASON: Aye.
20	CHAIRMAN CLARK: Opposed nay. Issue No. 4.
21	COMMISSIONER GARCIA: I'm going to move Issue No.
22	4, but I'm going to move the alternative.
23	COMMISSIONER KIESLING: Second.
24	COMMISSIONER DEASON: Before we take a vote, let
25	me say that when we took this matter up before the last

agenda concerning the motions to dismiss, I was in support of that motion. I still think this case should be dismissed. But that position did not prevail, so we're in a situation now as to how we're going to proceed from this point forward. Of the two alternatives which are presented in Issue 4 -- of those two and only limited to those two, I would be more supportive of the alternative. But I don't want that to be characterized as a disagreement with my original position, that this whole case for the numerous reasons that I enumerated at the last agenda should be dismissed and the whole case should start over again.

CHAIRMAN CLARK: Any other questions, Commissioners?

I do have a question with respect to Staff has indicated that the technical hearings should be postponed. Is it Staff's intention to use those dates for the service hearings?

MS. JABER: Yes.

MR. JAEGER: Yes.

CHAIRMAN CLARK: Let me ask a question. It seems to me that we have set aside that time, and we can hold those service hearings fairly rapidly in, perhaps, the first week. Can we begin the technical hearing the second week, and what is the concern about that?

COMMISSIONER KIESLING: If I could throw in one of
my concerns --

CHAIRMAN CLARK: Yes, I want some answers. I mean, I want some discussion about this, because it will -- I will have to work with Staff on rescheduling the hearings.

MS. JABER: From a practical standpoint, it would be staffing for us, because we would be working on cross examination questions and sending people to service hearings.

CHAIRMAN CLARK: Okay.

COMMISSIONER KIESLING: Well, we also -- I mean, I am sympathetic with Mr. Shreve's request that if all of this gets pushed back, that they not have to file their testimony. And if they don't file their testimony then, we couldn't be ready.

MS. JABER: In advance of the customers --

CHAIRMAN CLARK: Okay. Let me ask a further question. Do the parties desire that we try and, say, take a week and get the service hearings done in that week. We did that, I think, before. We kind of just took a chunk of time and understood we were going to be on the road. And that leaves you that next week to do work. Mr. Shreve and parties, you don't have to answer me now, but, you know, be thinking about those things

as we try and come up with dates to reschedule the 1 hearing to. 2 MR. SHREVE: Commissioner, I have no problem with 3 trying to rush it in there. It just really would be --4 if we can put them all in in whatever length of time 5 you need, because we do have 14 or 15 of them, I guess. 6 7 We will work with you on that. CHAIRMAN CLARK: I thought we had nine. 8 MR. JAEGER: Nine, minimum, would have to 9 10 rescheduled. CHAIRMAN CLARK: Okay. All right. That's what I --11 COMMISSIONER KIESLING: Does that nine include 12 13 next week's? MR. JAEGER: Yes, that includes next week, but it 14 did not include the December 7th Osceola. And if we 15 can't get the notice to them, that would be ten. And 16 then we already have two scheduled in January. 17 CHAIRMAN CLARK: Well, are we going to cancel the 18 19 one on the 7th? MR. JAEGER: I believe that would be best thing to 20 do because the Utility has said they can't get that 21 22 supplemental notice to them. But next week's, the 27th 23 and 28th, which is just too late to cancel. 24 COMMISSIONER GARCIA: Are we certain that the 25 Company can't do that? I mean, it really is not --

CHAIRMAN CLARK: You can take Mr. Armstrong out and tie him to that tree now, if you want to.

COMMISSIONER GARCIA: No, I just -- come on, I mean, I understand that there is a problem here, but -- MR. JAEGER: They are supposed to get two weeks.

COMMISSIONER GARCIA: -- you can put these things out, and you can bill every 30 days, I'm sure you can get this thing out.

MR. ARMSTRONG: Commissioner Garcia, I put the staff to task, including the head of that staff, who is sitting behind me, Mr. Ludsen. I did exactly what I expected you might do in terms of 14 days you cannot do it; why not? And adamant, adamant, adamant back at me was it takes.30 days to get this thing done between first getting the notice approved and the rate schedules approved with Staff. You know, we still haven't talked about what those schedules will look like, either. And then beyond that, just the mechanics of getting these things out. It's a thick document. It has got to be separately copied and then separately fold and hand-stuffed, instead of using machines. There are no machines available to do this.

