

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 20170166-WS

APPLICATION FOR LIMITED
PROCEEDING RATE INCREASE IN
ORANGE COUNTY BY PLURIS
WEDGEFIELD, INC.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW G. FAY

DATE: Tuesday, May 8, 2018

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Okay, staff, Item No. 4, the
3 last item.

4 MS. BUYS: Good morning, Commissioners. I am
5 Penolope Buys with Commission staff. Item 4 is
6 staff's recommendation for Docket No. 20170166-WS,
7 an application for limited proceeding rate increase
8 in Orange County by Pluris Wedgefield, Inc.

9 After much discussion between the Commission
10 and the parties, this item was deferred from the
11 April 20th Commission Conference.

12 On April 24th, 2018, the Office of Public
13 Counsel and the utility filed a joint motion
14 requesting approval of stip population and
15 settlement agreement. The parties agreed a rate of
16 return of 8.26 percent be applied to staff's
17 recommended adjustments in order to calculate
18 overall revenue requirement increase. The result
19 would be a revenue increase 11.28 percent for water
20 and 5.08 percent for wastewater. For this
21 Commission Conference, staff did not alter our
22 recommendation from a previous recommendation.

23 Representatives from the utility and OPC are
24 present to address this item and explain their
25 proposed stipulation.

1 Staff is also available for questions.

2 CHAIRMAN GRAHAM: Thank you, staff.

3 Mr. Friedman.

4 MR. FRIEDMAN: Thank you, Mr. Chairman,
5 Commissioners. Marty Friedman of Friedman &
6 Friedman on behalf of Pluris Wedgefield.

7 At the end of the agenda last -- end of the
8 last agenda, Mr. Gallarda of the utility sought out
9 Ms. Ponder, and they struck a deal that basically
10 accepted the argument that the Public Counsel had
11 made regarding the rate of return, which results in
12 a \$16,000 maybe, if the calculations by OPC are
13 correct, \$16,000 reduction in the revenue
14 requirement. We believe that that would be in the
15 public interest as it saves the customers at least
16 that amount of money, and I am available to answer
17 any questions.

18 Thank you.

19 CHAIRMAN GRAHAM: OPC.

20 MS. PONDER: Good morning, Commissioners.
21 Virginia Ponder and Marshall Willllis here on behalf
22 of the Office of Public Counsel.

23 As Mr. Friedman represented, Mr. Gallarda,
24 with the utility, did approach OPC regarding
25 settlement, and ultimately the utility did agree to

1 use an ROR of 8.26 percent, accepting OPC's
2 calculation for purposes of the -- the parties
3 agreed it would apply only for the purposes of this
4 limited proceeding.

5 We believe the stipulation and settlement
6 agreement in its entirety is in the public
7 interest, and in the best interest of its
8 customers.

9 CHAIRMAN GRAHAM: Okay. So, staff, the -- the
10 amendment that's before us should just be referred
11 to as the stipulated agreement?

12 MS. CRAWFORD: That's fine.

13 And just for clarity, if I understand what the
14 parties are suggesting, it would be to accept the
15 staff recommendation with the overlay of the
16 stipulated ROE.

17 CHAIRMAN GRAHAM: Commissioner Polmann.

18 COMMISSIONER POLMANN: Thank you, Mr.
19 Chairman.

20 A question for staff. Based on the briefing
21 and discussion we had, I believe I understood that
22 what is being proposed in the stipulation is -- and
23 maybe I am using the wrong words, but somewhat out
24 of the ordinary in terms of how we normally deal
25 with rate of return, or the way we account for or

1 review, but that you find this something that we
2 can accommodate? Maybe you can use the proper
3 words for me.

4 MS. CRAWFORD: Certainly. For clarity, the
5 stipulation itself, if you look at the actual
6 wording, it doesn't commit that a particular
7 calculation of ROE is being made. It simply
8 stipulates to the number, and staff is willing to
9 accept that number.

10 In looking at the stipulation itself, it
11 doesn't seem to propose a particular methodology,
12 and certainly staff is not recommending approval of
13 any kind of stipulated methodology since that
14 doesn't actually appear in the language of the
15 stipulation. It would be a pure number provided by
16 the parties, recognizing the give and take of that
17 stipulation, there are pros and cons for each
18 party, and staff is amenable to accepting it in
19 that light.

