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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230083-WS

Application for increase in
water and wastewater rates
in Orange County by Pluris
Wedgfield, LLC.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 5

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, April 2, 2024

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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P R O C E E D I N G S

CHAIRMAN LA ROSA: We are going to go ahead and move to Item No. 5, which is the Pluris wastewater and water rate case there in Orange County. We will let our staff and all those get their seats and get positioned.

Mr. Thurmond, if you are ready to go ahead and introduce the item and get us started, you are recognized.

MR. THURMOND: Thank you, Mr. Chairman. I am Wesley Thurmond with Commission staff.

Item No. 5 addresses Pluris Wedgefield, a Class A utility serving approximately 1,700 water and wastewater customers in Orange County.

Rates for this utility were last established in a 2017 limited proceeding. Subsequent to this filing, the filing of this recommendation, an oral modification has been made and provided in the docket file.

Staff held a customer meeting in this service territory on January 24th, 2024. Approximately 66 residents attended, and 23 customers spoke at the meeting. In addition, the Commission has received numerous customer comments regarding this docket.

Additionally, the Commission has received

1 correspondence from the Office of Public Counsel
2 detailing areas of concern with the rate case.

3 Pluris customers have requested to address the
4 Commission regarding this matter today.
5 Representatives from the utility and the Office of
6 Public Counsel are available to address the
7 Commission on this matter, and staff is also
8 available for any questions.

9 Thank you.

10 CHAIRMAN LA ROSA: Thank you. And we will
11 certainly have an opportunity for everyone to weigh
12 in and discuss.

13 I am going to start with the customers that
14 have traveled this direction to be with us today.
15 I have got your numbers -- or I have got your names
16 here in front of me. What I am going to ask is, of
17 course, if you can please come to the podium when I
18 call your name, and obviously address your
19 comments. I would like to keep them around three
20 minutes, but we are not going to be super strict on
21 that. I just want to make sure that we stay on
22 point. And then I will ask a second round if there
23 is anybody else that maybe I have missed, but I
24 have got four names in front of me. I believe
25 that's everybody that's here.

1 So let's start off with Sheila Mayhew. Madam,
2 you are recognized when you are ready. Thank you
3 for coming.

4 MS. MAYHEW: Good morning, Commissioners, and
5 thank you for allowing us to speak.

6 My name is Sheila Mayhew, M-A-Y-H-E-W, and I
7 reside at 2828 Abney Avenue, Orlando, Florida.

8 I moved into Wedgefield in November of 2022
9 not knowing a whole lot about the water situation.
10 I became a community activist within six months
11 upon -- something which I didn't expect to do
12 because I am retired, and I wanted to live a nice
13 quiet peaceful life, but here I am in Tallahassee.

14 I am here to request that you please veto an
15 increase to Pluris. My water bill for just two
16 people last month, and half the month I wasn't even
17 home because I have been taking care of an elderly
18 father, and my bill was \$109. Now, that doesn't
19 sound like a lot, but considering that there was
20 only one other person in the house, and they are
21 not there half the time because they work, that's a
22 lot of money. And when you are on a limited income
23 like me, Social Security, it really does break the
24 bank sometimes.

25 We have -- and I am asking you also to please

1 consider vetoing, because we are in the process of
2 trying to purchase the facility with the help of
3 Orange County Utilities. We have a five-phase
4 project that we are working on. We are getting
5 ready to go into phase four, which is the
6 negotiations aspect of the project. And so if you
7 guys keep increasing our rates, then Pluris is
8 going to want more money for the facility, and with
9 the customers trying to buy it, that's going to
10 make the cost even more to us. We are doing very
11 well with our petitions for phase four. We have
12 organized very well in our neighborhood.

13 And then the other aspect that I would really
14 like you guys to consider is, because I have
15 thought about this a lot, the profits that Pluris
16 makes, are they putting it back into our state?
17 Well, from what I understand, our facility has had
18 very little modifications and upgrades maintained
19 over the years, made over the years, and they are
20 not looking at putting in anymore. Pluris is
21 wanting to sell, and they want to get out of here,
22 and I think they should go.

23 They are -- people are -- some people in my
24 neighborhood are paying four and \$500 a month for
25 water. That's more than their electric bill. If a

1 mom wanted to stay home to raise her children, she
2 can't because of her water bill. I have a
3 beautiful jacuzzi tub in my bathroom that I can't
4 even use because my water bill would be close to
5 \$200.

6 If Pluris gets the rate increase that they
7 have asked for, for two people to get 5,000 gallons
8 of water a month, it's going to be \$225. That is
9 outrageous for a water bill.

10 I lived in South Florida, where the cost of
11 living is much more expensive than here in Orlando,
12 and my water bill down there, with a swimming --
13 built-in swimming pool and a built-in jacuzzi, and
14 a much larger yard, and my trash was included, my
15 water bill ran 30 to \$45 a month. So you can
16 imagine the surprise I got when I got my first
17 water bill and it was 120. And then every month
18 after that, it's been over 90, until the interim
19 rate increase was approved, and my last two bills I
20 have here, the first one was \$119 and something,
21 and the next one was 109.

22 We have people in our neighborhood who go up
23 north for the summer, and their water -- they
24 shouldn't be charged water, they are not living in
25 their house, and they are getting bills of 60 to

1 \$85 a month, and they are not even living in their
2 home.

3 This has got to stop. These people here have
4 been fighting for 30 years. I have only been
5 fighting for a year. And like I said, I became a
6 community activist when I never expected to be one,
7 and I will fight until Pluris is gone, as you can
8 tell my by my shirt.

9 Thank you very much.

10 CHAIRMAN LA ROSA: Thank you, ma'am.

11 Next up we have Phillip Unser. Mr. Unser, you
12 are recognized when you are ready.

13 MR. UNSER: Commissioners, thank you very much
14 for hearing me. You have probably heard all about
15 what I am about to say, so I will be very, very
16 brief.

17 Here we go again. Another rate increase
18 without a visible reason for that increase other
19 than Pluris lost a lawsuit. Part of that
20 settlement was that they were not to increase their
21 costs to try and recoup, and it's apparent to me
22 that that's exactly what they are doing. Again, I
23 ask, please do not approve this latest request for
24 an increase.

25 Since I became a water customer in 2003, I

1 have seen numerous rate increases before the Public
2 Service Commission, and not a single one denied
3 that I am aware of. The cost, the price is the
4 highest in our state, and probably even highest in
5 the nation, I am told. And this is for -- our
6 costs last month was \$147 for two people, and these
7 two people selectively flush toilets, take Navy
8 showers, one on, two off, one on, just to save
9 water. We do not water our lawn. We don't water
10 vegetation. We have had to install a whole house
11 filtration system to cover up for the costs -- for
12 the smell and the odor and the taste.

13 Last, but certainly not least, every single
14 appliance in our home that utilizes water has been
15 replaced at least once. In the case of the heater
16 -- water heater, dishwasher, icemaker, shower
17 handles, sink faucets, twice or more times because
18 of the corrosive water.

