

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20170141-SU

APPLICATION FOR INCREASE
IN WASTEWATER RATES IN
MONROE COUNTY BY K W
RESORT UTILITIES CORP.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 12

COMMISSIONERS
PARTICIPATING:
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW G. FAY

DATE: Tuesday, August 7, 2018

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

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 COMMISSIONER POLMANN: If everybody will take
3 their seats, please. Good morning. This is a
4 panel. So, you're looking at it. We're going to
5 reconvene the hearing, the agenda -- we're going to
6 pick up Item 12.

7 MR. SEWARDS: Okay. Good morning,
8 Commissioners. Justin Swards with Commission
9 staff.

10 Item 12 is KW Resort Utility Corp's request to
11 increase water, wastewater rates. KW Resort is
12 Class A utility providing wastewater service to
13 approximately 1800 customers in Monroe County. KW
14 has requested both pro forma plant and pro forma
15 expenses in this docket.

16 A formal evidentiary hearing was held May 15th
17 through the 17th, 2018, in Key West. Staff is
18 recommending final rates designed to recover a
19 revenue requirement of approximately \$3.5 million,
20 which is an increase of about 1.1 million, or
21 around 49 percent.

22 Staff has oral modifications that have
23 previously been provided to the Commissioners.
24 Also staff notes this is a post-hearing decision
25 with participation limited to the Commissioners and

1 staff. We are available for any questions.

2 COMMISSIONER POLMANN: Thank you.

3 Okay. As noted, this is a post-hearing agenda
4 conference in Docket 20170141. This is request for
5 rate increase for KW Resorts. We held the hearing
6 in Key West. Participation will be limited to only
7 staff and the Commissioners, the -- the panel you
8 see here.

9 Before we get into the issues of the items
10 here today, a little housekeeping. Each of our
11 offices should have received a grouping, different
12 blocks. Commissioner Fay has that.

13 Commissioner Clark, do you have that document?

14 COMMISSIONER CLARK: (Indicating.)

15 COMMISSIONER POLMANN: Thank you.

16 My intention is that we're going to deal with
17 these in the blocks, grouping of the issues.

18 Staff, you all have that.

19 MR. SEWARDS: Okay. The first block we have
20 is for rate base, for Issues 1 through 10.

21 COMMISSIONER POLMANN: Yeah, okay. Thank you.

22 What we're going to do, Commissioners, since I
23 don't have access to the -- to the lights --
24 Issue 9 is the one that has the oral modification.
25 So, when we get to that -- that's what -- that's

1 what's on my list, right? Okay. So, let me --
2 we'll take that up when we get to it.

3 Within the first block -- that deals with rate
4 base -- Issue 8 is stipulated. And that requires
5 no action.

6 MR. SEWARDS: Correct.

7 COMMISSIONER POLMANN: That's correct. Okay.

8 So, Commissioners, staff is here to -- to
9 answer any questions we have. What I would like to
10 do is take all of Issues 1 through 10 and ask if
11 you have questions on any of these issues, if you
12 can, identify by issue the issue number that you
13 would like to discuss and then we can just make
14 note of those particular issues. And then I'll
15 seek a motion on the remaining issues as a group,
16 and we'll just move those.

17 And then we'll come back to those issues for
18 which we need discussion. So, let me know which
19 issues you want to discuss by number.

20 COMMISSIONER FAY: Mr. Chairman, I have
21 Issues 2 and 3.

22 COMMISSIONER POLMANN: Okay. So, we need to
23 come back to No. 2, No. 3.

24 Commissioner Clark, do you have any?

25 COMMISSIONER CLARK: No, sir.

1 COMMISSIONER POLMANN: All right. So, we're
2 going to seek a motion here on No. 1, 4, 5, 6, 7,
3 9, and 10. And then, let me ask staff, before we
4 do that: You want to add anything on the oral
5 modification? Are there any fallout issues from
6 No. 9 that we need to make note of?

