

Holland & Knight

315 South Calhoun Street, Suite 600 | Tallahassee, FL 32301 | T 850.224.7000 | F 850.224.8832
Holland & Knight LLP | www.hklaw.com

Kevin Cox
850-425-5624
kevin.cox@hklaw.com

August 9, 2013

Via Hand-Delivery

Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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COMMISSION
CLERK

Re: *In re: Complaint regarding electric rate structure of Gainesville Regional Utilities*, Docket No.: 130188-EM

Dear Ms. Cole:

Enclosed for filing in the matter referenced above is Gainesville Regional Utilities' Response to Commission Staff Regarding Customer Complaint and Notice of Filing Response to Customers.

Please acknowledge receipt of this filing by stamping the extra copy of this letter "filed" and returning the copy to me. Thank you for your assistance.

Sincerely,

HOLLAND & KNIGHT LLP


Kevin Cox

DBM:kjg
Enclosure

cc: Nathan A. Skop, Esq. (w/encl.)
Jennifer Crawford, Esq. (w/encl.)
Martha Barrera, Esq. (w/encl.)
Shayla L. McNeill, Esq. (w/encl.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint regarding electric rate
structure of Gainesville Regional Utilities

DOCKET NO.: 130188-EM

DATE: August 9, 2013

**GAINESVILLE REGIONAL UTILITIES' RESPONSE TO COMMISSION STAFF
REGARDING CUSTOMER COMPLAINT
AND NOTICE OF FILING RESPONSE TO CUSTOMERS**

The City of Gainesville d/b/a Gainesville Regional Utilities ("GRU"), pursuant to Rule 25-22.032(6)(b)-(c), Florida Administrative Code, gives notice that it has responded to its customers who filed the Petition in the above referenced docket by mailing a written response to the customers on August 8, 2013 (the "Response"). GRU attaches the Response hereto as Exhibit A. The Response also incorporates by reference the Motion to Dismiss filed by GRU on August 2, 2013. For purposes of addressing the likely cause of the customers' complaint, the actions taken by GRU to resolve the complaint, and GRU's resolution or proposed resolution of the Complaint, pursuant to Rule 25-22.032(6)(c), Florida Administrative Code, GRU refers the Commission to the attached Response and to its previously filed Motion to Dismiss.

Respectfully submitted this 9th day of August, 2013.

HOLLAND & KNIGHT LLP



D. Bruce May, Jr.
Florida Bar No. 354473
bruce.may@hklaw.com

Kevin Cox
Florida Bar No. 034020
kevin.cox@hklaw.com
Holland & Knight, LLP
Post Office Drawer 810
Tallahassee, Florida 32302-0810
(850) 224-7000 (Telephone)
(850) 224-8832 (Facsimile)

***Counsel for the City of Gainesville d/b/a
Gainesville Regional Utilities***

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was furnished by U.S. Mail to: Nathan A. Skop, Esq., 420 NW 50th Blvd., Gainesville, FL 32607; and Jennifer Crawford, Esq. and Martha Barrera, Esq., Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850 this 9th day of August, 2013.



Attorney

EXHIBIT A



GAINESVILLE REGIONAL UTILITIES
GENERAL MANAGER

August 8, 2013

Deborah L. Martinez
2217 NW 16 Terrace
Gainesville, FL 32605

Eye Associates of Gainesville, LLC
William A. Newsom
2521 NW 41 Street
Gainesville, FL 32606-6630

Dear Ms. Martinez and Eye Associates of Gainesville, LLC,

On July 16, 2013, the City of Gainesville d/b/a Gainesville Regional Utilities (GRU) received your Petition filed with the Florida Public Service Commission (PSC). The Petition raises concerns about the rates that GRU charges its customers and asks the PSC to conduct an expedited formal evidentiary hearing to investigate GRU's wholesale and retail rate structures. On July 25, 2013, the PSC sent notice that your Petition had been classified as a customer complaint. Because the City Commission voted on July 25, 2013, to maintain the existing three-tier rate structure instead of the alternative two-tier structure challenged in your Petition, it appears that your principal concerns have already been addressed by the City. To the extent that you still have unresolved objections to GRU's rates and rate structure, please accept this response and invitation to continue participating in the public process which determines the rates and rate structure.

GRU values its customers' comments and welcomes customers to participate in the City's process for setting rates and rate structure; however, GRU does not believe that the PSC can address the concerns raised in your Petition. There are several reasons why this local matter cannot be resolved by the PSC, including the fact that the PSC lacks jurisdiction over municipal rate pricing levels and wholesale rate contracts, and the fact it would be premature to resolve disputes over a rate structure that is not yet finalized. These same reasons were discussed in more detail in GRU's Motion to Dismiss the Petition, which was filed with the PSC and provided to your counsel on August 2, 2013, and which GRU incorporates here by reference.

Even though the PSC cannot provide the relief you have requested, the local process through which GRU's rates and rate structure are developed and promulgated has been and remains fully open to you and the rest of the public. GRU believes that public participation and the continued dialogue with other citizens, GRU Staff, and the City Commission through this open process is the most effective way, and indeed the only proper way, to address the concerns raised in your Petition. Again, GRU encourages you to continue participating in this local deliberative process.

As you may know, the City of Gainesville's Charter requires that the GRU General Manager submit to the City Commission a yearly budget for the operation of the utility system. As part of that process, the City Commission holds public budget hearings each year to examine GRU's rates. This year the City of Gainesville Commission conducted public budget hearings on July 16, July 22, and July 25, 2013, to closely review and consider GRU's rates and its rate structure. These hearings were attended by members of the public, and all public attendees were provided multiple opportunities to comment. During the course of those public budget hearings, both you Ms. Martinez and your counsel, Mr. Nathan Skop, commented extensively on GRU's revenue requirements, its rates, and its rate structure.

At the conclusion of the public budget hearings on July 25, 2013, many comments from the public, GRU Staff, and City Commissioners were made regarding the Baker Tilly cost of service study referenced in your Petition. The City Commission then voted to maintain GRU's current three-tiered rate structure that has been in effect for the last six years and voted not to adopt the proposed two-tiered rate structure previously challenged in your Petition. The City Commission also approved a revenue requirement that will be noticed and published in accordance with law. The municipal ordinances related to GRU's rate structure and revenue requirement are still being developed and have not been finally adopted. The ordinances, if adopted, would continue GRU's current three-tiered rate structure. Given that the three-tiered model was approved on July 25, 2013, it appears that your previous concerns over the alternative two-tier model have been addressed through the City's public budget and rate setting process and are now moot.

Please note that there are two additional public hearings which are scheduled for September 9 and September 19, 2013, at which time the City Commission will take additional public comment and then consider for approval and adoption the budget resolutions and rate ordinances based on the rate structure and revenue requirement approved on July 25, 2013. To the extent that you want to participate and comment in those public hearings, your participation is welcome. Again, in light of the fact that the alternative two-tiered rate structure challenged in your Petition was not approved on July 25, 2013, we believe that your earlier concerns on that issue have been addressed and resolved by the ongoing process described above.

Should you have any additional questions, please do not hesitate to contact me.

Regards,



Robert E. Hunzinger
General Manager for Utilities

Copy:

Jennifer Crawford, Esq. and Martha Barrera, Esq.
Nathan Skop, Esq