19 Purchasing a home that's serviced by Pluris
20 reminds me of purchasing a timeshare, where we
21 don't know what the maintenance costs will be, and
22 there is apparently no oversight for management.
23 So again, I ask you, please do not approve this
24 rate request.

25 Thank you very much for listening.

1 CHAIRMAN LA ROSA: Thank you, Mr. Unser.

2 Next up is Helen Unser. Madam, you are
3 recognized when you are ready. Thank you.

4 MRS. UNSER: I am Helen Unser. I live at 2835
5 Ballard Avenue, specifically Wedgefield
6 subdivision. I do not like speaking in public, but
7 I must speak on behalf of the residents of
8 Wedgefield that are on Pluris water.

9 During the 20 years my husband and I have
10 lived in Wedgefield, we have had at least three
11 different owners of the water plant, AGI, Utilities
12 Inc., and Pluris since 2010. Each has raised their
13 rates and then sold. It's sort of like them
14 saying, look, what a profitable investment you
15 would get if you purchased. Pluris is following
16 this trend, in addition to attempting to recover
17 the funds they lost in the recent class action
18 suit.

19 I understand that a private water company
20 wants to make a profit, but at the same time, I
21 don't understand how they can take advantage of the
22 customer they service.

23 At the present time, citizens of Orange County
24 utility pay \$68.07 for 5,000 gallons of water.
25 Residents of Wedgefield, at the present time, pay

1 \$100 -- \$166.62 for the same 5,000 gallons of
2 water.

3 With OUC, they have an ongoing maintenance
4 setup to make sure that their equipment all works.
5 With Pluris, they seem to be reactive, not
6 proactive. They bill customers for repairs.

7 In 2017, they requested a rate increase to add
8 a water softener, repair a main break or maxim and
9 to finance a new office. There is a very large
10 number of senior citizens living in -- using Pluris
11 water that are on fixed incomes, many just on
12 Social Security. They've resorted to things that
13 should not be required in their waning years, like
14 limited showers, not flushing the toilet but a
15 couple times a day, wearing clothes numerous times
16 before washing. Many of these same citizens are
17 buying their water because they -- they don't trust
18 Pluris.

19 If you approve this Pluris request for this
20 increase they want, you will cause a burden on the
21 residents that will devastate many. Their water
22 bill will be higher than their electricity bill and
23 their food bill combined, and on a fixed income, it
24 can -- your income can only be stretched so far.
25 With inflation, they are very near their limit

1 right now.

2 So I am asking you, please, give the residents
3 of Wedgefield a break and do not allow Pluris to
4 raise their rates.

5 Thank you so much.

6 CHAIRMAN LA ROSA: Thank you, Ms. Unser.

7 Next up is Mr. Tony Meimary. You are
8 recognized, sir.

9 MR. MEIMARY: Good morning, Chairman, ladies
10 and gentlemen. My name is Tony Meimary. I am a
11 veteran. I served in Iraq, and I always wanted to
12 come back home where I can have a good life.
13 Unfortunately, with Pluris charges, I didn't have a
14 good life.

15 I have to start canvassing, going around in
16 the neighborhood asking every home about Pluris,
17 and they told me go to Tallahassee. Fight for us.
18 We don't want another increase from Pluris. They
19 are being granted increase all the time when they
20 ask for. I hope it was for the good water, but
21 it's not for the good water. It's for the bad
22 water.

23 Most of the residents, they have either a
24 purification system or they buy their own water
25 from outside. I don't give my pet Pluris water. I

1 have to go and fill up five gallons of water to
2 give to my pet.

3 I -- I am asking you, please, reconsider that.
4 I mean, we have an issue here that all the
5 residents of Wedgefield are trying to oppose any
6 increase, and oppose Pluris. We don't want Pluris.
7 We want Orange County to take over because we know
8 we can trust Orange County, but we lost trust in
9 Pluris.

10 I beg you for consideration not to increase
11 any other rate with Pluris, we are already paying
12 too much.

13 Thank you very much for listening to me and
14 have a good day.

15 CHAIRMAN LA ROSA: Thank you, Mr. Meimary, for
16 your testimony, and thank you for your service to
17 the country.

18 Are there any other customers that I have
19 missed? It doesn't look so.

20 I know that there is -- there is -- certainly
21 there was a service hearing, and I know that there
22 is testimony and comments in the docket in addition
23 to, obviously, the customers that we've had before
24 us today. So I will -- I will move to OPC. You
25 are recognized.

1 MR. PONCE: Good morning, Commission. My name
2 is Octavio Ponce, and I have the privilege of
3 representing the customers of Orange County for
4 Pluris Wedgefield through my employment through the
5 Office of Public Counsel. Thank you very much for
6 giving us this opportunity to speak, and thank you
7 for giving the customers an opportunity to speak
8 today as well. We really appreciate it.

9 We also are really appreciative of the work
10 that the staff has put into this recommendation,
11 including making the recent oral modifications.
12 They've -- we feel like they have really listened
13 to our input. But with that being said, I have
14 just a few more issues that I would like to just
15 discuss with you today, and I will try to be brief.

16 So with regards to Issue No. 1, quality of
17 service, your rules require that the Commission
18 consider the testimony, complaints and comments of
19 the utility's customers when determining the
20 utility's quality of service. The recommendation
21 does a good job of summarizing the almost
22 universally negative commentary that this
23 commission has received concerning Pluris' quality
24 of service. This includes, but is not little
25 limited to, 89 complaints filed in the Commission's

1 consumer activity tracking system since 2018; the
2 utility itself receiving 137 complaints over this
3 time period; six complaints received by DEP; a
4 January 24, 2024, customer meeting where 23
5 customers took time out of their lives to speak and
6 share their comments with you; and 45 written
7 comments in this docket alone.

8 Most of these comments focus on some
9 combination of bad water quality, opposition to
10 higher rates and two concerns that the utility's
11 actions are driven about their desire to sell
12 themselves to Orange County.

13 The customer meeting is particularly
14 instructive, because it is here where I learned
15 what a submariner shower is. This is apparently,
16 according to the U.S. veteran who spoke, a type of
17 shower where you try your best to use the least
18 amount of water possible. These are driven by
19 concerns of -- the customers' concerns over the
20 cost of water and over the water's quality.

21 Despite the recommendation noticing -- noting
22 overall complaints are down, there are still dozens
23 of comments in this docket and from the customer
24 meeting complaining about quality of service.

25 These are -- the overall numbers may seem small,

1 but when you consider that this utility has about
2 1,700 customers a piece for water and wastewater, I
3 feel that they are significant. And also you just
4 heard from customers who took the time out of their
5 lives to speak to you today concerning their
6 concerns about costs and water quality.

7 The recommendation also takes the position
8 that, despite the customer complaints, the utility
9 is compliant with the EPA requirements and that
10 overall the customer complaints are trending
11 downwards. However, I would point out that the
12 utility itself takes the position that it has been
13 DEP compliant since at least 2010.

14 During this time period, despite compliance
15 with DEP, the utility faced a multi-million dollar
16 class action water suit that the utility had to
17 settle. Should the utility be rewarded for
18 appearing to respond in a timely manner of when
19 this response was at least in part motivated by a
20 multi-million dollar customer lawsuit? I put to
21 you that it should not.