7 MR. SEWARDS: Well, the -- the main oral
8 modification that had fallouts was actually on
9 Issue 29.

10 COMMISSIONER POLMANN: Okay.

11 MR. SEWARDS: Nine was a -- a single --

12 COMMISSIONER POLMANN: Okay. So, nine stands
13 alone; everything within that is within nine,
14 itself.

15 MR. SEWARDS: Correct.

16 COMMISSIONER POLMANN: Okay.

17 MS. MAPP: Commissioner Polmann.

18 COMMISSIONER POLMANN: Yes.

19 MS. MAPP: I would just like to point out that
20 Issue 10 is a fallout of Issue No. 4 and Issue
21 No. 2. And Commissioner Fay indicated that he had
22 a question of Issue No. 2. So, if Issue No. 2
23 changes, it would have implications on Issue
24 No. 10.

25 COMMISSIONER POLMANN: All right. So, let's

1 hold on to No. 10. And, Ms. Mapp, if you will,
2 remind us, when we deal with two, that we should
3 take up ten at that time.

4 MS. MAPP: Yes.

5 COMMISSIONER POLMANN: So, restating this: 1,
6 2 -- I'm sorry -- 1, 4, 5, 6, 7, 9. Can I get a
7 motion on that --

8 COMMISSIONER CLARK: Mr. -- Mr. Chairman, I
9 move staff on Issues No. 1, 2, 4, 5, 6 --

10 COMMISSIONER POLMANN: Nope. Back up.

11 COMMISSIONER CLARK: 1, 4, 5, 6, 7, 9, with
12 the oral modifications.

13 COMMISSIONER FAY: Second.

14 COMMISSIONER POLMANN: Any further discussion?
15 Anything from staff?

16 All in favor, say aye.

17 (Chorus of ayes.)

18 COMMISSIONER POLMANN: Any opposed?

19 By your action, you have approved Items -- or
20 Issues 1, 4, 5, 6, 7, and 9.

21 Okay. Back to Issue No. 2, Commissioner Fay.

22 Push the button again. You turned it off.

23 COMMISSIONER FAY: Am I on?

24 COMMISSIONER POLMANN: You're on.

25 COMMISSIONER FAY: Yep. Thank you,

1 Mr. Chairman.

2 Just a quick question for staff on Page 10.
3 In the recommendation, OPC -- OPC's portion of
4 that, under the position of the parties, the last
5 sentence on that -- that item states: In the
6 subsequent proceeding, if the plan is placed into
7 service, the Commission can verify the cost and
8 prudence of the expenditures.

9 I just wanted to make sure that that analysis
10 of the expenditures would be done at some point in
11 the future.

12 MS. KNOBLAUCH: I believe that's correct. I
13 believe, at the time of the utility's next rate
14 case, the audit would be completed by staff.

15 COMMISSIONER FAY: Okay. So, those -- those
16 issues of prudence will be determined at that time.

17 MS. KNOBLAUCH: Correct.

18 COMMISSIONER FAY: Okay. All right. thank
19 you.

20 That's all I had for that item, Mr. Chairman.

21 COMMISSIONER POLMANN: Okay. We'll entertain
22 a motion on Issue 2.

23 COMMISSIONER FAY: I will move Issue 2, staff
24 recommendation --

25 MS. MAPP: Sorry, Commissioner Fay. If I --

1 just clarify a point, the Commission would be
2 approving those projects today if they're voted to
3 approve. So, prudence would attach at this point
4 to the projects.

5 COMMISSIONER POLMANN: Ms. Mapp, is that -- is
6 that to say, with regard to OPC's position, that
7 that's their position, but it's not relevant to our
8 action?

9 MS. MAPP: I believe so. I believe OP- --
10 from my interpretation of OPC's position, it's
11 relating to their suggested reduction by
12 11.7 percent and stating that, if the Commission
13 chooses to reduce by that amount, that the utility
14 could come in at a later date to prove the prudence
15 of that amount. That -- that's my interpretation
16 of it.

17 But as for Issue No. 2, the Commission's vote
18 today would determine the prudence of the projects.

19 COMMISSIONER POLMANN: So, further on, the
20 staff recommendation does not take the OPC
21 position -- the position of OPC as stated on
22 Page 2, with regard to -- I'm sorry -- on Page 10,
23 with regard to Issue 2.

24 MS. KNOBLAUCH: So -- yes. So, we're saying
25 these projects are prudent. What I was referring

1 to for the next rate case would be verification of
2 the expenditures.