MR. JAEGER: Commissioner Garcia, for that hearing on December 7th, the notices would have to go out on the 22nd --

COMMISSIONER KIESLING: Tomorrow.

their notice out?

that's --

MR. JAEGER: -- to get the notice to them. And so

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MR. ARMSTRONG: Madam Chair, there is one comment, too, and Mr. Ludsen just reminded me. We can do the

CHAIRMAN CLARK: But we are canceling that,

regardless of whether they take 14 or 30 days to get

first service hearings first. I mean, we can try and

accommodate that way. Where, you now, you try and

speed up those and get them out as quickly as possible.

To get the whole job done is what takes the 30 days. I

don't know how much that helps.

CHAIRMAN CLARK: So, you're indicating that you can start it before 30 days, and it would be your proposal that as we have scheduled the hearings, you would start the soonest scheduled hearings and get them out to them first.

MR. ARMSTRONG: Right.

COMMISSIONER KIESLING: Which would be the January ones if we cancel the December 7th, right? That would be for the early January ones if we cancel December 7th?

MR. ARMSTRONG: Yes.

CHAIRMAN CLARK: Let me ask a question. Does the

supplemental notice -- will the supplemental notice include the dates of rescheduling of the hearing?

MS. JABER: The final hearing --

CHAIRMAN CLARK: I guess I'm concerned that this may be confusing to the customers. You know, "We went to one of these service hearings. Why are we going again?" And I think that needs to be clear in the notice, that because the other possible rate changes were not included, we are rescheduling them.

MS. JABER: We could include a paragraph on the final hearing and the need to reschedule and the dates for the final hearing. There would be no locations for the service hearings yet. We could tell them that the final hearing is May 6th through the 17th, whatever those dates are, in Tallahassee, Florida.

COMMISSIONER KIESLING: Well, let me ask this.

In the notice that Staff has prepared under how to contact the Commission, that was the only portion which addressed what the customers should do when they got this new information. And if we do go with the alternative rec, is it fair for me to assume that there will be something added to this notice then that will tell people that we are going to redo the customer hearings that had been held and at least a date for them?

MS. JABER: We will need to do that now. The purpose of including the notice the way we did was so that it would create some conversation and give us an idea of what the Commission wanted to see. I think we probably need a paragraph on the hearings.

CHAIRMAN CLARK: Okay.

COMMISSIONER KIESLING: And the customer service hearings.

MS. JABER: Right.

COMMISSIONER DEASON: That raises another question, since we are proceeding with this case, it's the same docket. The previous customer hearings, are they still valid, are they still sworn testimony in this proceeding?

MS. JABER: Absolutely, yes. We are just having additional service hearings.

COMMISSIONER DEASON: So a customer needs to be advised that if he or she testified before and their testimony doesn't change, they don't -- they're not obligated to come back begin to have that same testimony be part of the record.

CHAIRMAN CLARK: Commissioner Deason, that's an excellent point.

MS. JABER: Also, just some things that we need to clarify. Our intent was to have the prehearing officer

do an order revising procedure, an order on dates. 1 CHAIRMAN CLARK: I think that's appropriate. 2 MS. JABER: Right. 3 CHAIRMAN CLARK: I think that she is in a better 4 position to sort it out with the parties in front of 5 her. And I would assume at that point the parties will 6 be more prepared to talk about what procedure they 7 would like to see employed for the rest of the hearing, 8 9 proceeding. MS. JABER: And, second, we misstated something. 10 There is a service hearing currently scheduled for 11 December 12th in Martin County. 12 CHAIRMAN CLARK: So, you will be canceling that, 13 too? 14 MS. JABER: If they can't -- if they have to have 15 30 days, we will have to cancel that one as well. 16 COMMISSIONER KIESLING: Well, wait a minute. 17 thought I understood Mr. Armstrong to say that they 18 could process the early ones specially, so that they 19 would be out. 20 CHAIRMAN CLARK: Well, I think that we also need 21 to think about -- it's one thing to give them notice 22 the day before the hearing. 23 COMMISSIONER KIESLING: Oh, no, I agree. 24 CHAIRMAN CLARK: And even if we could make it, 25

it's going to be within the week of that hearing, don't you think?