22 OPC recommends that this commission find the
23 utility's quality of service is unsatisfactory.

24 OPC further recommends that based on this finding,
25 that the Commission should impose a 100-basis point

1 penalty, or a 50-percent reduction in salary for
2 the utility's executives.

3 Moving on to Issue No. 6, and I only have one
4 more issue after this. Thank you for your
5 patience. This issue concerns restricted cash
6 accounts that were included in working capital.
7 The Commission's practice, as acknowledged by the
8 recommendation, is to either exclude interest
9 bearing accounts from working capital, or include
10 them in working capital and place the interest
11 income in the above-the-line revenue. The
12 recommendation includes, including a 1,629
13 associated interest income in above-the-line
14 revenue, but this has an almost \$20,000 revenue
15 requirement impact. Our position is that no more
16 than \$77,000 from these accounts should be included
17 in working capital.

18 Finally, various issues in Issues No. 12 and
19 14 about certain dues that the Commission is paying
20 to be a member of certain associations, namely the
21 NAWC and the AWWA. OPC's position is that these
22 are lobbying organizations, and the customers of --
23 these organizations engage in lobbying, excuse me
24 -- and that the customers should not be required to
25 bear the costs for these pursuits.

1 Alternatively, because membership could
2 arguably benefit both the owners and the
3 shareholders and the customers, we believe that
4 these dues should be borne equally between them,
5 because the utility has not met its burden on this
6 issue.

7 Thank you very much. We appreciate the time.
8 Thank you.

9 CHAIRMAN LA ROSA: Thank you.

10 Let's recognize Mr. Friedman with Pluris.

11 MR. FRIEDMAN: Thank you, Mr. Chairman,
12 Commissioners. I am Marty Friedman, the attorney
13 for Pluris Wedgefield in this proceeding.

14 We generally agree with the staff
15 recommendation. Let me start before I do my
16 planned comments to deal with a couple of comments
17 that were made by OPC.

18 When OPC outlined the number of complaints
19 that had been filed, if you look in the staff
20 recommendation, the staff recommendation makes it
21 clear that some of these complaints are made by the
22 same customer, and some of them are counted twice,
23 or maybe three times or four times. And in one of
24 the discovery responses that we filed after the
25 customer service hearing, most of the customers who

1 complained about quality of service had never
2 complained to the utility. And unfortunately, it
3 seems like when the utility seeks a rate increase,
4 that's when the complaints comp.

5 In response to one of the customer comments,
6 this utility hasn't had a full rate case in almost
7 10 years. It had a limited proceeding, as the
8 woman mentioned, that included also remote read
9 meters. That limited proceeding was in, I think,
10 2017. But other than that, there hasn't been a
11 full rate case in 10 years. So I think you would
12 expect that once every 10 years, a utility would
13 need rate relief, and I think that's longer period
14 of time than most utilities of this size.

15 The quality of service by the utility, it does
16 meet all DEP requirements. They keep -- everybody
17 wants to talk about this lawsuit. It was settled
18 for reasons unrelated to the quality of service.
19 DEP admits all primary and secondary standards are
20 being met. There is -- there is nothing else that
21 the utility can do. One of the customers mentioned
22 corrosive water. The water meets the standards of
23 DEP for pH. And so there is really nothing that
24 the utility can do that it doesn't already do, and
25 that is meet all the statutory and rule

1 requirements.

2 I would like to mention one issue. This is
3 Issue 12. It's the one that has a glowing omission
4 that I think that jumps out at you, and I would
5 expect y'all each realize it as well, and that was
6 the staff report allows one executive officer for
7 the management company, and then billing,
8 collection and customer service. Other than that,
9 it doesn't allow any of the other employee
10 positions. And that was based upon a settlement
11 agreement that one of the related parties entered
12 into with Sarasota County in connection with the
13 rate case down there, and I will get into the
14 settlement agreement aspect of this later.

15 The rate case that we had in that county, it
16 involved an additional three employees. So when
17 Public Counsel in their argument, which was bought
18 by the staff, is that when they said, oh, we've got
19 one executive officer, and that's what Sarasota
20 County allowed. That isn't true. Sarasota County
21 also allowed a top planning executive and a top
22 financial executive.

23 In this case, what they have basically done is
24 they have eliminated an administrative director, HR
25 director, IT manager, permitting, executive

1 assistant, a controller, an accountant and a CFO.
2 Now, I suggest that to properly run a utility, you
3 have got to have certain personnel that have
4 varying experience and expertise. And the
5 employees that the staff eliminated, that was --
6 actual salary allocated amount was over \$484,000.
7 And even if you used the AWWA standards salaries,
8 that would be between 328,000 and \$380,000 that
9 they just whacked off with no reason, no
10 explanation. They didn't delve in and say, this
11 company doesn't need an IT guy. This company
12 doesn't need a human resources person. This
13 doesn't need a permitting person. They just said,
14 the company agreed to it in Sarasota County and so
15 we are going to buy that. And as I said, that's
16 not even accurate what they agreed to in Sarasota
17 County.

18 So what we did, and I hope you have read the
19 summary that we have provided in the docket where
20 we include a couple of schedules. And what I had
21 asked them to do is just pair it down. We had all
22 those positions that were -- that were omitted,
23 let's pair it down to things that nobody can
24 question that every well run company needs, and we
25 broke those down into five categories. One is the

1 IT manager.

2 I can't imagine that you could dispute that a
3 large company doesn't need an IT manager, an
4 executive assistant. I mean, you need somebody
5 that really keeps the shop running. A controller,
6 you know, how can you run a business without
7 knowing -- knowing how the business is being run
8 financially.

9 Permitting. This is a utility company, you
10 need somebody at that level who tracks and keeps
11 track of permitting to make sure that we will
12 always -- that this utility is always in
13 compliance. And this one is in compliance, so the
14 permitting people must be doing a good job. And
15 then a CFO.

16 So you got to -- I can't imagine that any of
17 you agree that you can run a utility without these
18 five positions. And those five positions, the
19 salary that Pluris pays for those five positions is
20 about \$274,141. Now, that's what they actually
21 pay.

22 If you want to use your AWWA standards, like
23 y'all seem to do frequently, between the mid and
24 the max, that would be 198,503 and 229,199. So
25 even if you take the midpoint, I can't imagine that

1 you can -- you can reasonably determine that this
2 company does not need those five employees and the
3 cost -- expense of that is \$198,503, which should
4 be added to the revenue requirement.

5 Now, jump back on this settle agreement issue.
6 You know, a settlement agreement is just that.
7 It's a negotiation between two parties, where
8 somebody gives up something over here and somebody
9 gives up something over there, and they both
10 accept -- they may not like it, but they both
11 accept the end result. And it's not proper to pick
12 something out of a settlement agreement and say,
13 well, you agreed to this over here, and then you
14 ignored the things over here that the other party
15 agreed to. And let me point out what those are.

