

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

FILED 8/15/2018
DOCUMENT NO. 05304-2018
FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20170230-WU

APPLICATION FOR
STAFF-ASSISTED RATE CASE
IN PASCO COUNTY BY ORANGE
LAND UTILITIES, LLC.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 7

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
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 CHAIRMAN GRAHAM: Okay. Let's circle back
3 around to Item No. 7.

4 COMMISSIONER BROWN: Seven?

5 CHAIRMAN GRAHAM: Seven. That was just ten.

6 COMMISSIONER BROWN: (Inaudible.)

7 (Laughter.)

8 CHAIRMAN GRAHAM: It's all still a blur.

9 Yes, staff.

10 MS. KNOBLAUCH: Good morning.

11 CHAIRMAN GRAHAM: Good morning.

12 MS. KNOBLAUCH: Emily Knoblauch for staff.

13 Item 7 is staff's recommendation addressing
14 the application for a staff-assisted rate case by
15 Orange Land Utilities, LLC. Orange Land is a
16 Class C utility providing water service to
17 approximately 60 -- 76 customers in Pasco County.

18 Based on a review of the utility's data for
19 the test year, staff is recommending an increase in
20 the revenue requirement of approximately
21 23.72 percent, or 5,364, annually.

22 A customer meeting -- customer meeting was
23 held in April of this year where two customers
24 spoke. Eight customer comments were filed in the
25 docket from four customers expressing concerns

1 regarding the rate increase and quality of service.

2 Staff has requested an oral modification.

3 This modification has been provided which impacts

4 Issues 3, 6, and 7. OPC has indicated that it

5 wishes to provide comments. And staff is available

6 to answer any questions at this time.

7 CHAIRMAN GRAHAM: Thank you, staff.

8 Ms. Morse.

9 MS. MORSE: Good morning, Commissioners.

10 Stephanie Morse with OPC.

11 OPC's comments focus on Issue 1, regarding the

12 quality of service provided by the utility;

13 particularly, the quality of the product and the

14 utility's attempts to address customer

15 satisfaction.

16 The staff analysis notes that DEP last

17 conducted comprehensive testing and analysis in

18 2015, prior to the transfer of the certificate of

19 the -- to the current owner, which occurred in or

20 about February 2017.

21 According to staff, this particular testing is

22 done every three years, which indicates this

23 battery of DEP tests will be due again later this

24 year.

25 Multiple customers have reported, via letters

1 to the docket file and verbally to OPC, that the
2 maintenance they observed under the new ownership
3 appears to be less rigorous than what they
4 experienced under the previous owner and that they
5 are not confident the water, as delivered by the
6 utility, is safe to drink.

7 We question the appropriateness of relying on
8 outdated testing that was conducted during the
9 previous owner's operation of the plant as proof of
10 the current new owner's performance almost three
11 years later.

12 Because the updated DEP testing is due within
13 a few months of this hearing, we submit that a
14 reasonable course of action would be to reserve
15 judgment on this one element of the case, pending
16 the results of DEP's updated tests.

17 Because we understand that repairs need to be
18 made to the plant, we do not object to the
19 implementation of new temporary rates, subject to
20 refund with interest, and pending the results of
21 DEP's 2018 tests. The docket could be held open
22 for the short time it will take to receive this
23 important data from DEP.

24 The letters in the docket file clearly
25 indicate the customers are not satisfied with the

1 quality of Orange Land's water. Customers stated
2 they have had to invest in various types of
3 filters, whether simple faucet filters or whole-
4 house filters that cost at least one customer
5 \$2500.

6 Another customer affirmed to OPC this week
7 that, even with the filter on his faucets, his
8 household does not trust the water for drinking,
9 but instead, they must buy bottled water for
10 drinking, which comes at a substantial expense,
11 particularly for retired people.

12 This customer wrote a letter to OPC on
13 May 17th, in which he stated there is, "...
14 neighborhood consensus that the water is not fit to
15 drink from the tap."

16 At least one other customer who wrote comments
17 to the docket stated that she does not drink the
18 water provided by the utility.