MS. JABER: Right.

CHAIRMAN CLARK: And for someone like me, that is pretty short notice to get me out to a hearing.

MS. JABER: With the holiday, even if we were being optimistic, to say that the Utility could get something out by November 27th, which I'm sure they could not, that would be exactly 14 days.

COMMISSIONER KIESLING: Okay. So, should we cancel both of the December hearings and reschedule those and the others for the time that has been freed up from the hearing?

MS. JABER: Yes.

COMMISSIONER KIESLING: I assume -- we haven't taken a vote yet on the alternate.

CHAIRMAN CLARK: No, but I think we all want to discuss the parameters of what might be available.

MS. JABER: Yes, I think both should be canceled.

MR. ARMSTRONG: I hate to raise complexity here, but the notices for those customer service hearings have to go out between 14 and 28 days prior to the hearing. We are in that realm right now, and I don't know whether or not those notices went out to those customers for those hearings yet.

MS. JABER: What we have done in the past is we've allowed the utility to send out a notice of cancellation.

MR. ARMSTRONG: Okay. That's is just what I wanted to be clear about.

CHAIRMAN CLARK: Let me be clear on something. When is the 12-month deadline for this case?

MR. JAEGER: The filing was on August the 2nd, so it would be August the 2nd.

CHAIRMAN CLARK: And refresh my mind. If we have to reschedule the hearing, how close to that date are we going to be?

MR. JAEGER: May 6th through the 17th or 18th is the hearing. And if you use the same time frames that are in the CASR, the order would be being issued in August or maybe even early September. So, if you use the same time frame, the final order would be coming out about a few weeks after the 12-month deadline.

CHAIRMAN CLARK: Even though Staff has identified some dates for holding the hearing, I think I would like to indicate to the Commissioners I think I would still want to look at the calendar and see if we can do something with the calendar that allows us to still meet the 12-month deadline.

COMMISSIONER DEASON: I was just going to digress

1 for a moment. Before we actually vote on Issue 4, I 2 think I made a mistake on my vote on Issue 2 for 3 reconsideration. I want to change that to be in the 4 majority, because we're under a reconsideration 5 standard, and I don't think that there was any mistake 6 made by the Prehearing Officer, and I don't want it 7 reflected that way. So, I'm changing my vote. wanted to reiterate my position concerning the original 8 9 motion to dismiss. 10 CHAIRMAN CLARK: Well, I was going to ask you, but 11 I thought you sounded pretty sure of yourself. 12 So, I've expressed my COMMISSIONER DEASON: Yes. 13 position on that issue basically in our discussion on

COMMISSIONER DEASON: Yes. So, I've expressed my position on that issue basically in our discussion on Issue 4. So, if it is something I can do at this point, I want to change my vote on Issue 2.

CHAIRMAN CLARK: Show Commissioner Deason voting in the majority on Issue 2.

Now, is there further discussion of Issue 4?

MS. JABER: And you also realize that we are still planning on doing the 27th and the 28th service hearings?

CHAIRMAN CLARK: Yes, I do realize that because we have a concern about the fact that we can't cancel them.

COMMISSIONER KIESLING: I would just indicate that

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part of the basis, certainly not all of it, but some of the basis for my support of the alternative rec is that we do make every effort to complete this within the 12-month clock. And that if we're going past the 12-month clock, I would be more hesitant to vote on it. So, I would, as prehearing officer, like to also consult with you and Madam Chairman, so that we can do everything we can to meet it.

CHAIRMAN CLARK: I understand Commissioner Deason thinks we should dismiss the case altogether, but with respect to -- if the decision is to continue it, I would assume everybody's desire is to meet the 12-month deadline. Okay. And we are going to work with the calendar, and everybody, I hope, will be flexible.