16 In the Sarasota case, the settlement agreement
17 included three employees, not just -- not just the
18 top executive officer, but the top planning
19 executive and the top financial executive. How can
20 you pick one of those and say, we are going to do
21 what you agreed to do at the county, and then you
22 leave out two or three people that we agreed.

23 Secondly, the settlement agreement with sorry
24 Sarasota County also allowed the utility rate case
25 expense for employees even though those employee

1 salaries are included in expenses, which this
2 commission doesn't typically do.

3 It also gave the utility income tax expense,
4 which this commission doesn't do. So if you add
5 those things -- and I would venture to guess what
6 we would agree to do is if you want to do the same
7 thing we did in Sarasota County, we will do it.
8 Give us all three of those employees, rate case
9 expense for in-house employees and give us an
10 income tax expense and we will forget the salaries.
11 But you can't do both. You can't be selective in
12 picking and choosing issues that were settled in a
13 proceeding, settled, and then you ignore the ones
14 that you don't like.

15 And I think that the, and would suggest to you
16 that from a regulatory standpoint the most
17 practical response is to grant the utility
18 additional salary expenses of between 198,503 and
19 229,199, which is the range that the AWWA deems
20 appropriate. And I can't imagine that you don't
21 think that companies need IT, controllers,
22 permitting and financial advice.

23 There is not even an accountant being approved
24 in here. How can you run a utility without those
25 people? And I would suggest to you that it would

1 be -- it's is necessary to add those people back
2 into the mix.

3 Thank you very much.

4 CHAIRMAN LA ROSA: Thank you. Let's -- let's
5 move to staff. You are recognized.

6 MS. NORRIS: Would you like to start with
7 perhaps, I guess the top, as far as quality of
8 service and then we can address all the other
9 issues in the order OPC and the utility raised?

10 CHAIRMAN LA ROSA: Yeah, let's work our way
11 down.

12 MS. NORRIS: Okay. Got it, our way down.

13 MR. DAVIS: All right. Good morning. We did
14 receive a number of complaints from the customers,
15 as was mentioned earlier, mainly there is a lot
16 concerning the rate increase that's being proposed.
17 Also, the color of the water, odor of the water,
18 and a bunch of water leaks.

19 The utility company has been pretty responsive
20 in dealing with the water leaks. And as far as
21 meeting the DEP requirements, the utility, they do
22 meet the primary and secondary water quality
23 standards with DEP. So that's the main reason why
24 we find them satisfactory.

25 CHAIRMAN LA ROSA: Commissioners, questions,

1 thoughts on that?

2 Okay. Go back to staff. Any -- anything else
3 that was said today by either OPC or parties, or
4 even --

5 MS. NORRIS: Yes, sir. I will start from
6 OPC's issue regarding working capital. These are
7 the cash restricted balances in working capital.

8 Staff maintains and stands by its position
9 within the recommendation that these are still
10 necessary minimum balances they have to maintain in
11 order to meet the debt covenants, that's related to
12 the debt they have incurred, and so we still
13 believe it's appropriate to include those amounts
14 in working capital for that reason. Especially,
15 again, supporting ongoing operations in that sense.

16 And as far as the dues and subscriptions, that
17 is regarding -- that's allocated costs for NAWC
18 dues, and direct costs for AWWA dues, and to
19 combine that results in about less than a percent
20 of total O&M expense. And we really did look at
21 the arguments laid out by the Office of Public
22 Counsel in reviewing what the role that they played
23 in terms of any lobbying advocacy.

24 And really what's cited by the Office of
25 Public Counsel, or general -- I think they referred

1 to as even as general lobbying efforts advocacy in
2 terms of the water industry as a whole, the
3 benefits that are provided from these organizations
4 to the smaller industry, water/wastewater
5 utilities, are access to things like publications,
6 O&M benchmarking, compensation surveys, which I
7 would note that staff, as well as the Office of
8 Public Counsel, look at and review in terms of our
9 analysis and review in rate cases, as well as
10 education, research and guidance for the
11 implementation of new technology within the
12 industry, such as replacement of aging
13 infrastructure.

14 There is just a lot of general benefits that
15 are extremely useful, we believe, and it's a
16 reasonable expense to include for these utilities,
17 or specifically for Pluris.

18 CHAIRMAN LA ROSA: Is it fair to say that
19 these organizations, their primary focus is not
20 lobbying?

21 MS. NORRIS: I believe that's a fair -- that's
22 a fair characterization, as well as to also stress
23 that there is no direct lobbying being done on
24 behalf of Pluris. These examples that are cited
25 again are water/wastewater industry wide, so,

1 again, beyond just the members that are part of it.
2 We believe that the resources and benefits
3 available are certainly beneficial and reasonable
4 to include.

5 For the -- I believe the next issue,
6 management fees. I just wanted to take a minute to
7 clarify in terms of the settlement agreement. And
8 this is brought up by Mr. Friedman.

9 The settlement agreement from Sarasota County,
10 just to stress that staff reviewed -- that was laid
11 out the argument -- that was laid out in the Office
12 of Public Counsel's letter, and what we included in
13 our recommendation is ultimately looking at the
14 AWWA compensation survey related to the officer
15 that we believed was reasonable and appropriate to
16 leave in O&M expense.

17 I would just -- if you have the
18 recommendation, if you could go to page 26, we have
19 a table laid out there. It's table 12-1. What we
20 really felt was important is to review all the
21 components of this expense, the allocated expense.
22 And if you see there, what was approved in the last
23 case -- and again, that's the preallocated amount,
24 about 743,000, compared to what was being
25 completely requested, about 2.6 million in the

1 current case. We really wanted to gage the
2 different components of that expense, and as well
3 as -- if you see from the last case, the management
4 group employees in that allocated amount was -- the
5 staffing level was at three. In the current case
6 it was looking at -- we were looking at 19.

7 Now, there are other components where it was,
8 in the last case, completely one run by contractual
9 services, everything from operators. They had the
10 management group as well, billing collections. So
11 there was a change in that. Now there are actual
12 in-house employees that reside -- work for Pluris
13 directly and service the utility within Florida.

14 So if you see on that next column in the
15 current rate case, there are seven in-house
16 employees, including, I believe, two different
17 levels of manager -- management. One being a
18 regional manager, as well -- and part of staff's
19 objectives in looking at this expense was really
20 trying to ask pointed questions regarding what the
21 need was for these additional positions.

22 And certainly -- and I hear Mr. Friedman, as
23 far as how these are necessary to run the utility
24 as a whole. And we really weren't -- didn't get a
25 lot much back more than I guess job descriptions,

1 and we really wanted more of a justification for
2 why these additional positions were needed.

3 We also had, I believe, about 80,000 remains
4 in those allocated expenses for accounting
5 services, such as the review of financial
6 statements, tax services, and so we really felt it
7 was important to try to get as far as why these
8 additional positions were needed, and felt, given
9 that it was the utility's burden to completely
10 justify and support those positions, that it was
11 still appropriate to leave those positions out,
12 especially in light of the last case.

