

P R O C E E D I N G S

1
2 **CHAIRMAN GRAHAM:** Okay. So we are on Items
3 5 and 6.

4 **MR. MOURING:** Yes. Good afternoon,
5 Commissioners. I'm Curt Mouring with Commission staff.

6 Item 5 is staff's recommendation regarding the
7 application for a staff-assisted rate case by Crestridge
8 Utilities, LLC, and Item 6 on today's agenda is staff's
9 recommendation regarding the application for a
10 staff-assisted rate case by Holiday Gardens, LLC.

11 Let me start by stating staff has oral
12 modifications that have been provided to the
13 Commissioners and your aides. I'd also like to indicate
14 that Mr. Smallridge, the owner of the utilities, is here
15 to answer any questions that the Commissioners may have,
16 and also that the Office of Public Counsel is here and
17 wishes to make some comments on these items, and that
18 staff is prepared to respond to any questions that you
19 may have.

20 **CHAIRMAN GRAHAM:** Okay. Thank you, staff.
21 Mr. Smallridge or Mr. Friedman, you have the
22 floor.

23 **MR. FRIEDMAN:** Thank you, Mr. Chairman,
24 Commissioners. Marty Friedman, attorney for both
25 Holiday Gardens and Crestridge. And obviously to my

1 left is Mike Smallridge, who's the president of those
2 companies or the manager of those companies.

3 Yeah, we generally agree with the staff
4 recommendation. There's only one really point is that
5 the staff did agree to a meter replacement program that
6 is desperately needed because these utilities that
7 Mr. Smallridge just bought and were approved at the last
8 agenda, you know, had not been cared for by the prior
9 owner probably ever. The meters are in poor shape and
10 he's expediting the replacement of them. And our only
11 comment would be to request that instead of having a
12 ten-year meter replacement, that we expedite that meter
13 replacement program for both these utilities over five
14 years.

15 **CHAIRMAN GRAHAM:** Okay. OPC.

16 **MS. ROTH:** Thank you, Mr. Chairman. Danielle
17 Roth for the Office of Public Counsel. With me is
18 Ms. Denise Vandiver, and she's going to go ahead and
19 address what Mr. Friedman just said a second ago.

20 **MS. VANDIVER:** Good morning -- or afternoon.
21 Yes, we had looked at -- when the staff had done their
22 initial staff report on the expedited meter program,
23 they had a short period of time. And I'm not
24 necessarily adverse to a shorter time. My only concern
25 is it's a significant increase in expenses that'll be

1 for a short period of time, and there's no concern that
2 that would keep on going after the program was over and
3 the customers would continue to pay for meter
4 replacements when they're not being done anymore, and
5 that would be my primary concern with the shorter period
6 of time.

7 And Ms. Roth was going to address one other
8 issue we had with the meter replacement program, and
9 that was on the handout.

10 **MS. ROTH:** Yes. You should be receiving two
11 handouts. They're pretty much identical, just the
12 number would be different, the amount of money for the
13 annual expenses. This is if you follow staff's
14 recommendation of the ten-year expedited meter
15 replacement program. This would be -- either way, but
16 this was addressing the ten-year.

17 And the only comment that we wish to make at
18 OPC was if the expedited program is approved for both
19 programs, that would be a \$3,043 annual expense for
20 Holiday Gardens. That would be a \$5,981 annual expense
21 for Crestridge Utilities. If the expedited program is
22 approved, OPC submits the Commission's order should
23 specifically reflect that these new meters are not to be
24 capitalized or included in rate base in future rate
25 cases. And that's all we had to say for those two

1 issues. Thank you so much.

2 **CHAIRMAN GRAHAM:** Mr. Friedman.

3 **MR. FRIEDMAN:** We don't disagree with -- if
4 we're expensing the meters, we would also capitalize
5 them. I think we would concur with that.

6 **CHAIRMAN GRAHAM:** Would you say that again,
7 please? Thank you very much.

