

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 20170219-WS

APPLICATION FOR
STAFF-ASSISTED RATE CASE
IN POLK COUNTY BY RIVER
RANCH WATER MANAGEMENT,
L.L.C.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 17

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

DATE: Tuesday, October 30, 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

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

2 CHAIRMAN GRAHAM: Okay. Item No. 17.

3 MS. BRUCE: Good morning, Commissioners. I am
4 Sonica Bruce speaking on behalf of Commission
5 staff.

6 Item No. 17 addresses a staff-assisted rate
7 case in Polk County by a River Ranch Water
8 Management, LLC. The utility provides water and
9 wastewater service to a luxury glamping resort,
10 which includes single-family residential homes and
11 several general-service customers.

12 Staff has recommended the quality of service
13 be considered satisfactory. Staff is recommending
14 increases of 24.60 percent for water and 35.93
15 percent for wastewater.

16 In addition, due to 30 percent of the usage
17 data being metered during the test year, staff is
18 recommending a continuation of the utility's
19 existing flat-rate structure, which was designed on
20 equivalent residential connections.

21 Further, staff has recommended that the docket
22 remain open for the utility to provide 12 months of
23 usage data to be evaluated for a base-facility and
24 gallonage-charge rate structure.

25 Nine customers provided correspondence in

1 regards to staff's preliminary rate structure in
2 the staff report and the correspondence was
3 addressed.

4 Utility representative Marty Friedman and OPC
5 are present. Staff is prepared to answer any
6 questions you may have at this time.

7 CHAIRMAN GRAHAM: Marty Friedman -- that name
8 sounds familiar for some reason. Mr. Friedman,
9 welcome back.

10 MR. FRIEDMAN: Thank you, Commissioners.
11 Marty Friedman on behalf of River Ranch Water
12 Management.

13 And the -- the staff's recommendation is
14 generally acceptable to the utility, and I'm
15 available to answer any questions or respond to any
16 comments that Public Counsel may have.

17 CHAIRMAN GRAHAM: "Generally acceptable" gives
18 you a back door?

19 MR. FRIEDMAN: Absolutely. Very -- very --
20 very astute.

21 CHAIRMAN GRAHAM: Well, here is another
22 attorney to close that door for you.

23 Commissioner Brown.

24 COMMISSIONER BROWN: Thank you. And I don't
25 see OPC at the table, so I -- I assume that you

1 don't have any questions.

2 Well, this is another one of them that I -- I
3 do have some questions on because the lack of
4 organization of this company is mind-boggling, to
5 me. And I'm happy that we have a representative
6 here to at least address some of those issues.
7 This is a luxury glamping resort; is that right?
8 Can you explain what this --

9 MR. FRIEDMAN: I guess you could call it
10 luxury. I -- you know, "luxury" is a relative term
11 if you're in -- in southwest -- southeast Polk
12 County, in the middle of the nowhere. I guess, you
13 know, anything is luxury. If you've got a roof
14 over your head -- it is a -- it's an old -- it's an
15 community. It's -- does have some single-family
16 houses, too, but it was developed as -- as kind of,
17 like, a dude ranch originally. You know, glamping
18 is just, you know, air condition- --

19 COMMISSIONER BROWN: Trendy.

20 MR. FRIEDMAN: Air-conditioned tents.

21 COMMISSIONER BROWN: How many customers are --
22 does -- does the utility service?

23 MR. FRIEDMAN: I think the staff --

24 COMMISSIONER BROWN: It -- it wasn't clear in
25 the staff recommendation.

1 MS. BRUCE: Commissioner Brown, I can answer
2 that question. There are 65 residential customers.
3 There are five general-service customers, but those
4 customers consist -- the five general-service
5 customers consist of a 192-unit condominium unit,
6 mobile home park, RV park, and -- what am I
7 missing -- Westgate Properties.

8 COMMISSIONER BROWN: How many ERCs?

9 MS. BRUCE: Total of -- there are, like, 9,132
10 ERCs for water and 10,098 ERCs for wastewater.

11 COMMISSIONER BROWN: Got it. Okay.

12 Can -- Mr. Friedman, can you walk me through
13 what -- what has happened with the lack of
14 information that this utility has been able to at
15 least provide to the Commission with regard to the
16 data, the billing errors with different accounts,
17 the customer usage data, the no-metering data -- I
18 mean, I can keep going on.

19 I guess, at a customer meeting, it was
20 mentioned that staff was aware about -- there were
21 numerous properties that were not metered,
22 although -- and the utility is seeking 39 million
23 in total costs of those meters?

24 MR. FRIEDMAN: 39 million?

25 COMMISSIONER BROWN: I'm looking on Page --

1 Issue 3, Page 10, the total cost of meters is
2 39 million -- thousand. I -- my -- I didn't see --

3 MR. FRIEDMAN: Okay.

4 COMMISSIONER BROWN: I didn't see the dot.

5 (Laughter.)

6 MR. FRIEDMAN: That's all right.

7 COMMISSIONER POLMANN: I can sell you those
8 meters. It a little bit of a mark-up.

9 COMMISSIONER BROWN: I didn't see the dot, I
10 promise.

11 MR. FRIEDMAN: Okay.

12 COMMISSIONER BROWN: Can you walk us through
13 what has happened?

14 MR. FRIEDMAN: I -- I -- you know, I think to
15 really get from Point A to Point B, you have to go
16 to the very beginning. And you know, this was a
17 development that -- I don't remember whether it
18 went through formal bankruptcy or it went through a
19 receivership, but it was -- most of it, except for
20 the -- the new glamping part was developed by
21 somebody else. The current owner came in and
22 bought it, the whole development, including the
23 utility. And I don't remember what year it was,
24 but --

25 COMMISSIONER BROWN: Was it -- but was it like

1 2- -- after 2003, when the utility came in for a
2 rate case?