13 There are also contractual services that are
14 still being allocated for things like IT work, as
15 well as, again, the accounting services. There is
16 some of the positions that are still left in there
17 that have a direct role in hiring. There are
18 contractual services related to different HR
19 aspects, such as onboarding. And so this is what
20 we were able to find within the documentation that
21 we found, such as the audit workpapers and -- that
22 responded to data requests.

23 So without, again, that specific justification
24 for the need and these additional positions, we
25 felt it was reasonable to tailor what we have here

1 in staff's recommendation. But again, to stress
2 that we did not go back to the three employees
3 based on the Sarasota settlement agreement. We
4 solely used that in terms of the information
5 provided for the AWWA benchmarking for those
6 positions. And certainly if you have any questions
7 specific to that.

8 CHAIRMAN LA ROSA: Thank you.

9 I am going to jump to Commissioner Fay. We
10 were talking about the associations. I know we
11 just finished talking about salaries, but I don't
12 know where your question was, but you are free to
13 ask.

14 COMMISSIONER FAY: Yeah. Thank you, Mr.
15 Chairman. I didn't want to get too far away from
16 this -- this issue specifically, so just a quick
17 question.

18 So on the association dues, so we -- we
19 essentially get that as an allocation and expense
20 from the utility. Do we have a data request -- did
21 the Commission have a data request to get a better
22 articulation of the allocation of maybe, you know,
23 advocacy member services, whatever the breakdown
24 would be for what those associations include?

25 MS. NORRIS: So we have -- so for the NAWC,

1 that is an allocated dues and subscriptions from
2 the parent -- from the management company level.
3 The AWWA is a direct expense paid by Pluris. And
4 so we -- and once this issue, we looked further
5 into it, we were able to pull that direct
6 documentation. And that was one difference, and I
7 know it's noted in the letter from the Office of
8 Public Counsel in terms of how the invoicing is
9 done, where it was directly dues and subscriptions.
10 I understand, previously they would, I believe
11 maybe line item out specifically lobbying, and so
12 we looked at that documentation to provide that.

13 And I don't know if Mr. Friedman maybe has any
14 more in terms of additional detail for those, but
15 that -- that's the limited -- that's the limited
16 information we had within that invoice.

17 COMMISSIONER FAY: Sure. I have a follow-up,
18 Mr. Chairman. I don't know if you want Mr.
19 Friedman to respond or if you want me to go ahead
20 with staff.

21 CHAIRMAN LA ROSA: It's up to you, and if you
22 have staff, then we can -- we can recognize them.

23 COMMISSIONER FAY: Yeah, I will continue just
24 with staff because just to make sure I have clarity
25 before Mr. Friedman has a chance to respond.

1 To so your point, this current docket in front
2 of us, we don't have sort of a breakdown of what
3 that allocation of the association fee is?

4 MS. NORRIS: Right. Correct. That's -- I
5 believe that's not how the billing is done now, is
6 my understanding, is that it's directly a line item
7 just for dues and subscriptions.

8 COMMISSIONER FAY: Okay. And I have reviewed
9 OPC's letter and their comments related to this
10 issue. I don't -- I don't have any problem with
11 some allocation of association dues. I think we
12 all, in our professions, have different
13 engagements. I think, you know, the Commission
14 engages with National Association of Regulatory
15 Commission. OPC has NASUCA. They have an
16 association that they pay to. I mean, I think it's
17 common practice to get that information from other
18 states and other associations, but that allocation
19 and prohibition of lobbying, which is something the
20 Commission policy has always been consistent with,
21 it does seem like that's difficult to break down.

22 So there is a recommendation in OPC's letter
23 of a 20-percent allocation. That seems high to me,
24 but if the Commission decided that we wanted to
25 place some sort of allocation, let's say 10 percent

1 allocation to what we think might be advocacy, do
2 we adjust the association expense number to allow
3 for recovery in general of the expenses, but with
4 the exception of, you know, 10 percent of their --
5 their funds that might go towards advocacy? We
6 just don't know because that invoice doesn't give
7 us the information?

8 MS. NORRIS: Right. The 20 percent was
9 specific to that last case, and so that's why we
10 didn't feel comfortable necessarily completely
11 going with that. Absolutely, we are able to make
12 an adjustment to revenue requirement to make any
13 type of percentage reduction for any of that as
14 well.

15 COMMISSIONER FAY: Okay. And, Mr. Chairman,
16 that's something I would support, but I don't -- we
17 probably want to wait until we get kind of down the
18 road to what we take up in front of us.

19 CHAIRMAN LA ROSA: Yeah. We will note it, and
20 we will kind of bring it back up, I guess, at the
21 right time.

22 COMMISSIONER FAY: Okay. Great.

23 And then I did have one more question about
24 this -- on this Issue 12. I appreciate it.

25 This -- this question about more information

1 about each position, just so I understand, does the
2 utility currently have any of these positions
3 listed filled and operating?

4 MS. NORRIS: The management positions we do.
5 We were -- yes, sir -- yes. Those are positions
6 that are filled at the corp -- or the parent
7 company level.

8 COMMISSIONER FAY: Okay. And then there is an
9 allocation of what -- what amount of time or
10 resources is used in those positions for this
11 specific utility?

12 MS. NORRIS: It's -- the way that they
13 allocate the management fees, it's based on
14 customer count. And so that was another issue that
15 we looked at too, going back to justification, is
16 the amount of customers they serve, especially -- I
17 believe they just sold two of the utilities -- has
18 gone down significantly. So that was another
19 concern in these positions in terms of how much of
20 that was still necessary.

21 The utility did provide -- I believe 153,000
22 was the -- was the variable cost they believed
23 would decrease selling those utilities. But that
24 was another concern, is that they are servicing
25 less customers, and so, again, in asking for that

1 justification, we felt that was an important part
2 to understand.

3 COMMISSIONER FAY: Okay. Yeah, and that's --
4 I mean, you specifically have come before us a
5 number of rate cases with water and wastewater. It
6 seems rare that we see -- I mean, maybe because of
7 our population growth, but it's rare we see a
8 utility decline in customer base that significantly
9 and then ask for significantly more resources at
10 the same time. So based on the recommendation, I
11 mean, is this sort of an abnormal situation for a
12 utility to be shrinking, but also need more very
13 resources?

14 MS. NORRIS: That certainly seemed staff --
15 right, staff's initial out look in wanting to
16 understand exactly why those were moving in
17 opposite directions certainly.

18 I would also, too, just to clarify, too,
19 Pluris serves -- so I believe there is one other
20 Pluris Southgate maybe -- the Sarasota utility they
21 were referencing, there are Pluris customers in
22 other states as well, so this is across several
23 states as far as the Pluris management company.

24 COMMISSIONER FAY: Okay. Yeah. Because -- I
25 mean, I think as a commission, we obviously want to

1 approve things that will -- will improve the
2 quality, or make the situation better for the
3 utility and the customers, at the same time, there
4 is this question of a shrinking entity and then so
5 much more resources allocated to it, and what might
6 absolutely be necessary for those operations. So I
7 think it is unique, kind of, for us to take that
8 up, but I think we -- we have to try to balance
9 what would work for the utility, but at the same
10 time that rate impact for the list of customers.