3 COMMISSIONER FAY: Okay. I'm fine with that.

4 COMMISSIONER POLMANN: Okay. We have a
5 motion.

6 COMMISSIONER FAY: I'll move Issue 2, staff
7 recommendation.

8 COMMISSIONER CLARK: Second.

9 COMMISSIONER POLMANN: We have a motion and
10 second on Issue 2. Anything else from staff? Any
11 further discussion?

12 Seeing none, all in favor, say aye.

13 (Chorus of ayes.)

14 COMMISSIONER POLMANN: Any opposed?

15 By your action, we have approved Issue 2.

16 Issue 3, Commissioner Fay, you had a point.

17 COMMISSIONER FAY: Thank you, Mr. Chairman.

18 I just want to get clarification from staff if
19 the -- when I look at Issue 3, in the
20 recommendation, the positions of parties, it seems
21 that all the parties are on the same page with this
22 issue. Is there a reason it's not a stipulation?

23 MR. ANDREWS: Issue 3 is not stipulated
24 because there was some discussion at the hearing
25 relating to audit finding one; however, in the

1 post-hearing briefs, nobody had any differences in
2 opinions on what should be done.

3 COMMISSIONER FAY: Okay. So, that is -- it is
4 consistent that all the parties have the same
5 position on that issue.

6 MR. ANDREWS: That is correct.

7 COMMISSIONER FAY: Okay. Thank you.
8 That's all I had.

9 COMMISSIONER POLMANN: Any questions,
10 Commissioner Fay?

11 COMMISSIONER FAY: I'll motion -- motion
12 staff's recommendation for Issue 3.

13 COMMISSIONER CLARK: Second.

14 COMMISSIONER POLMANN: Any questions from
15 staff on that? Any further discussion?

16 All in favor, Issue 3, Commissioner Fay's
17 motion.

18 (Chorus of ayes.)

19 COMMISSIONER POLMANN: Any opposed?

20 By your action, you've approved Issue No. 3.

21 And we did not deal with No. 10. That had
22 carryover from No. 2.

23 MS. MAPP: Yes, two and three. Yes.

24 COMMISSIONER POLMANN: Okay. So, Issue 10,
25 did you --

1 COMMISSIONER FAY: Mr. Chairman, I'll make a
2 motion on staff recommendation for Issue 10.

3 COMMISSIONER POLMANN: Okay.

4 COMMISSIONER CLARK: Second.

5 COMMISSIONER POLMANN: Okay. We have a motion
6 and second on No. -- Issue No. 10. Any discussion?

7 All in favor, say aye.

8 (Chorus of ayes.)

9 COMMISSIONER POLMANN: Any opposed?

10 By your action today, you have approved Issue
11 No. 10.

12 Okay. Moving on to block number two, cost of
13 capital. Issues No. 11 and 12 are stipulated. So,
14 we don't need to take any action on that -- on
15 those two today.

16 MR. ANDREWS: Correct.

17 COMMISSIONER POLMANN: All right. Anything
18 from staff to -- any comments on No. 13 or 14?

19 All right. Any questions from Commissioners
20 on No. 13 or 14?

21 COMMISSIONER FAY: No.

22 COMMISSIONER CLARK: Move staff, Mr. Chairman.

23 COMMISSIONER POLMANN: Commissioner Clark,
24 would you like to move No. 13 and 14?

25 COMMISSIONER CLARK: No. 13 and 14,

1 Mr. Chairman.

2 COMMISSIONER FAY: Second.

3 COMMISSIONER POLMANN: We have a motion and a
4 second on Issues 13 and 14. Any further
5 discussion?

6 All in favor, say aye.

7 (Chorus of ayes.)

8 COMMISSIONER POLMANN: Any opposed?

9 By action today, we've approved Issues 13 and
10 14.

11 Okay. The next block, Issues 15, 16, and 35.
12 Anything from staff? Do we need to comment?

13 Commissioners, do you have any questions on
14 Issues 15, 16, or 35?

15 COMMISSIONER FAY: No.

16 COMMISSIONER CLARK: Mr. Chairman, I move the
17 staff recommendation on Issue No. 15, No. 16, and
18 No. 35.

19 COMMISSIONER FAY: Second.

20 COMMISSIONER POLMANN: We have a motion and a
21 second on Issues 15, 16, and 35. Any further
22 discussion?

23 All in favor, say aye.

24 (Chorus of ayes.)

