

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 140217-WU

APPLICATION FOR STAFF-ASSISTED
RATE CASE IN SUMTER COUNTY BY
CEDAR ACRES, INC.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER JIMMY PATRONIS
COMMISSIONER DONALD J. POLMANN

DATE: Tuesday, February 7, 2017

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

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

P R O C E E D I N G S

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2 **CHAIRMAN BROWN:** All right. Moving on to
3 Item 4. Good morning.

4 **MS. GALLOWAY:** Good afternoon, Commissioners.

5 **CHAIRMAN BROWN:** Oh, yeah.

6 **MS. GALLOWAY:** Just barely. Cissy Galloway
7 with Commission staff.

8 Item No. 4 addresses the compliance of Cedar
9 Acres with the PAA order that was issued in this docket
10 pertaining to the utility's staff-assisted rate case.
11 The utility was ordered to submit 6- and 12-month
12 compliance reports. The utility found -- the
13 Commission, excuse me, found the utility to be in
14 substantial compliance with the PAA order when staff
15 brought the 6-month compliance report to you in August
16 of last year. Item 4 is in regard to the 12-month
17 compliance report.

18 Staff is recommending that the utility, again,
19 is in substantial compliance with the PAA order. Staff
20 continues to monitor the meter replacement program and
21 believes the utility continues to make good progress
22 with those efforts.

23 We are also recommending that an additional
24 billing analysis be submitted by the utility by
25 July 31st of this year in order to more fully evaluate

1 the customer demand and better determine the utility's
2 revenue stream.

3 Cedar Acres' President, Mr. David Simmons, is
4 here to answer any questions that you may have, and
5 staff is also available for questions.

6 **CHAIRMAN BROWN:** Thank you.

7 Good to see you, Mr. Simmons.

8 **MR. SIMMONS:** Thank you, Commissioners.

9 **CHAIRMAN BROWN:** And welcome. I appreciate
10 that.

11 Commissioners, questions?

12 Commissioner Polmann.

13 **COMMISSIONER POLMANN:** Thank you, Madam
14 Chairman.

15 I do have a question. And within Item 4, I'm
16 looking at Issue No. 2 within this item. And I
17 understand in the -- in the discussion, in the text that
18 staff encourages the utility to reach out to the Florida
19 Rural Water Association, which I support that concept,
20 working with that association. However, in reviewing
21 this item, I'm very concerned about the large disparity
22 between the gallons pumped and the gallons sold. And
23 you note that concern as well; staff identified that.
24 So I believe it may be warranted to require rather than
25 encourage, to actually require of the utility another

1 step beyond what is in Issue 2 as an additional billing
2 analysis. And if I may ask a couple of questions.
3 Thank you.

4 **CHAIRMAN BROWN:** Please.

5 **COMMISSIONER POLMANN:** First, with regard to
6 the Florida Rural Water Association, can you confirm, do
7 we know that the utility is a member of that
8 association?

9 **MS. GALLOWAY:** Mr. Simmons can also answer
10 that, but --

11 **MR. SIMMONS:** Yes, sir, we are a member of the
12 Florida Rural Water Association.

13 **THE COURT REPORTER:** He needs to turn his
14 microphone on.

15 **MR. SIMMONS:** Yes, I can confirm that we are a
16 member of the Florida Rural Water Association. In fact,
17 I spoke with the executive director, Gary Williams,
18 about two weeks ago.

19 **COMMISSIONER POLMANN:** Okay. Thank you. It's
20 my understanding, and I'll simply ask for general
21 confirmation, that that association can typically
22 provide literature, educational materials, maybe some
23 instruction. They have standards of practice, operating
24 procedures, maybe some guidance on preventative and
25 corrective maintenance, those types of things, and can

1 be very helpful to the utility.

2 So under these circumstances, I would like to
3 suggest, Madam Chairman, that we could include in Issue
4 2, in addition to the billing analysis, that the utility
5 seek information and assistance that may be available
6 from the Florida Rural Water Association or other
7 organizations or sources, and then actually report back
8 to the Commission staff within, let's say, six months or
9 some other appropriate time that the staff and the
10 utility may agree upon and provide back to us a specific
11 plan of action --

12 **CHAIRMAN BROWN:** Uh-huh.

13 **COMMISSIONER POLMANN:** -- that could address
14 this disparity. Because I think it's quite a large
15 number. So I'm looking for a specific plan of action
16 back to staff, and that plan -- and, again, it's a plan
17 of action, not necessarily a specific action to be
18 undertaken, but a plan for us to review and then to
19 communicate back with the utility. And that plan should
20 include something in addition to the meter replacement
21 that's already underway. So I'm asking for some
22 discussion, and perhaps my colleagues here would agree
23 that that addition may be appropriate. Thank you.

24 **CHAIRMAN BROWN:** Thank you, Commissioner
25 Polmann. I appreciate you taking an interest in this.

1 I also had similar concerns about the huge disparity,
2 and I'd be curious to hear from Mr. Simmons. Is that
3 the way to pronounce your name, Mr. Simmons?

4 **MR. SIMMONS:** Yes, ma'am.