COMMISSIONER DEASON: Well, let me say one thing here. Obviously, it's my desire to get it done within 12 months, but I don't want to create deadlines to the extent that if a party comes forward and can demonstrate that even within 12 months that the complexities of the case, or there have been problems getting interrogatory responses, or whatever the situation maybe, that we just don't adhere -- blindly adhere to this 12-month. The thing is is to get the case processed and processed right. And there may have to be an exception for some good reason shown at some

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future time, but I don't know what that would be. But with that one caveat, I would be certainly supportive in trying to do the case within 12 months.

CHAIRMAN CLARK: Let me ask -- okay.

COMMISSIONER GARCIA: Let me ask a question. I thought we were bound by that 12-month time frame.

MR. JAEGER: Commissioner --

CHAIRMAN CLARK: I think we are. I think the point is there is -- the law itself doesn't provide sort of consequences for that. And it has been previously identified as being directive only, not mandatory.

MR. JAEGER: In the case cited in the recommendation, Amillo v. Mayo (phonetic) --

COMMISSIONER GARCIA: Let me -- Commissioner

Johnson just told me something here. And if we don't

make that determination, then the rates go into effect;

is that how it works? How does it work if we don't

finish it within the one-year time frame?

MR. JAEGER: They can implement it after the end of eight months, and so that is where they are going to implement. And the case of Amillo v. Mayo basically said this -- the Commission -- the language, it says, 12 months is directory and nothing happens except you are subject to a petition for mandamus and -- but,

really, there is no -- you don't lose jurisdiction and all the other safeguards are still there. There is no other language saying the consequences and so there are no other consequences.

COMMISSIONER DEASON: Commissioner Garcia, you can always reconsider your vote to not dismiss the case if you're concerned about the 12 months, and we can start anew and we'd have a new 12 months.

CHAIRMAN CLARK: Mr. Pruitt, do you have anything that you want to add regarding the concern about the 12-month time clock?

MR. PRUITT: Madam Chairman, the thing that has been running through my mind mostly is it might be appropriate for me to ask for reconsideration of my notice of retirement. This seems like it's going to be a lot of fun.

CHAIRMAN CLARK: I would like to point out,
Mr. Pruitt, you're always welcome here.

MR. PRUITT: Thank you.

CHAIRMAN CLARK: And if you find it sufficiently entertaining, please come along.

Mr. Jaeger.

MR. JAEGER: I just wanted to make sure, also, that they asked for 30 days instead of 14, and that they asked to delete "true." And maybe we should make

sure exactly, that paragraph, a little bit more of what should be added in that supplemental notice paragraph, and I think we have got a good idea.

CHAIRMAN CLARK: Okay. Perhaps anyone who makes a motion could address the time limit. And, also, I think the parties could certainly work together and make sure that -- they have indicated -- you're satisfied with the notice as it is now, with deleting the "true," and I think we need to add another paragraph, but if there's -- if you can't reach agreement --

COMMISSIONER DEASON: I have a problem with the notice.

CHAIRMAN CLARK: Oh, all right.

COMMISSIONER DEASON: If we are discussing that now.

CHAIRMAN CLARK: Maybe the Prehearing Officer could also resolve any concerns that arise.

COMMISSIONER DEASON: It's more of a technicality, but I think it's something that --

CHAIRMAN CLARK: I think by all means, let's get -- if we can put our collective wisdom to the notice right now, and if we have any comments and changes we want to make, I think we should let Staff know.

COMMISSIONER DEASON: Now is the time to take it

up?

CHAIRMAN CLARK: Yes, I think so.

COMMISSIONER DEASON: I'm on Page 22 of the recommendation, and the last -- I'm sorry -- the next to the last paragraph there which begins, "All correspondence should refer to," and it has got about seven lines which follow. It seems to me that we shouldn't expect a customer to have that much detail. All they need to do is identify the docket number and maybe put Southern States Utilities on it. I don't think they need to list half the counties in the State of Florida in their correspondence to have their correspondence considered. It is just a technicality, but --

MS. JABER: We could put a period right after charges, the third sentence -- the third line.

CHAIRMAN CLARK: Yes, abbreviate the title.

COMMISSIONER DEASON: To me, you've got a whole paragraph there for the title. And I just -- customers shouldn't have to write that much just to the get a letter put in the right docket file.