11 So I think what you did makes sense here in
12 large part because of the burden that's required by
13 the utility to satisfy those positions, and it
14 didn't seem sort of like an arbitrary reference to
15 the settlement was what created this standard.

16 So I think, Mr. Chairman, I am comfortable
17 with this issue and the parts that I discussed, if
18 you would like to have Mr. Friedman respond, that's
19 fine, but I have a full understanding of what I
20 think on these issues.

21 CHAIRMAN LA ROSA: Okay. Thank you. I would
22 like to give him an opportunity to respond.

23 You are recognized.

24 MR. FRIEDMAN: Thank you, Commissioners.

25 Again, Marty Friedman.

1 I don't have any insight into the AWWA, you
2 know, what -- what part of that membership is
3 lobbying. It's certainly an ancillary purpose,
4 it's not the main purpose. I don't think in any of
5 the other rate cases I have ever been involved in
6 has there been any attempt to allocate membership
7 in national or state organizations for rural water,
8 for instance.

9 Almost every small company that you represent
10 belongs to Florida Rural Water. You figure out how
11 much of their time is spent on lobbying, and you
12 somehow make an adjustment. It's not the main
13 purpose. It's an ancillary. And I think there's
14 something -- I think I saw in what OPC filed, what
15 some of these organizations do is they go out for
16 another request for funds for lobbying, where you
17 pay your dues, and now they want you to join the
18 lobbying fund, which is another fund separate and
19 apart from your regular dues.

20 I just don't see any basis, because it may --
21 because lobbying may be -- not lobbying as was
22 pointed out for this utility, industry lobbying,
23 the ancillary lobbying should be a reason to
24 arbitrarily reduce those membership dues, and
25 that's what you are doing.

1 You don't -- you don't -- it's not the main
2 purpose. You don't know whether it's 10 percent,
3 or five percent, or two percent, or none. Maybe
4 they used a separate fund for lobbying, like some
5 organizations do in order to avoid that, because
6 certain tax laws -- to take certain advantage of
7 tax laws, certain types of organizations cannot
8 lobby, and so what they do is they set up separate
9 lobbying funds to do that.

10 And I don't think there is any basis for --
11 for -- and we are not talking about very much
12 money, I'm probably spending more time arguing
13 about it than the dollars involved. But as a
14 matter of principle, because this is going to come
15 up in every rate case, you know, almost every
16 utility is a member of these organizations, and
17 somebody going to arbitrarily -- and a lot of them
18 are direct members, so they pay the whole dues.
19 Not in this case, where AW -- where the national
20 association is an allocation. And I just think,
21 from a regulatory perspective, I don't think it's
22 appropriate to just arbitrarily pick a number and
23 reduce the membership dues. I just don't think
24 it's appropriate.

25 The other issue, yeah, I think where staff got

1 caught up in the salary issue is they looked back
2 and they said, well, in that rate case they filed
3 in 2012, they only had so and so employees. I
4 mean, they still had IT people. They still had
5 comptrollers, they still had accountants, they just
6 didn't include it in this. They had just bought
7 the system in '09. It was run by the -- by the
8 seller for some period of time as they transitioned
9 into this, so this was a new ownership for this
10 company. It's not like there is -- they jumped
11 from seven employees to 20 employees.

12 They still, back then, in 2012, had IT. They
13 to have accounting. They had to have HR. They had
14 to have permitting. They had it all, and just
15 because it wasn't included in the last rate case,
16 you are going to say, well, you know, the customers
17 got a break because we didn't include it in 2012,
18 but we are going to hold that against you now
19 because you want to get what the customers are
20 taking advantage of, the expertise that they are
21 benefiting from, and you are just arbitrarily
22 throwing those out.

23 And there is no IT in here. There is no HR in
24 staff's recommendation. Do you know any company --
25 I mean, God knows how many IT people y'all have,

1 and HR people you have, and accountants and
2 controllers you have. Every business needs it.
3 And to arbitrarily say you are not going to get it
4 because you didn't ask for it in 2012 when you just
5 came into the utility business in Florida just
6 doesn't make sense from a regulatory standpoint.

7 The company is entitled to recover what today
8 are reasonable employees to run a well run
9 business, and that's what we are asking you to do,
10 is to add back in those five employees that I think
11 all of you will agree every well run company, not
12 just a utility, but every well run company needs to
13 have.

14 Thank you.

15 CHAIRMAN LA ROSA: OPC, and give you a note
16 when -- I think we are talking about associations
17 but you are free to address both issues.

18 MR. FLETCHER: Yes. I would just add some
19 comment on that.

20 For the NAWC, I have been looking around the
21 country, and the percentage to get the mark of what
22 percentage it relates to lobbying, it's difficult
23 because it's not a line item on the bill anymore.

24 California uses 13 percent on some of their
25 documentation for the policy for the Class A and B

1 utilities, and they are done a little bit
2 differently here in Florida, because they have all
3 the way down to Class E. I am not sure of the
4 distinction there. I have seen some with
5 21 percent, some 10. So it's very difficult.

6 All OPC's position was, is that a portion of
7 it is, and unlike it was for, like, three decades
8 ago for, like, similar on the EEI dues, where NARUC
9 used to do audits. NARUC themselves used to do
10 audits, so it was less difficult to figure out what
11 a portion to relate to audit. They don't -- and
12 the only one I am aware of is they did it to EI.

13 So there is no audits by any other agency,
14 anybody that does that for NAWC or AWWA, but just
15 OPC suggests that it -- based on their website,
16 there is a portion related to those dues, and even
17 the review of the only on-line is their Form 990,
18 which they report to the IRS. You can look there.
19 I don't see a separate fund for lobbying. I see
20 dues. And looking at the percentage, it suggests
21 that it is paid for out of the dues. And all we
22 are saying is, is that to allow recovery of the
23 entire amount without backing out the lobbying
24 portion, you know, to me, I am not a lawyer, but,
25 you know, speaking for the customers, they may not

1 agree with all the lobbying positions that these
2 associations are proffering to the federal EPA or
3 to Congress, U.S. Congress. It may be different
4 than the customers, and you can't really speak for
5 them, and that just -- and also the longstanding
6 Commission practice of considering lobbying
7 expenses below the line.

8 CHAIRMAN LA ROSA: Commissioners, any other
9 thoughts on those issues specifically?

10 Seeing none, I will go back to staff. Is
11 there any other issues that we need to address
12 that's been before us?

13 MS. NORRIS: I believe that we are through the
14 end of the different issues brought up by the
15 Office of Public Counsel and Mr. Friedman, and
16 certainly, if you have any further questions on any
17 of those areas.

18 CHAIRMAN LA ROSA: Commissioners, questions?

19 COMMISSIONER CLARK: On this area are or just
20 in general?

21 CHAIRMAN LA ROSA: In general.

22 MS. NORRIS: In general.

23 CHAIRMAN LA ROSA: Yeah, so it's wide open.

24 COMMISSIONER CLARK: I have got a series.

25 CHAIRMAN LA ROSA: I will go to Commissioner

1 Clark.

2 COMMISSIONER CLARK: Thank you, Mr. Chairman.
3 Just several questions to ask some of the different
4 parties and some observation.