3 MR. FRIEDMAN: Yeah, we came in for a rate --
4 the first SARC was right after -- I think pretty
5 soon after they bought it. And so, you know, it
6 wasn't -- it wasn't a utility that was, you know,
7 maintained and operated according to the way the
8 PSC does things.

9 The new utility came in -- we did go through a
10 SARC case back in '03. Parts of the system had
11 challenges in putting meters in it because, when
12 they designed the system, they didn't design it
13 with having to meter -- I think it's particularly
14 the RV section. They didn't design it with --
15 with, gee, we're going to have to meter these
16 people at some point. So, the lines were not
17 conducive to, you know, just popping a meter in and
18 then we know how much each customer is going to
19 use.

20 And so, it was a challenge. And -- and so,
21 we're kind of where we are today, is -- is still
22 with a flat rate. We've got -- you know, I think
23 most things are metered now. The staff
24 recommendation is requiring that we -- that we have
25 meters in -- in place and report back by the end of

1 this year the status of all of that.

2 And as -- as the staff pointed out, they'll
3 remain -- the docket will stay open and, you know,
4 hopefully we'll -- we will finally have some good
5 data that we can do a rate restructuring on.

6 COMMISSIONER BROWN: So, currently, though,
7 not all of the properties are being metered.

8 MR. FRIEDMAN: As we sit here today, I think
9 they are, but -- but I don't know -- the staff --
10 the staff was there. I did not go to the -- to the
11 staff meeting, but I think they are. As we sit
12 here today, they're all -- I think they're all
13 metered.

14 COMMISSIONER BROWN: So, they were all --

15 MR. FRIEDMAN: I don't think they were all
16 metered during the test year.

17 COMMISSIONER BROWN: It says that the meters
18 that were installed weren't properly calculated or
19 calibrated.

20 MS. MTENGA: They're currently installed now
21 and as -- during the course of the rate case, they
22 were installing meters. And so, we got invoices,
23 not bids, for the -- for the meters. And they are
24 currently installed and currently collecting data
25 for us to use in a subsequent rate case or --

1 COMMISSIONER BROWN: Or -- or no, actually
2 it's going to stay open.

3 MS. MTENGA: It's going to stay open.
4 That's -- yeah.

5 COMMISSIONER BROWN: Right?

6 Does -- does staff have any concerns about the
7 lack of organization of this company?

8 MS. BRUCE: Commissioners, we've been working
9 with the staff and they've been cooperating with
10 us. So, we feel pretty positive that the utility
11 will work with us and get things taken care of.

12 COMMISSIONER BROWN: Now that Mr. Friedman is
13 here.

14 (Laughter.)

15 MR. FRIEDMAN: Thank you.

16 COMMISSIONER BROWN: All right. Well, again,
17 I want to at least reiterate to the utility to keep
18 good records and keep them in accordance with --
19 especially those accounting records where they
20 weren't adequately, accurately recorded in those
21 different accounts.

22 And I'm looking forward to getting that
23 information to see what the customer usage data is,
24 too.

25 And with that, Mr. Chairman, I would recommend

1 approval of the staff recommendation.

2 CHAIRMAN GRAHAM: It's been moved and second,
3 approval of the staff recommendation.

4 Commissioner Polmann.

5 COMMISSIONER POLMANN: Thank you,
6 Mr. Chairman.

7 I -- I appreciate Mr. Friedman, your use of
8 the creative language, "generally accepted," and I
9 fully understand that.

10 For staff, you've brought forth your -- your
11 recommendations and -- which, among the issues, do
12 you have the greatest concern or hesitancy on in
13 terms of -- of the utility going forward and being
14 able to perform? Not to put you on the spot, but
15 I'm putting you on the spot.

16 MS. BRUCE: Commissioners, at this time --
17 I've worked very closely with the utility over the
18 last nine, ten months. And they've been very
19 forthcoming. I haven't had any issues with them in
20 getting information or data from the company. So,
21 I feel pretty comfortable.

22 COMMISSIONER POLMANN: Okay. So, you're as
23 confident with -- with this utility as you've been
24 with good-performing utilities in terms of --

25 MS. BRUCE: Uh-huh.

1 COMMISSIONER POLMANN: -- the types of
2 improvements and -- and the performance that you
3 would expect. You don't --

4 MS. BRUCE: I don't -- I don't have any
5 concerns.

6 COMMISSIONER POLMANN: You don't anticipate a
7 problem going forward.

8 MS. BRUCE: I can't think of any time -- and
9 I -- I've worked very closely with them --

10 COMMISSIONER POLMANN: Okay.

11 MS. BRUCE: -- that we had any issues with
12 them. So, I'm -- I'm -- I feel that they -- I
13 believe that the utility will do their due
14 diligence in providing all the information and get
15 the information done.

16 COMMISSIONER POLMANN: Very good. I
17 appreciate that feedback. Thank you very much.

18 That's all I have, Mr. Chairman.

19 CHAIRMAN GRAHAM: Okay. If no further
20 discussion, all in favor, say aye.

21 (Chorus of ayes.)

22 CHAIRMAN GRAHAM: Any opposed?

23 By your action, you have approved the staff
24 recommendation on all issues on Item No. 17.

25 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, 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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same has been transcribed under my direct supervision;
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I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 8th day of November, 2018.



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