CHAIRMAN CLARK: Okay. Mr. Shreve.

MR. SHREVE: One thing, I think on the table, the last three columns of stand-alone rates, modified stand-alone, and proposed utility final, where you have

"potential" above the stand-alone and modified, I think 1 all three should be considered "potential final rates." 2 I think if we can just clarify that. 3 CHAIRMAN CLARK: Okav. COMMISSIONER GARCIA: I'm sorry, Jack, could you 5 repeat that? I didn't understand that. 6 MR. SHREVE: On Page 24, where you have the three 7 columns to the right --8 COMMISSIONER GARCIA: Right. 9 MR. SHREVE: -- you have stand-alone rates, 10 modified stand-alone and proposed utility final. 11 think potential rates above those two needs to be 12 clarified, so that it shows that all three are 13 potential final rates, any of the three columns. 14 MR. WILLIS: We don't have a problem with that, 15 Commissioners. We were just trying to segregate the 16 Company's proposal from the other two rate structures. 17 CHAIRMAN CLARK: Anything else? 18 COMMISSIONER KIESLING: I'm sorry, while I was 19 out, did Commissioner Garcia modify his motion on Issue 20 4 to take out "true"? 21 CHAIRMAN CLARK: We have not. We've just been --22 23 COMMISSIONER GARCIA: No, but I will, so we can 24 move along. 25 COMMISSIONER KIESLING: Okay.

CHAIRMAN CLARK: Commissioner Garcia, will you 1 repeat your motion? 2 COMMISSIONER GARCIA: Yes. I'm going to move the 3 alternate on 4. We're going to delete the word "true." 4 We are going to remove all the counties as per 5 Commissioner Deason's request on Page 22. There is one 6 more thing. What was the other one? 7 COMMISSIONER KIESLING: Fix potential final on the 8 9 forms. COMMISSIONER GARCIA: Fix potential final. That's 10 it? 11 MS. JABER: And you wanted to add a paragraph 12 about the hearing schedule. 13 CHAIRMAN CLARK: And that if parties can't agree 14 on the notice, then they will take it to the Prehearing 15 Officer. 16 17 COMMISSIONER DEASON: And one further thing. 18 this the -- it seem to me this would be the place to 19 notify customers that if they have already attended 20 before, that testimony is still good, and they don't 21 have to come again. 22 MS. JABER: Right. 23 COMMISSIONER KIESLING: That is part of the added 24 language that we will work up. 25 MS. JABER: And, actually, Madam Chairman, I was

hoping that at agenda today we could get the parties to agree to this notice, so that we, the Staff, could get this notice out to the Utility as soon as possible and get that 30 days started.

CHAIRMAN CLARK: Mr. Shreve and Mr. Armstrong and Mr. Twomey, do you see anything else that we need to address in the notice?

MR. TWOMEY: I don't. I don't have any problem with Commissioner Deason's notice about reappearing, as long as it's clear that if they want to address the price issue again, because there will be pricing issues raised as a result of the change in the notice.

COMMISSIONER GARCIA: How are we going to address them, though? I understand you're saying that we're not going to send a letter to them.

CHAIRMAN CLARK: They can always come in and supplement their testimony.

MR. TWOMEY: I appreciate his concern. I just don't. My concern is you don't want to let people -- a lot of folks came in and talked about bad water quality. Now, this notice may show that they have got a pricing problem, potentially, in addition to the bad water. So, if they only spoke on bad water previously, I'd be concerned that we not say don't show up again.

COMMISSIONER KIESLING: Well, we won't be saying

that. I mean, if I have a hand in it -
MR. TWOMEY: No, I didn't mean it to be that

literal.

COMMISSIONER DEASON: I want to make it clear to customers that they are not under an obligation to change their schedules and find transportation some way to come to a hearing to say the same thing they said before for it to be considered. But if they have got something new, or if they just want to come again, anyway, they are not going to be turned down just because they testified before. I just don't want them to feel like there's an obligation for them to come and say the same thing over again for it to become part of the record in this proceeding.

MR. TWOMEY: Yes, sir. Transportation won't be a problem. I'm going to get some buses for them.

