

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.

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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

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. 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  
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attorney or counsel connected with the action, nor am I  
financially interested in the action.

DATED THIS 8th day of November, 2018.



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