5 I appreciate the residents who made the trip
6 up today to testify.

7 I am curious about the County's role. We keep
8 hearing a lot about the County's buying this
9 system. I know they have been looking at it for a
10 long, long time, and there hasn't been a decision
11 made.

12 Was there any extent, staff, to reach out to
13 the County to see if they wanted to participate in
14 this hearing today, or any observations from the
15 County?

16 MR. FUTRELL: Mr. Chairman, we did. At the
17 customer meeting back in January, there was an
18 Orange County Commissioner that attended and spoke
19 briefly. Also, we got a communication filed in the
20 docket yesterday from Commissioner Bonilla who
21 expressed her comments about the rate case, and
22 about the situation, but that's the extent of our
23 interaction with them.

24 COMMISSIONER CLARK: I had her -- I had read
25 that letter and was just curious if they were

1 interested in any input whatsoever other than just
2 that. I had some questions for them, but -- and I
3 will move on to OPC, just a couple of questions.

4 You had three basic objections in this
5 particular rate case. That was the lobbying
6 expense, the ROE and the working capital. I think
7 that was y'all's big three primary issues, is that
8 correct?

9 MR. PONCE: Yes, sir.

10 COMMISSIONER CLARK: Okay. You didn't find
11 any else in term of the overall rate case that were
12 any -- these are fairly small issues that would not
13 have a major impact. I mean, all impacts on rates
14 are important. I understand that. These are not
15 anything that would have a significant impact in
16 the rate increase, is that correct?

17 MR. PONCE: I am sorry, could you repeat that
18 question?

19 COMMISSIONER CLARK: I said, these were all
20 fairly small -- excuse me -- fairly small issues in
21 regard to the overall rate case, was that a fair
22 statement?

23 MR. PONCE: I would argue for the customers
24 the quality of service is not a small issue for
25 them, and that should you agree with OPC's

1 position, it could result in a significant
2 deduction to their ROE.

3 Mr. French.

4 MR. FLETCHER: Just to quantify, if the
5 hundred basis points of ROE is revenue requirement
6 impact of about 74,000, and you are correct, for
7 the other ones, the restricted cash, that's about
8 20,000 revenue requirement impact. And a range for
9 the lobbying for the dues, anywhere between 1,500
10 and 3,700. It depends on what percentage you use.

11 COMMISSIONER CLARK: In general, those are
12 fairly small -- fairly small impacts to the overall
13 rate --

14 MR. FLETCHER: Definitely for the --

15 COMMISSIONER CLARK: -- with the exception of
16 the ROE?

17 MR. FLETCHER: Correct.

18 COMMISSIONER CLARK: And I would turn to staff
19 for that question. Can you give me the ROEs that
20 Pluris has hit the last three or four years?

21 MS. NORRIS: I am sorry, so not -- are you
22 talking -- not referring to the earnings --

23 COMMISSIONER CLARK: Earnings.

24 MS. NORRIS: -- what staff is recommending?

25 COMMISSIONER CLARK: Correct. What have they

1 actually learned over the last -- have they been
2 hitting targeted earned? Maybe, Mr. Friedman,
3 would be a question for --

4 MS. NORRIS: We would have to pull their --

5 MR. FLETCHER: I have looked at them. They
6 had a net operating loss, but that included the
7 legal fees associated with the lawsuit had that
8 impact, but a net loss.

9 COMMISSIONER CLARK: So in order for your
10 hundred basis point ROE to take affect, they
11 actually have to hit the desired ROE, is that a
12 fair statement?

13 MR. FLETCHER: Well, when you build a revenue
14 requirement, you are setting it at the -- mid
15 midpoint, so you are setting rates that they will
16 achieve it --

17 COMMISSIONER CLARK: Presumably --

18 MR. FLETCHER: -- of a going forward basis.

19 COMMISSIONER CLARK: -- if ran efficiently.

20 MR. FLETCHER: Yes.

21 COMMISSIONER CLARK: Yes.

22 MR. FLETCHER: Well, if this is a
23 representative test year and all things equal, they
24 are set up to earn a -- an opportunity to earn a
25 fair return on their investment at the midpoint.

1 COMMISSIONER CLARK: Got you.

2 And I my final question goes to Mr. Friedman
3 in argument of this management cost allocation, and
4 I looked pretty extensively at that, and I -- I am
5 tending to lean to staff's opinion in regard to the
6 allocation.

7 You did not address, in my opinion, this
8 massive reduction in the number of employees --
9 number of customers that you have in the state of
10 Florida. And I realize -- I agree with your point.
11 You have to consider all of the different buckets
12 of cost allocation when it comes to accounting,
13 when it comes to operation, when it comes to IT,
14 but we see in small businesses many times that
15 these are handled by, you know, one person wears
16 eight or nine hats in most cases.

17 I did not feel that you gave a justification
18 outside of -- I saw the same thing -- the position
19 descriptions were all I saw as your justification
20 for these additional positions.

21 Your management company allocations, how are
22 you determining those on a percentage what's being
23 applied to Florida versus your other holdings for
24 the management company allocations?

25 MR. FRIEDMAN: First, I disagree with your

1 articulation that these are additional positions.
2 These are positions that had been in the company
3 for -- well, they were here -- they were here when
4 we had our limited proceeding. They have been in
5 the company for 10 years. So I think that's a
6 mischaracterization to call them new positions, and
7 I went into that before when I talked about what
8 went on in 2012 being irrelevant to what's going on
9 today.

10 I don't -- the allocation percentage is done
11 the way y'all do allocations. You know, it's based
12 on an ERC or a customer count. Everybody pays
13 their FAIR share. Unfortunately, there is a
14 minimum amount of personnel and expertise to run a
15 company, and by adding customers or business, with
16 a normal business, what it does is it gives you
17 economies of scale. And it's great to have
18 economies of scale, but yet, there is a certain
19 amount of personnel that are needed to run a
20 company. And you wouldn't want to run it as
21 efficiently as you can, but where you really do
22 well for everybody is when you get the economies of
23 scale.

24 And just because you don't have an economy of
25 scale -- what if -- what if they didn't get rid of

1 any of those companies. If they were still
2 operating all of them, you still need an IT guy.
3 You still need an HR guy. You still need a
4 permitting guy. You still need an accountant. You
5 still need a CFO. Those are positions you got to
6 have, whether you have got 4,000 customers, like
7 they do now, or 60,000 customers, you got to have
8 the certain amount of personnel. And they are not
9 new. They've always been there.

10 COMMISSIONER CLARK: So they were not, at some
11 point, contracted? This was not a contractual
12 service at some point? It's always been in-house
13 employees?

14 You keep saying you have to the person. You
15 have to do the function, and that function doesn't
16 necessarily have to be an in-house person. If you
17 hire a firm or an individual, you get an allocation
18 of their time toward that particular job
19 description.