CHAIRMAN CLARK: So, I understand --

COMMISSIONER GARCIA: I think the Company may pay for them.

CHAIRMAN CLARK: Mr. Shreve. Mr. Shreve, did you want to add anything.

MR. SHREVE: Along these same lines, I think that's good. Maybe we can hit it from a positive standpoint by saying that all prior testimony at public hearings will included, for instance, so you don't have

to --

CHAIRMAN CLARK: I'm going to accept -Commissioner Garcia has made a motion of changes to the
notice and there will be an additional paragraph to
cover the two things, why we are holding the hearings
and the fact that if they have testified before, that
testimony will still be in the record. If you would
work on that language and let's -- the notice is going
go to out the way it is with the addition of that
language. And, Staff, if you have any problems with
the additional language, get with Staff today or
tomorrow?

MS. JABER: Tomorrow.

CHAIRMAN CLARK: And then the notice will go out as is with that agreed-upon paragraph.

COMMISSIONER GARCIA: But I want to make sure philosophically that we are all okay on what we have got before us, right? I mean, we are not going to get another motion of insufficiency or anything like that, right?

MR. TWOMEY: Commissioner Garcia, to be clear, I still think the case should be dismissed. I think it should be dismissed for the reason I've said earlier. And that is they haven't -- they are still -- they are still asking for final rates, permanent rates just on

the uniform basis, the best I could tell. You have 1 dismissed their interim case request based on the fact 2 that they asked just for uniform rates, and you did it 3 for that reason in large part. So, I mean, I'm not happy with the notion that they may --5 CHAIRMAN CLARK: Mr. Twomey, can I interpret your 6 remarks that you preserve you're right to argue that 7 the case should have been did missed? 8 MR. TWOMEY: Yes. 9 COMMISSIONER GARCIA: Absolutely, but at least on 10 this -- on the notice requirement, we're not going --11 MR. TWOMEY: Oh, yes. I'm sorry. I'm sorry. I 12 misunderstood you. 13 COMMISSIONER GARCIA: I'm just trying to be 14 specific, because I don't want to be here again on, you 15 know, we missed a comma or a period. 16 CHAIRMAN CLARK: I think everyone has agreed that 17 the notice is adequate now. 18 MR. TWOMEY: I'm sorry. 19 COMMISSIONER GARCIA: The framing. 20 CHAIRMAN CLARK: They would be hard-pressed to 21 22 argue later that it is not. MR. SHREVE: The suggestion I made earlier about 23 the three, I'd like to have that included on Page 25, 24

25

too.

CHAIRMAN CLARK: About the what?

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MR. SHREVE: About putting "potential" across all the rates. And I think the Staff had properly labeled these. I don't have a problem with that, but I just think extending that over would make it clearer. And, Commissioner Garcia, what you were looking for was just as to the notice.

COMMISSIONER GARCIA: To the notice. I just don't want to, you know, show up at another one these hearings and someone, you know, we are missing a comma or a period.

CHAIRMAN CLARK: Mr. Shreve, you're not going to stand up and talk about an inadequate notice again at the hearing, right?

COMMISSIONER GARCIA: Exactly, we're not going to hear that speech six or seven times.

MR. SHREVE: You're carrying this beyond the motion.

COMMISSIONER GARCIA: And we want to limit it just to this one. We want to take this one away from you.

MS. JABER: Madam Chairman, there's just one thing that Commissioner Garcia left out of his amended motion, and it was the 30 days instead of the 14 days.

COMMISSIONER KIESLING: Correct.

CHAIRMAN CLARK: Okay. I know Commissioner Garcia

1 doesn't like that, but is that your motion? 2 COMMISSIONER GARCIA: Yes, but we're doing the 30 days only for the first few cases, right? I mean, we 3 are giving you that space for the first few, but that's 4 not going to limit --5 CHAIRMAN CLARK: As I understand it, you will be 6 done in 30 days. You're going to start before then to 7 get it out. 8 Then that's fine. 9 COMMISSIONER GARCIA: Okay. 10 MR. ARMSTRONG: (Inaudible. Microphone not on.) CHAIRMAN CLARK: Thank you. 11 MR. BECK: Madam Chairman, I have one other item 12 other than the notice. And I understand Commissioner 13 14 Kiesling will be issuing a new order on procedure. my question is, does that relieve us of the filing date 15 16 for testimony of next Monday, pending a new order? COMMISSIONER KIESLING: Yes. 17 18 MR. BECK: Okay. 19 CHAIRMAN CLARK: All right. There's been a motion and a second? Is there a second? 20 21 COMMISSIONER KIESLING: Second. 22 CHAIRMAN CLARK: Okay. All those in favor, say 23 aye. 24 COMMISSIONER KIESLING: Aye. 25 CHAIRMAN CLARK: Aye.