20 Does that help answer your question?

21 COMMISSIONER POLMANN: So the -- yes, but is
22 it fair to say that the stipulation that -- that
23 the parties have -- the agreement the parties have
24 come to, and the stipulation they are proposing
25 here, deals with the dollars from -- from their

1 side and not with the procedure --

2 MS. CRAWFORD: That's my understanding.

3 That's correct.

4 COMMISSIONER POLMANN: So we are not really
5 agreeing to change our method or procedure?

6 MS. CRAWFORD: That's absolutely correct. And
7 by the language of the stipulation itself, it's not
8 binding on -- it doesn't establish precedent, or
9 commit any further future precedent for the
10 Commission.

11 COMMISSIONER POLMANN: Okay. Thank you.

12 CHAIRMAN GRAHAM: It is binding, but it
13 doesn't change any precedence.

14 MS. CRAWFORD: Absolutely. Right.

15 COMMISSIONER POLMANN: It's binding on this --
16 within this docket --

17 MS. CRAWFORD: Thank you, yes.

18 COMMISSIONER POLMANN: -- within this limited
19 proceeding.

20 MS. CRAWFORD: That's correct.

21 COMMISSIONER POLMANN: All right.

22 CHAIRMAN GRAHAM: Commissioner Fay.

23 COMMISSIONER FAY: Thank you, Mr. Chairman.

24 My question is probably for the parties, OPC
25 and Mr. Friedman.

1 So in the stipulation that's provided, and if
2 you have it in front of you, paragraph one, under
3 the therefore language states: It is the intent of
4 the parties the utility's acceptance of OPC's
5 method calculating the rate of return shall have no
6 precedential effect or value in future rate case.
7 Is that -- is that language, future rate case, is
8 that inclusive of just a full rate case or a
9 limited rate case also?

10 MS. PONDER: I would think it would encompass
11 a limited rate case as well.

12 COMMISSIONER FAY: Okay.

13 MR. FRIEDMAN: Yes, that was my understanding,
14 it would apply -- it would -- this would not be
15 precedence in any rate case in the future.

16 COMMISSIONER FAY: Okay. Great. Thank you.

17 CHAIRMAN GRAHAM: Commissioner Brown.

18 COMMISSIONER BROWN: Thank you.

19 We -- Mr. Friedman, we talked at the last
20 Agenda Conference with the utility owner. I
21 touched on quality of service issues, and some of
22 these proforma costs, whether or not they will
23 address some of the quality of service issues;
24 although, staff does not really touch on the
25 quality of service, we have been receiving letters

1 in this docket file on quality of service.

2 Can you elaborate where the utility is on
3 addressing customers' concerns in this -- for this
4 utility?

5 MR. FRIEDMAN: This utility takes the customer
6 comments very seriously. In -- in the last full
7 rate case they had, the utility staff reached out
8 to each and every customer that testified at the
9 customer meeting to attempt to address their
10 specific concerns. Some people didn't return phone
11 calls. They went to some peoples houses.

12 In this particular docket, they did the same
13 thing with regard to complaints that were filed
14 through the Consumer Assistance Bureau. I think
15 there was some 30 -- 34, 37 customers that did, and
16 they reached out by phone or email to each and
17 every customer in an attempt to address their
18 concerns.

19 The utility provides water that meets all
20 primary and secondary standards. They -- as -- as
21 he pointed out, they won the --

22 COMMISSIONER BROWN: The award.

23 MR. FRIEDMAN: -- best drinking water. And,
24 you know, I mean, maybe somebody's water in their
25 particular house tastes different, but it's -- you

1 know, there are nuances in people's houses that
2 can -- that can do that. If you have got a water
3 softener that you don't maintain adequately, you
4 know, what you get out of the sink may not be the
5 same thing that comes into the meter. And all we
6 can control is what goes into the meter.

7 And I think that notwithstanding the
8 complaints that people make, and I won't
9 editorialize on that, but I think that this company
10 has done everything, and goes beyond what most
11 utilities do in addressing customer service
12 complaints.

13 COMMISSIONER BROWN: So since the last rate
14 case, what has the utility done? Do any of these
15 proforma adjustments really tackle the quality of
16 service issues the customers are complaining about?

17 MR. FRIEDMAN: No, because the -- well, no,
18 they do not. Although, simultaneously with this is
19 when they were running the chlorine dioxide study,
20 which is what -- which is what really cleaned up
21 the water to make it where nobody can really -- it
22 takes everything out of the water. There is no
23 chlorine smell, taste, odor.