25 COMMISSIONER POLMANN: Any opposed?

1 By your action, you have approved Issue
2 Nos. 15, 16, and 35.

3 Okay. The next block is on operating
4 expenses. This is Issues 17, 18, 19, 20, 21, 22,
5 23, 24 through 31. We have oral modifications for
6 No. 29 and No. 31.

7 Staff, are -- do these have any carryover,
8 carryforward?

9 MR. SEWARDS: Just in 29. It was a fallout
10 into 31, into the later issues as well.

11 COMMISSIONER POLMANN: Okay. I'm sorry. 29
12 is a fallout or has fallout?

13 MR. SEWARDS: 29 is the -- where the main
14 change was made. 31 would be the fallout from
15 that.

16 COMMISSIONER POLMANN: Okay. Commissioners,
17 among the issues in block four -- where do we have
18 questions?

19 COMMISSIONER FAY: None from me, Mr. Chairman.

20 COMMISSIONER POLMANN: Commissioner Clark, do
21 you have questions within that block?

22 COMMISSIONER CLARK: One second, Mr. Chairman.

23 COMMISSIONER POLMANN: On which issue?

24 COMMISSIONER CLARK: 29.

25 COMMISSIONER POLMANN: All right.

1 COMMISSIONER CLARK: I just wanted to look at
2 the oral modification one more time.

3 COMMISSIONER POLMANN: Staff, let's have a
4 look at No. 29, please.

5 COMMISSIONER CLARK: I'm clear -- I'm clear on
6 it, now, Mr. Chairman. I -- I was trying to
7 make -- see where 29 fit into 31. I've got it.

8 COMMISSIONER POLMANN: Okay. Any further
9 discussion, 29, 31, or any other issues? Okay. I
10 would like to take the entire block four. This is
11 Issues 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27,
12 28, 29, 30, and 31, including oral modifications on
13 Item 29, which appear on Pages 92, 93, 95, and 96,
14 and an oral modification on Page 100.

15 Any additional information from staff? Okay.

16 Can I get a motion on all of the issues that I
17 just identified?

18 COMMISSIONER FAY: I'll motion Items 17
19 through 31, including oral modifications,
20 consistent with staff rec- -- recommendations.

21 COMMISSIONER CLARK: I'll second that.

22 COMMISSIONER POLMANN: Thank you so much.
23 Any further discussion?

24 All in favor, say aye.

25 (Chorus of ayes.)

1 COMMISSIONER POLMANN: Any opposed?

2 This is so exciting.

3 Okay. Moving on, block five. We have
4 Issues 32, 33, 34, and there are oral modifications
5 on 33 and 34. Anything from staff on these
6 items -- other than whispering. You know, if you
7 do that in class, you have to tell everybody what
8 you said, but we're not in class.

9 COMMISSIONER FAY: I don't have any issues,
10 Mr. Chairman.

11 COMMISSIONER CLARK: I'm good.

12 COMMISSIONER POLMANN: Okay. No questions
13 here.

14 Can we get a motion on 32, three, and four.

15 COMMISSIONER CLARK: Mr. Chairman, I move
16 staff recommendation on Issue No. 32, No. 33, and
17 No. 34.

18 COMMISSIONER FAY: Second that motion.

19 COMMISSIONER POLMANN: Inclusive of the oral
20 modifications. Thank you.

21 Any further discussion?

22 All in favor of Items 32, 33, 34, including
23 the oral modifications, say aye.

24 (Chorus of ayes.)

25 COMMISSIONER POLMANN: Any opposed?

1 By your action, you have approved Issues 32,
2 33, 34.

3 Okay. So, at this point, all issues, one
4 through 35, are fully addressed. Can I get a nod
5 from Ms. Mapp? Yes. We agree. Very good. Thank
6 you.

7 Moving to block six, rates, miscellaneous
8 service charges, and refunds. Okay. These are the
9 remaining issues, 36 through 47. Commissioners,
10 which items do you have questions?