20 MR. FRIEDMAN: Well, these are. And if you
21 looked at the letter that I -- that I filed in the
22 docket, it shows you those positions that we are
23 talking about, and -- and, you know, what the
24 salaries of those people being paid. And just to
25 say I don't get any of it just defies logic, when

1 those people are there, and you know they are
2 there, and you know they are working.

3 COMMISSIONER CLARK: That's all I had, Mr.
4 Chairman.

5 CHAIRMAN LA ROSA: Commissioners, any other
6 questions? Thoughts?

7 Staff, any other closing thoughts?

8 MS. NORRIS: Just to reiterate, and I think
9 that was mentioned again, is that there are
10 contractual services for many of the different
11 areas that he has referenced. In terms of
12 accounting, for example, there is \$10,000,
13 thereabouts, monthly fee allocated for review of
14 financial statements.

15 And so again, there was hard understand -- a
16 hard time understanding, and without, again, the
17 information detailing exactly the timeline, or why
18 these positions were added, especially in light of
19 the decrease in customers, how, again, it was still
20 appropriate to include that in as well.

21 But, again, to stress that there are
22 contractual services included in what's being
23 allocated for different aspects of that, as well as
24 IT work, HR. And so, again, in totality, with that
25 and all these positions, we still felt it was

1 appropriate considering there was that -- those
2 additional amounts in there.

3 There was also a concern as well as
4 unregulated aspects of a separate, I believe, like,
5 real estate management that's also being run from
6 the same building. There are allocations for
7 things such as rent, but a couple of the higher
8 level management positions in terms of that, the
9 responsibilities they had to each organization.
10 And so again, we feel -- we still stand by and feel
11 it's appropriate what's been included in these
12 allocated costs.

13 CHAIRMAN LA ROSA: Yeah, I understand staff's
14 positions because -- specifically on this issue,
15 because with scalability operations also becomes
16 fluid. I do understand how staff has laid that
17 out.

18 Commissioners, I will come back to us.

19 Commissioner Fay, you are recognized.

20 COMMISSIONER FAY: Thank you, Mr. Chairman,
21 and I appreciate you and Commissioner Clark have
22 owned businesses, run businesses. I mean, the
23 complexity of that is something that you speak to
24 much better than I would. But I do think, from the
25 legal perspective, when we look at these rate

1 cases, the burden is on the petitioners to present
2 the information in a way that satisfies what they
3 are asking for, and so, although I have a lot of
4 respect for Mr. Friedman and his advocacy for his
5 clients, I don't recall an item like this where I
6 have seen a customer base deplete so significantly
7 and then the cost increase. And the information
8 that's been provided to staff on some of these
9 positions, I almost think it would be arbitrary to
10 grant it than it would be not to, and so I think to
11 the recommendation appropriately addresses that,
12 and I support that component of it.

13 Mr. Chairman, the only other component -- I
14 mean, the recommendation is a significant decrease
15 from what's filed. Significant. I mean, I think
16 on the wastewater side, it's somewhere in a
17 50-percent acceptance to in the teens. I mean --
18 yeah, it's -- it's a reality that we have customers
19 that have spoken both in the hearing -- and I
20 appreciate you lettings these customers speak
21 today -- that it's a realization. That number is
22 high for these water customers. They are high
23 bills, and that's just a reality of what we have in
24 front of us.

25 So I think the recommendation does a good job

1 of going through each component of that, and I am
2 supportive of pretty much everything that's put
3 forward. I do still take issue with not having
4 some allocation of the association dues removed
5 based on the advocacy component. I realize that's
6 hard to do, and I think even OPC has acknowledged
7 today coming up with that number is difficult, and
8 it might be something where we see future filings
9 the association decides if they want that cost
10 passed on and they think it's appropriate, that
11 they do provide an allocation of what those fees
12 look like.

13 So I am okay accepting this today. I would
14 prefer to have, you know, maybe a 10- or 20-percent
15 allocation allocated to that, but I recognize that
16 that might require a whole new calculation on
17 staff's side to put forward the adjustments that
18 are there. So I would sort of open that to my
19 colleagues if they are supportive of that or not,
20 then either way I can put forward a motion on the
21 recommendation.

22 CHAIRMAN LA ROSA: Commissioners?

23 COMMISSIONER CLARK: I would just opine for a
24 second. I don't disagree with Commissioner Fay at
25 all in regard to -- we all know there is -- there

1 is a certain amount that's there, we just can't
2 pinpoint exactly what it is. If we wanted to come
3 up with an arbitrary position and say, you know, we
4 are going to allocate 10 percent of all association
5 dues toward a lobbying expense, or some benefit not
6 directly benefiting the ratepayer side of things,
7 and I think that's -- again, it's kind of an
8 arbitrary number, but I think it's probably a fair
9 -- it's a fair assessment and I wouldn't have any
10 -- it's a small --

11 And I don't diminish when we say it's a small
12 number. I'm not diminishing that every dollar has
13 a rate impact. Let me understand that. But when
14 you are talking about something that doesn't move
15 the decimal, it's a very small number, 1,300, 1,500
16 bucks, is that what you said? Is that correct?

17 MR. FLETCHER: That's correct.

18 COMMISSIONER CLARK: So 1,300 to \$1,500 on two
19 points -- well, total, add the total together,
20 what, three-and-a-half million dollars worth of --
21 it's a very, very small number. But in terms of
22 doing what's right and fair, I have no objection to
23 it, Mr. Chairman.

24 CHAIRMAN LA ROSA: I would say -- I would say
25 this, is that it's certainly not an easy decision.

1 These decisions never are. I think staff did a
2 phenomenal job of digging through. And I know in
3 my discussions with them, specifically our
4 briefing, there was, you know, a lot of -- good
5 elements were laid out and explained and got me to
6 a point of comfort.

7 There are some arbitrary, you know, items
8 within this, but I think we are in the -- we are in
9 the right posture for it, at least the way staff
10 has laid it out.

11 Commissioners, I will come back to us. Any
12 more thoughts -- comments, thoughts, or is there a
13 motion before us?

14 COMMISSIONER FAY: You don't have anything,
15 Commissioner Graham?

16 COMMISSIONER GRAHAM: No.

17 COMMISSIONER FAY: Okay. Mr. Chairman, I put
18 forward a motion for Item 5 here to approve staff's
19 recommendation on all issues as proposed, which
20 would include the reductions as proposed.

21 CHAIRMAN LA ROSA: So a motion as staff as
22 recommended.

23 COMMISSIONER GRAHAM: Second.

24 CHAIRMAN LA ROSA: I am hearing a second.

25 All those in favor signify by saying aye.

1 (Chorus of ayes.)

2 CHAIRMAN LA ROSA: Opposed, no.

3 (No response.)

4 CHAIRMAN LA ROSA: Show that the item passes.

5 Thank you all, staff, participants. I think a
6 good discussion.

7 Customers that have come, thank you. It's not
8 often that we have customers that come to
9 Tallahassee, certainly they do participate in our
10 services hearings. Thank you for coming and
11 discussing with us.

12 If there are no further items or business
13 before us, see that this Agenda Conference is
14 adjourned.

15 Thank you.

16 (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
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

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 16th day of April, 2024.


DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024