24 So -- so that went simultaneously with this,
25 but that is not something that's included. This

1 case involved emergency repair of a waste water
2 break, because those lines are unfortunately very
3 old. It involves the installation of the automatic
4 read meters that provide customers an opportunity
5 to go on-line and, in realtime, see their -- see
6 their consumption and actually set parameters. I
7 want to know when my water hits 5,000 gallons, I
8 want you to tell me. And they will get an alert
9 that tells them, you have met, you know, that's
10 where you are.

11 If you are on vacation, you can look on
12 your -- on your account and see if, while you are
13 on vacation, there is water going through your
14 meter.

15 So it's -- it's -- and I think you will agree
16 that AMI meters, or AMR meters, one or the other,
17 you know, they are the state-of-the-art. That's
18 where we are going, and that's -- that's what this
19 utility has done.

20 COMMISSIONER BROWN: And hopefully by using
21 those, some of your O&M costs will go down.

22 MR. FRIEDMAN: We did -- obviously, got the
23 meter reading. That's the first initial cost that
24 goes down. And obviously, over time, we will see
25 if it affects other costs as well.

1 COMMISSIONER BROWN: Mr. Chairman, if I may.

2 Ms. Ponder, I am curious why Office of Public
3 Counsel didn't come in here and address any of the
4 quality of service issues. I mean, at least our
5 offices are getting complaints. Have you received
6 complaints?

7 MS. PONDER: Certainly. Yes. But as Mr.
8 Friedman pointed out, it's OPC's understanding as
9 well that the utility is meeting both the primary
10 and secondary water quality standards set by DEP.
11 And, additionally, the customers are pursuing a
12 different approach to resolve perceived water
13 quality issues as well as rate -- obtain rate
14 relief, and petitioning Orange County for an
15 acquisition of Pluris. And they've met the minimum
16 standard for showing customer -- community
17 interest, and are proceeding on that route as well.

18 COMMISSIONER BROWN: So Orange County has an
19 appetite to acquire Pluris, is that what you are
20 saying?

21 MS. PONDER: I am saying that the customers
22 have met the requirement imposed by the County.
23 They have to have 67 percent documented community
24 interest for an acquisition. They've met that
25 threshold requirement. I think they surpassed it.

1 But in any event, they initiated that process. Of
2 course, it's very lengthy and the outcome is
3 uncertain, but they are taking -- addressing their
4 concerns regarding water quality and rate relief in
5 that -- by that method.

6 COMMISSIONER BROWN: Okay. But it in this
7 docket, you don't have an issue with quality of
8 service?

9 MS. PONDER: Again, because they are meeting
10 DEP primary and secondary standards, no, we don't.

11 COMMISSIONER BROWN: Okay. Thank you.

12 CHAIRMAN GRAHAM: Commissioner Polmann.

13 COMMISSIONER POLMANN: Thank you, Mr.

14 Chairman.

15 Ms. -- Ms. Ponder, I understand what you just
16 said, and we heard that at the customer service
17 hearing as well, the issue of Orange County, and I
18 will just leave that aside. I think that's an
19 entirely different issue, and I think you would
20 agree with that.

21 Mr. Friedman, you raised a couple of points,
22 and I think it's a very important acknowledgment,
23 and I think it's an item that this commission is
24 trying to deal with in -- with many utilities. And
25 there is a lot of reference in our discussion

1 with -- with water system about meeting primary and
2 secondary standards. And I think I am correct that
3 the DEP requirements for those standards are at the
4 water treatment plant as the water leaves that
5 plant and enters the distribution system.

6 MR. FRIEDMAN: That's my understanding as
7 well.

8 COMMISSIONER POLMANN: So that's with regard
9 to the operating permit for the water treatment
10 plant. And this commission has been directed by
11 the Legislature to consider -- and I believe that's
12 the word -- secondary water quality standards,
13 those same standards promulgated by DEP, we are to
14 consider those with regard to our quality of
15 service assessment, and that's in the distribution
16 system.

17 The point you just said, that you don't
18 control the water beyond the meter in the house,
19 what comes out of the tap, but you control the
20 water that goes into the meter, which is the water
21 that flows through the distribution system and,
22 thereby, you take responsibility for the
23 distribution system.

24 MR. FRIEDMAN: Absolutely.

25 COMMISSIONER POLMANN: And I -- I appreciate

1 that acknowledgment. That's exactly what we are
2 dealing with in terms of not just the water
3 treatment plant, but the -- the quality of water
4 that goes through the distribution system up to the
5 meter.