COMMISSIONER DEASON: Aye. 1 2 COMMISSIONER JOHNSON: Aye. COMMISSIONER GARCIA: Aye. 3 CHAIRMAN CLARK: Opposed, nay. 4 Thank you. 5 MS. JABER: Madam Chairman. 6 7 CHAIRMAN CLARK: I think maybe we won't see you next agenda now, or will we? 8 MS. JABER: Madam Chairman, there's one more thing 9 before we let the parties go that came up today. 10 we filed this recommendation, SSU -- or the same day, 11 I'm really not sure -- SSU filed their new request for 12 interim rates. In that request, they have ask Staff to 13 process the new interim rate request within 30 days. 14 The Commission touched on it today. Staff can't 15 process that interim case in 30 days. We would like 16 the Commission to deny the Utility's request. If you 17 choose not to act on it today, we could bring a 18 recommendation to the next agenda as an emergency item. 19 CHAIRMAN CLARK: You want us to -- you're making 20 an oral recommendation that we deny their request, that 21 we address it in 30 days because you do not have the 22 23 ability to process that in 30 days. 24 MS. JABER: That's correct.

CHAIRMAN CLARK: If we don't take it up now,

you'll be before us at the next agenda requesting the 1 2 same thing. MS. JABER: Right. And the only reason we've 3 decided to bring it up now is because the parties have 4 already touched on it, anyway, and you have become 5 aware of it. 6 COMMISSIONER GARCIA: Could you gentleman see your 7 way to granting Staff a little bit more time so we can 8 do this? 9 MS. JABER: It's not up to them. 10 COMMISSIONER KIESLING: It's not up to them. 11 12 MS. JABER: Right. COMMISSIONER GARCIA: Who is it up to? 13 MS. JABER: The statute --14 COMMISSIONER KIESLING: Says 60 days. 15 COMMISSIONER GARCIA: So, what we're going to --16 you're asking us to deny? 17 CHAIRMAN CLARK: A motion to take it up on an 18 expedited basis within 30 days. 19 COMMISSIONER KIESLING: Well, I can say that I 20 would certainly support that and would support just 21 leaving the statutory time frame as the operable time 22 23 frame. CHAIRMAN CLARK: You would have to -- I think you 24 would have to have a recommendation very soon. 25

1	MS. JABER: That is why I really
2	COMMISSIONER CLARK: When is the last agenda in
3	December?
4	MS. JABER: December 19th.
5	CHAIRMAN CLARK: Okay. It would have to be filed
6	next week. Is there a motion on the oral
7	recommendation.
8	COMMISSIONER KIESLING: Move it.
9	COMMISSIONER DEASON: Second.
10	CHAIRMAN CLARK: Without objection.
11	Thank you, gentlemen. We will see you in the
12	service hearings.
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1 2 CERTIFICATE OF REPORTER 3 STATE OF FLORIDA ) 4 5 COUNTY OF LEON I, JANE FAUROT, Court Reporter, do hereby certify 6 that the foregoing proceedings was taken before me at the 7 time and place therein designated; that my shorthand notes 8 were thereafter translated under my supervision; and the 9 foregoing pages numbered 1 through 70 are a true and correct 10 11 record of the proceedings. I FURTHER CERTIFY that I am not a relative, 12 employee, attorney or counsel of any of the parties, nor 13 relative or employee of such attorney or counsel, or 14 financially interested in the foregoing action. 15 DATED THIS 29 day of November, 1995. 16 17 18 19 100 Salem Court 20 Talláhassee, Florida (904) 878-2221 21 22 23 24 25