19 And another complainant wrote to say that the
20 water repeatedly made his dog vomit. He further
21 stated that he installed a filter, which,
22 apparently, stopped the vomiting, but he still
23 describes the water as "disgusting."

24 Finally, to the analysis of the utility's
25 attempts to address customer satisfaction -- while

1 the staff analysis states that the utility has
2 satisfactorily attempted to address customer
3 satisfaction, we note that one customer told us the
4 follow-up they received from the utility was not
5 satisfactory, in that, it did not resolve his
6 concerns.

7 The letters submitted by the utility
8 represented that there was a phone call with the
9 customer during which the utility representative,
10 "... Answered all questions regarding the rate
11 increase;" however, in addition to questions about
12 the accounting aspects of any rate change, the
13 customer also had raised questions about water
14 quality.

15 The customer subsequently advised OPC that
16 those questions have not been resolved and that, in
17 fact, his experience with the water has only
18 worsened since the call.

19 As to the other customer, despite the concerns
20 she raised with the utility, it appears, from the
21 documentation, the utility did not take action
22 until she filed a formal complaint with DEP.

23 So, due to the issues that we've outlined
24 here, OPC requests that the Commission withhold
25 judgment on the quality of service provided by the

1 utility until the results of DEP's 2018 tests have
2 been received and evaluated by the Commission.

3 Thank you.

4 CHAIRMAN GRAHAM: Thank you, Ms. Morse.

5 Mary Anne?

6 MS. HELTON: I think that OPC's request today
7 is unprecedented. I can't think of an instance
8 where the Commission is looking at a -- a rate
9 case, be it a PAA rate case, a SARC rate case, or a
10 case that's gone to hearing, where someone asks for
11 you not to set rates based on the information
12 before you and to not rule on the quality of
13 service based on the information before you. It
14 seems to me that you have information today to
15 determine what the quality of service is. You have
16 information today to set rates.

17 If, when the 2018 test results come in and
18 that is determinative to something that should make
19 a change, staff would bring that forward to you for
20 you to consider at that time to take some action.

21 But it seems to me -- I don't know the case as
22 closely as the other staff sitting here at the
23 table, but it seems to me that you have the
24 information today to make a decision.

25 CHAIRMAN GRAHAM: Well, I agree with you. The

1 information that OPC just shared with us is not new
2 information. It's all stuff that was in the docket
3 file.

4 Staff, do you have anything else?

5 MS. KNOBLAUCH: I was just going to mention a
6 few things. So, we did look at the DEP testing,
7 and it is from 2015, but there hasn't been any
8 major operational changes. It has changed owner,
9 but the operation has not really changed since the
10 previous owner.

11 We also did look at DEP complaints over the
12 past five years, and there were no complaints prior
13 to the rate case. And one of the customers that
14 spoke at the customer meeting is the one that
15 contacted DEP and made a complaint with DEP.

16 DEP actually went out and conducted additional
17 testing at the system. Originally, the system --
18 the test for the chlorine residual was slightly
19 low. The operator made the changes to the amount
20 of chlorine. DEP conduct- -- conducted a second
21 site visit and the system was, again, found to be
22 in compliance.

23 And we also looked at the total number of
24 complaints that we received at the Commission, as
25 well as the utility. And those were very low as

1 well.

2 CHAIRMAN GRAHAM: Yeah, but you've also got to
3 remember, there's only 74 customers.

4 MS. KNOBLAUCH: Correct. So, out of the total
5 74, we only received four.

6 CHAIRMAN GRAHAM: 5 percent.

7 MS. KNOBLAUCH: Correct.

8 CHAIRMAN GRAHAM: All right.

9 MS. MORSE: Well, I'd like to respond.

10 CHAIRMAN GRAHAM: Ms. Morse -- well, that's
11 fine. Once again, I don't have a problem with OPC
12 coming down and stating their opinion. Actually, I
13 appreciate that.