8 **MR. FRIEDMAN:** You don't hear me agree with
9 the dark side a whole lot, do you?

10 **CHAIRMAN GRAHAM:** Okay. Commissioners.
11 Commissioner Brown.

12 **COMMISSIONER BROWN:** Thank you. I have a
13 question on Issue 6 for both of the items, 5 and 6.
14 They're almost duplicate, verbatim, minus the changes in
15 numbers, so could you walk us through? It was missing a
16 few facts under the salaries and wages on page 12 of the
17 first item, 5. It doesn't say how many employees they
18 have. Staff is recommending an increase from \$27,000
19 that was reported during the test year. They're
20 recommending now 70,000, and there's just not enough
21 information in here that explains why you're
22 recommending that huge increase.

23 **MR. MOURING:** Yes, Commissioner. In 601,
24 Account 601, that's salary, wages, employees, that
25 actually represents the allocation of four different

1 employees. These are allocated, some of them are,
2 between just Crestridge and Holiday. Some of them are
3 allocated to all of the different systems that
4 Mr. Smallridge owns and operates.

5 **COMMISSIONER BROWN:** How many are there, how
6 many systems? Nine?

7 **MR. MOURING:** I believe it's nine. Yes.

8 **COMMISSIONER BROWN:** Okay. And so there's
9 four full-time employees.

10 **MR. MOURING:** Yes, ma'am.

11 **COMMISSIONER BROWN:** All employees have
12 benefits.

13 **MR. MOURING:** Yes.

14 **COMMISSIONER BROWN:** Okay. And then under
15 contractual services other, you have -- I have no idea
16 what this other is. It doesn't say anything in there
17 other than it's a \$31,000 requested amount that was
18 recorded during the test year. You reduced it a little
19 bit to 29,000. What is this?

20 **MR. MOURING:** I would also like to point out
21 that this contractual services other is touched on in
22 staff's oral modification. But these costs include the
23 meter replacement -- I'm sorry, not the meter
24 replacement program.

25 **COMMISSIONER BROWN:** Can you go -- can you

1 read that oral modification?

2 **MR. MOURING:** Certainly.

3 **COMMISSIONER BROWN:** Specifically that issue.

4 **MR. MOURING:** It relates to the removal of
5 expenses that are actually associated with the prior
6 owner. This utility in this rate case had a split test
7 year. A portion of the test year was the old owner's
8 operation, a portion of it was the new owner's
9 operation, and there was one that was inadvertently
10 included that belonged to the old owner, and that was a
11 reduction.

12 **COMMISSIONER BROWN:** But what is that
13 actual -- what's that contractual amount? What's that
14 contracted purpose? What service is it providing?

15 **MR. MOURING:** That was removed or that's
16 included?

17 **COMMISSIONER BROWN:** That's included.

18 **MR. MOURING:** That's included is meter
19 reading -- I'm sorry. I had that. Meter poles was part
20 of that. I apologize. I don't have that -- the
21 specifics of that right here in front of me. I believe
22 Mr. Smallridge could probably answer that right off the
23 top of his head.

24 **COMMISSIONER BROWN:** Mr. Smallridge, how are
25 you doing?

1 **MR. SMALLRIDGE:** Okay. Good afternoon. The
2 previous owner used a couple of different people to
3 perform tasks on the utility. He -- they sometimes used
4 a plumber to do connections and disconnections,
5 sometimes the operator did it. There are some
6 811 locates that are in there. So I'm trying to bring
7 all that in-house because I requested a new position for
8 a -- I'm calling it a maintenance person for, just for
9 Holiday Gardens and Crestridge to be able to expedite
10 all the things that need to be done out there. So it
11 was considerably cheaper to bring that in-house as
12 opposed to have all these outside people doing it.

13 They would contract work out to people when
14 people were available, so they use a lot of multiple
15 people. A lot of times plumbers or even some handymen
16 sometimes just to do various tasks, and so I'm trying to
17 change that operation to be more effective with it and
18 efficient.