11 COMMISSIONER FAY: I have 38, Mr. Chairman.

12 COMMISSIONER POLMANN: All right. So,
13 Item 38, we'll hold on to.

14 Commissioner Clark, do you have questions?

15 COMMISSIONER CLARK: No, sir.

16 COMMISSIONER POLMANN: Commissioner Fay,
17 Item 38.

18 COMMISSIONER FAY: Thank you, Mr. Chairman. I
19 just -- I don't know who in staff this would be
20 directed at, but there's a table there -- Page 116,
21 there, Table 38-1, that breaks out the -- the
22 current and then the requested adjustment.

23 Can you just clarify for me how -- what --
24 what adjustment rate is being used to go from the
25 current to the requested? Because I -- I know that

1 you've got the different adjustment rates for 2015,
2 2016, 2017. And when I applied those rates, I
3 didn't necessarily get to these numbers.

4 MR. FRIEDMAN: Sure. So, we use the index
5 rates from the 2015, 2016, and 2017 orders, and we
6 compounded those over time. So, we took the
7 current -- against the current rates. So, we take
8 the current rates, compounded the first one, and
9 then got a number; compounded the second one, so on
10 and so forth.

11 COMMISSIONER FAY: So, what would that rate
12 be, then?

13 MS. FRIEDRICH: What the utility requested is
14 what we're recommending, the 6214 -- that's what it
15 came out to after compounding the three index
16 rates. It was about a 4.4-percent increase
17 altogether.

18 COMMISSIONER FAY: Okay. That's all I have,
19 Commissioner Polmann.

20 COMMISSIONER POLMANN: Any other questions on
21 Items -- Issues 36 through 47? Anything from
22 staff?

23 Do we need to note anything on the oral
24 modifications? No. Okay.

25 COMMISSIONER CLARK: Mr. Chairman, if you're

1 ready for a motion, I'll move staff recommendation
2 on Item Nos. 36 through 47, including the oral
3 modifications on Item No. 36 and 43.

4 COMMISSIONER POLMANN: Thank you.

5 COMMISSIONER FAY: Second motion.

6 COMMISSIONER POLMANN: We have a motion and a
7 second on Issues 36 through 47. Any further
8 discussion?

9 All in favor.

10 (Chorus of ayes.)

11 COMMISSIONER POLMANN: Any opposed?

12 By your action, you've approved Issues 36
13 through 47.

14 At this point, all issues have been addressed.
15 Anything else, for the good of the order?

16 I would like to thank staff for your hard work
17 throughout these efforts. It's been my first
18 opportunity to lead the team and sit in the big
19 chair. So, thank you so much. It's been a very
20 good experience for me.

21 MS. MAPP: Commissioner Polmann, staff would
22 like to request oral modification to make the
23 reflected changes from the oral modification into
24 the attached rate schedules.

25 COMMISSIONER POLMANN: What you just said.

1 MS. MAPP: Yes.

2 COMMISSIONER FAY: I'll make that motion.

3 COMMISSIONER CLARK: Second.

4 COMMISSIONER POLMANN: Any further discussion?

5 MS. MAPP: Nothing from staff.

6 COMMISSIONER POLMANN: Okay. All in favor,
7 say aye.

8 (Chorus of ayes.)

9 COMMISSIONER POLMANN: Any opposed?

10 You have the authorization.

11 MS. MAPP: Thank you.

12 COMMISSIONER POLMANN: Anything else?

13 Okay. Well, again, thank you. Thank the
14 Commissioners for your thorough engagement.

15 And before Mary Anne stands up, I want to give
16 a special thanks to you for your advising,
17 particularly your -- your tremendous amount of help
18 at -- at the hearing.

19 MS. HELTON: Thank you.

20 COMMISSIONER POLMANN: You did a great job
21 helping us.

22 MS. HELTON: Thank you.

23 COMMISSIONER POLMANN: So, we are adjourned.

24 This is the final item for today's meeting. So,
25 the agenda conference is adjourned at 11:43 a.m.

1 (Agenda item concluded.)

2 (Whereupon, proceedings concluded at 11:43

3 a.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
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DATED THIS 15th day of August, 2018.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021