14 And your recommendation -- I can't speak for
15 the rest of my colleagues and what they're going to
16 do with the information, but I'm glad you guys took
17 the time to come down and -- and bring that to us.

18 MS. MORSE: Well, I -- I did want to respond
19 as -- as to whether the request is unprecedented --

20 CHAIRMAN GRAHAM: Sure.

21 MS. MORSE: -- or there are no other cases
22 about that.

23 CHAIRMAN GRAHAM: Sure.

24 MS. MORSE: There are a number of cases where
25 the docket has been rem- -- ordered to remain open

1 pending investigation -- and we did not say not to
2 change the rates. I think I stated clearly, we
3 recognize the repairs. So, a -- temporary rates is
4 not something that we object to. But, for
5 instance, in Order No. 970549 -- in that case, the
6 docket was ordered to remain open pending
7 investigation regarding water -- regarding the
8 quality of service.

9 More recently, in Order No. 15-0535, the
10 docket was ordered to remain open for investigation
11 in -- for investigative reports and compliance
12 reports. There were some water-quality issues in
13 that case.

14 CHAIRMAN GRAHAM: Well, I think your point is
15 made. We just recently did that -- and I couldn't
16 tell you which order number it was -- but within
17 the last two or three months. So, I understand
18 where you're coming from. And I can't say we will
19 or will not react to it. I -- I need to find out
20 what the rest of my Commissioners have to say about
21 that.

22 MS. MORSE: I understand. And I did want to
23 clarify, in terms of the -- the -- the
24 representation there was no change in -- in the
25 operation of the plant, despite the change in

1 ownership. And that's why I referenced that, what
2 the customers are telling me they have observed
3 terms of the maintenance being different, in terms
4 of how this particular -- the new owner -- the
5 frequency and the method of collecting information
6 from the owners, for example -- apparently, the old
7 owners -- what the customers are telling me, would
8 come and collect homes from -- collect water, give
9 them water jugs so they could collect it, and then
10 he would test from there and just more-frequent
11 maintenance of that type.

12 So, just because the physical -- the facility
13 doesn't particularly change doesn't mean that the
14 operation, itself, hasn't changed.

15 CHAIRMAN GRAHAM: Thank you.

16 Commissioner Polmann?

17 COMMISSIONER POLMANN: Thank you,

18 Mr. Chairman.

19 Question for OPC. The -- your request has to
20 do with -- you said pending investigation and you
21 made reference to DEP testing in 2018. Could you
22 please clarify what testing you're referring to?
23 Is that the -- the standard testing that occurs
24 every three years? Because there was testing in
25 2015 and -- and we're talking about 2018.

1 MS. MORSE: Exactly. So, the exact title of
2 the testing, I don't know. It's referenced in the
3 staff report. I don't know whether it's the
4 sanitary testing, but I know that, based on the
5 report and based on my conversations with DEP,
6 there's particular --

7 COMMISSIONER POLMANN: Okay. So, it's --

8 MS. MORSE: -- things that are done every
9 three years.

10 COMMISSIONER POLMANN: It's the routine --

11 MS. MORSE: Yes.

12 COMMISSIONER POLMANN: -- testing.

13 Ms. Knoblauch, could you add any information
14 there for me?

15 MS. KNOBLAUCH: No, that -- that is correct.

16 COMMISSIONER POLMANN: Okay.

17 MS. KNOBLAUCH: It's every three years.

18 CHAIRMAN GRAHAM: So, this would be at the
19 water-treatment plant.

20 MS. KNOBLAUCH: Correct. Yes.

21 COMMISSIONER POLMANN: All right. It's the
22 compliance testing at the point of treatment.

23 MS. KNOBLAUCH: Exactly.

24 COMMISSIONER POLMANN: It would seem to me
25 that that does not necessarily address the quality

1 of service with regard to the water the customers
2 are receiving because we're talking about
3 distribution-system issues in terms of secondary
4 standards and so forth that are -- are the --
5 typically the types of issues that the customers
6 complain about.

7 MS. KNOBLAUCH: Right. So, the ones that are
8 completed every three years -- those are done at
9 the well or where the water is treated.