19 **COMMISSIONER BROWN:** Good. Good. And is that
20 position above the four employees?

21 **MR. SMALLRIDGE:** Well, one of the -- before I
22 bought Holiday Gardens and Crestridge, I had one person
23 in the office doing billing and customer service and a
24 lot of other things. But when I bought Holiday Gardens
25 and Crestridge there was already an employee doing that

1 same work there, so I inherited that employee. So I've
2 just kept it as it is. So we have one customer service
3 billing person, you know, doing just for Holiday Gardens
4 and Crestridge, and then the other person that I had
5 originally was doing the rest of the utilities.

6 **COMMISSIONER BROWN:** Are you going to keep
7 that person as a contract employee or a full-time
8 employee under --

9 **MR. SMALLRIDGE:** The only contract employee
10 for Holiday Gardens and Crestridge is the operator.
11 Everything else I'm going to bring in-house.

12 **COMMISSIONER BROWN:** Okay. Those are all my
13 questions.

14 **CHAIRMAN GRAHAM:** Was that a motion?

15 **COMMISSIONER BROWN:** Unless other
16 Commissioners have questions, I would move approval of
17 all issues on the staff recommendation.

18 **CHAIRMAN GRAHAM:** On Item 5?

19 **COMMISSIONER BROWN:** 5 and 6.

20 **CHAIRMAN GRAHAM:** It's been -- staff
21 recommendations on all issues on --

22 **COMMISSIONER BROWN:** With the oral
23 modifications.

24 **CHAIRMAN GRAHAM:** -- with the oral
25 modifications on all issues on Item 5 and Item 6, it's

1 been moved and seconded. Is there any further
2 discussion? Seeing none, all in favor, say aye.

3 (Vote taken.)

4 Mary Anne, are you okay?

5 **MS. HELTON:** Yes, sir. I just -- I'm sorry.
6 I had stepped out, so I didn't hear the beginning of the
7 discussion. And I know someone from OPC passed this
8 out, and so I didn't know whether we were going to
9 reflect this in the order.

10 **CHAIRMAN GRAHAM:** Okay. Any opposed? By your
11 action, you've approved the Brown motion.

12 (Agenda item concluded.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)
 :
2 COUNTY OF LEON) CERTIFICATE OF REPORTER

3
4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 stated.

8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes of said proceedings.

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

18 DATED THIS 10th day of December, 2015.

19
20
21
22
23
24
25


LINDA BOLES, CRR, RPR
FPSC Official Hearings Reporter
(850) 413-6734

Crestridge Utilities, LLC.
Docket 140175-WU

Issue 6 of the staff recommendation (page 13)
Miscellaneous Expense

- Expedited meter replacement program
 - \$5,981 annual expense to replace 57 meters per year over a ten year period
- Meters traditionally are a capital cost and are reflected in rate base
- If the expedited program is approved, OPC submits the Commission's Order should specifically reflect that these new meters are not to be capitalized or included in rate base in future rate cases

We recommend that the order reflect that these costs should not be capitalized or included in rate base in future rate cases.

Parties/Staff Handout
Internal Affairs/Agenda
on 12/3/15
Item No. 5

**Holiday Gardens Utilities, LLC.
Docket 140177-WU**

**Issue 6 of the staff recommendation (page 13)
Miscellaneous Expense**

- Expedited meter replacement program
 - \$3,043 annual expense to replace 29 meters per year over a ten year period
- Meters traditionally are a capital cost and are reflected in rate base
- If the expedited program is approved, OPC submits the Commission's Order should specifically reflect that these new meters are not to be capitalized or included in rate base in future rate cases

We recommend that the order reflect that these costs should not be capitalized or included in rate base in future rate cases.

Parties/Staff Handout
Internal Affairs/Agenda
on 12/3/15
Item No. 6