6 MR. FRIEDMAN: Exactly. And I think that we
7 had filed, and I didn't bring it with me, I think
8 we filed the results. They had done some testing
9 throughout their distribution system, and I think
10 that we filed in this docket the results -- or at
11 least I know I sent it to staff -- the results of
12 testing in the distribution system itself, not just
13 the testing at the meter, and we provided that, and
14 it's in the docket file, and it all meets -- it
15 still meets standards.

16 COMMISSIONER POLMANN: Now, even though we are
17 talking about water quality, we have recognized
18 that the quality of service is not specifically a
19 part of this limited proceeding we are dealing with
20 other matters, the particular infrastructure
21 improvement here is the water softener for which
22 you are seeking recovery, that does affect the
23 water quality, and we are talking about customers
24 complaints, and so forth with, regard to water
25 quality.

1 MR. FRIEDMAN: Sure.

2 COMMISSIONER POLMANN: What we will be looking
3 at are those complaints going forward, and one of
4 the things that -- that I will be concerned about
5 is what is -- what is the consequence of the
6 improvement in the water treatment process,
7 vis-a-vis the water softener, and how that
8 benefits -- results in a benefit to the customers,
9 and how it changes the water chemistry within the
10 distribution system.

11 Now, recognizing that that water softener has
12 been in place for some period of time already, I
13 believe from 2016, or thereabouts, it was -- it was
14 completed, or at least somewhere in the timeframe.
15 It's in place. It's working, has been working, and
16 it's improved your water quality.

17 There may be a change in the water in the
18 distribution system that has some consequence, good
19 or bad. In some cases, there is some change that
20 may have been anticipated, maybe unintended, and
21 results in a change in the water quality that the
22 customer receives. I am not speculating what that
23 may be. So what we -- I'm trying to understand
24 that. And this applies to any -- any utility
25 system, large or small.

1 So just a comment, and my particular point was
2 just to focus on the recognition that the
3 distribution system is a utility responsibility and
4 our responsibility to consider that; not that we
5 are dealing with it here, but the customers are
6 looking at that. The particular point here is in
7 our approval for recovery of the water treatment
8 plant change, there is a downstream impact.

9 MR. FRIEDMAN: There is, and, you know,
10 unfortunately, the taste of water is subjective --

11 COMMISSIONER POLMANN: Understood.

12 MR. FRIEDMAN: -- you know, and I guess you
13 would really not know what you think of water
14 unless you went to a particular customer's house
15 and drank the particular water that that customer
16 had, and whether, you know, it met your taste or
17 not.

18 COMMISSIONER POLMANN: The secondary standards
19 do have --

20 MR. FRIEDMAN: Yeah, from a technical
21 standpoint, there is absolutely nothing, you know,
22 the water -- the water meets all the standards.
23 There is the subjective standard that each of us
24 has, not just about this, but whether we like
25 chocolate ice cream or vanilla ice cream.

1 COMMISSIONER POLMANN: Understood, sir.

2 Thank you, Mr. Chairman. That's all I have.

3 CHAIRMAN GRAHAM: Okay. I will entertain a
4 motion on Item No. 4, or I will give somebody the
5 gavel.

6 COMMISSIONER FAY: I will move.

7 CHAIRMAN GRAHAM: It's been moved and seconded
8 staff recommendation on Item No. 4 with the
9 stipulated agreement?

10 COMMISSIONER FAY: Correct.

11 CHAIRMAN GRAHAM: Any further discussion?

12 Seeing none, all in favor say aye.

13 (Chorus of ayes.)

14 CHAIRMAN GRAHAM: Aye.

15 COMMISSIONER FAY: Aye.

16 CHAIRMAN GRAHAM: Any opposed?

17 COMMISSIONER BROWN: Nay.

18 CHAIRMAN GRAHAM: So four for and one against,
19 okay.

20 By your actions, the Item No. 4 --

21 MS. CRAWFORD: Mr. Chairman, I think it's
22 understood that maybe, just as a matter of clarity,
23 could it be made clear on the record that staff has
24 the administrative authority to make whatever
25 adjustments and recalculations are necessary to

1 accept the stipulated ROE?

2 CHAIRMAN GRAHAM: Yes.

3 MS. CRAWFORD: Thank you.

4 CHAIRMAN GRAHAM: That was assumed in --
5 within the motion.

6 MS. CRAWFORD: Yes, sir. Thank you.

7 CHAIRMAN GRAHAM: So by your action, you have
8 approved the staff recommendation with the
9 stipulated agreement as moved.

10 Thank you very much.

11 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
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and that this transcript constitutes a true
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I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
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attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED this 15th day of May, 2018.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020