10 The recent tests where DEP went out and
11 conducted their own site visit, based off of a
12 complaint, they actually completed it at the well
13 and -- as well as at the -- the point of entry for
14 the customer; so, inside of their house. And they
15 were found to be compliant in those tests. But
16 that was specifically for the chlorine residual.

17 COMMISSIONER POLMANN: Okay. So, the
18 information that we have from DEP for those
19 particular system tests and at -- at the point of
20 service with -- with the customers -- we have that
21 information in the docket. So, the --

22 MS. KNOBLAUCH: Correct.

23 COMMISSIONER POLMANN: The upcoming testing
24 that -- that occurs every three years --

25 MS. KNOBLAUCH: Yes.

1 COMMISSIONER POLMANN: Do you feel that that
2 would be informative to provide additional
3 information with regard to customer complaints? Or
4 is that something that's just routine?

5 MS. KNOBLAUCH: Yeah, I think that's just
6 completed every three years. So, like, for the
7 next rate case for this utility, we would look at
8 those, depending on where it falls --

9 COMMISSIONER POLMANN: Okay.

10 MS. KNOBLAUCH: -- within those three years.

11 COMMISSIONER POLMANN: Okay. Commissioners, I
12 don't see that the upcoming DEP testing is going to
13 be informative to -- to the customer -- service,
14 quality-of-service issue to the customer. I don't
15 see that as being determinative.

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

17 CHAIRMAN GRAHAM: Is that a motion?

18 COMMISSIONER POLMANN: Are we on Issue 1 or
19 we --

20 CHAIRMAN GRAHAM: Unless you've got a specific
21 issue you want to address, I'll take the package.

22 COMMISSIONER POLMANN: Well, there may be
23 other -- let me -- I would move Issue 1 at this
24 point. I --

25 CHAIRMAN GRAHAM: Issue 1 has been moved and

1 second. Any further discussion?

2 Seeing none, all in favor, say aye.

3 (Chorus of ayes.)

4 CHAIRMAN GRAHAM: Any opposed?

5 Okay. Mr. Polmann, you still have the floor.

6 COMMISSIONER POLMANN: Mr. Chairman, I had a
7 good discussion with -- with staff, quite thorough,
8 going through here. If you just give me a
9 moment --

10 CHAIRMAN GRAHAM: Sure.

11 COMMISSIONER POLMANN: I don't think I have
12 any particular questions. I think all my questions
13 were addressed, but -- I don't have any remaining
14 questions on any of the other items.

15 If other Commissioners don't have any
16 questions --

17 CHAIRMAN GRAHAM: No. I -- I only pulled this
18 off of move staff because I knew OPC wanted to
19 comment.

20 COMMISSIONER POLMANN: Well, if nobody else
21 has any questions, I'll -- I'll move all remaining
22 issues, staff recommendation.

23 CHAIRMAN GRAHAM: It's been moved and second,
24 staff recommendation on all issues. Does that
25 include the oral modifications on 3, 6, and 7?

1 COMMISSIONER POLMANN: I'm sorry. Yes,
2 inclusive of all of the oral modifications that
3 have been presented to us.

4 CHAIRMAN GRAHAM: Okay. Any further
5 discussion?

6 Staff?

7 MS. DZIECHCIARZ: And just to clarify, does
8 that include administrative authority to calculate
9 any --

10 CHAIRMAN GRAHAM: Yes.

11 COMMISSIONER POLMANN: Everything that staff
12 needs to --

13 CHAIRMAN GRAHAM: Yeah, that was in there,
14 too.

15 COMMISSIONER POLMANN: -- complete the
16 package.

17 CHAIRMAN GRAHAM: Okay. Any further
18 discussion? We're on Dr. Polmann's motion. It's
19 been moved and seconded.

20 All in favor, say aye.

21 (Chorus of ayes.)

22 CHAIRMAN GRAHAM: Any opposed?

23 By your action, you have approved the motion.

24 (Agenda item concluded.)

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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
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 15th day of August, 2018.



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