5 **CHAIRMAN BROWN:** What do you think is the
6 issue? I mean, there's --

7 **MR. SIMMONS:** Well, we had a leak. We know
8 what the issue was. We had a leak. It got bigger. It
9 has since been repaired as of approximately a month ago.

10 **CHAIRMAN BROWN:** Do you think that this is
11 going to continue to occur with the -- between the
12 gallons pumped and those that are gallons sold?

13 **MR. SIMMONS:** Well, there will be some
14 disparity based upon the meter replacement. We've got
15 our old meters. And as per the Commission, any meters
16 that are broken that have not yet been replaced, we can
17 only charge the base rate. So there will be water
18 that's come out. The Commission has a plan that has
19 been set up and we have been following as far as meter
20 replacement. So that's part of it. And the other part,
21 we're a small utility, so when it starts leaking, it
22 gets to be big numbers.

23 **CHAIRMAN BROWN:** Uh-huh.

24 **MR. SIMMONS:** So -- but that has been
25 corrected.

1 **CHAIRMAN BROWN:** I can appreciate that. And
2 it sounds like the utility has been making strides,
3 you've been engaged with staff, and I commend you for
4 all of that. You're a member of the Florida Rural Water
5 Association, Gary Williams?

6 **MR. SIMMONS:** Yes, ma'am.

7 **CHAIRMAN BROWN:** Have you talked to him about
8 coming out there and investigating the system or --

9 **MR. SIMMONS:** That I have not done.

10 **CHAIRMAN BROWN:** They are a very good
11 resource. And I absolutely agree with Commissioner
12 Polmann, it would be advantageous to you and your
13 customers to have them look at the system and evaluate
14 whether there's a leak detection or see what type of
15 assistance that they could provide.

16 Commissioners, any other questions or
17 comments?

18 Yeah, sure. Commissioner Graham.

19 **COMMISSIONER GRAHAM:** I guess the question is
20 to Commissioner Polmann. Are you looking to mandate
21 that they reach out to the Florida Water Association,
22 because -- or are you just going to go with what staff
23 already has in the recommendation saying staff
24 encourages them to reach out to them?

25 **COMMISSIONER POLMANN:** Well, my suggestion

1 and -- my suggestion was broad wording, either that
2 association or others that may be appropriate. But my
3 desire was to see an action plan provided back to us
4 with specific steps. So my interest is in the plan of
5 action. And what I've just heard here was that they
6 have a plan of action. And if that's the case, then
7 allow staff to receive that and review it and have
8 specific discussions. I appreciate the meter
9 replacement. That's critical. But if there are other
10 things -- hearing of the leak and the repair of the
11 leak, this is important information that I was not aware
12 of. If there are other things that are ongoing, we'd
13 like that submitted and discussed with staff. And I
14 think an important aspect of that would be to receive a
15 report of a plan of action and steps taken or
16 anticipated and some time frame associated with that.
17 And I understand it's a small utility. I appreciate
18 that very much.

19 **CHAIRMAN BROWN:** Thank you.

20 **COMMISSIONER POLMANN:** But I was just looking
21 for a plan in writing.

22 **CHAIRMAN BROWN:** Thank you, Commissioner
23 Polmann.

24 Staff, Ms. Corbari, I know with the meter
25 replacement program, even though the 12-month compliance

1 report has concluded, my understanding is that you're
2 going to continue to receive updates on the progress of
3 the meter replacement. And, in addition, staff is -- in
4 this order is asking for a billing analysis as well.
5 Commissioner Polmann's concerns or, I guess, direction,
6 would that encompass that too?

7 **MS. CORBARI:** Staff just found out about the
8 leak this morning, Commissioners. We believe the
9 billing analysis concluded in October. The utility
10 bills every two months. With them fixing the leak last
11 month, in the next billing analysis, receiving by
12 July 31st, could possibly show, in addition to the meter
13 replacements, that number come down. But certainly if
14 the Commission wanted to have the utility reach out to
15 the Florida Rural Water Association and request a leak
16 survey, it's certainly within the Commission's
17 discretion.

18 **CHAIRMAN BROWN:** Thank you.

19 Commissioner Polmann, if you'd like to make a
20 motion, we're ripe for it at this time.

21 **COMMISSIONER POLMANN:** I would make a motion
22 to move staff. I think the discussion that we've had
23 provides sufficient direction. I think the utility
24 understands what we're asking for. I don't think it's
25 necessary that we change the recommendation to require a

1 report, but I would encourage the utility to work
2 cooperatively with the staff. If you have a plan of
3 action or are preparing, that you provide that and work
4 with us. We encourage you to deal with the association,
5 as discussed. But beyond that, you've heard us, and I
6 would move staff recommendation.

7 **COMMISSIONER GRAHAM:** Second.

8 **CHAIRMAN BROWN:** Any further discussion?

9 Seeing none, all those in favor, say aye.

10 (Vote taken.)

11 The motion passes.

12 Thank you.

13 **COMMISSIONER POLMANN:** Thank you.

14 **CHAIRMAN BROWN:** Thanks for coming up here.

15 Appreciate it.

16 (Agenda item concluded.)

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

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,
15 nor 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 20th day of February, 2017.

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