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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20250023-WS

Application for staff-assisted rate
case in Polk County, by NC Real Estate
Projects, LLC d/b/a Grenelefe Utility.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 3

COMMISSIONERS
PARTICIPATING: CHAIRMAN GABRIELLA PASSIDOMO SMITH
COMMISSIONER GARY F. CLARK
COMMISSIONER MIKE LA ROSA
COMMISSIONER ANA ORTEGA
COMMISSIONER BOBBY PAYNE

DATE: Tuesday, February 3, 2026

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
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 CHAIRMAN SMITH: I will give everyone a
3 second to get situated and we will move into
4 Item No. 3.

5 Ms. Ramirez-Abundez, I believe you are
6 presenting the item this morning. You are
7 recognized whenever you are ready.

8 MS. RAMIREZ-ABUNDEZ: Good morning,
9 Commissioners. I am Ailynee Ramirez-Abundez
10 with the Division of Engineering.

11 Item No. 3 is staff's recommendation
12 regarding the application for a staff-assisted
13 rate case by the NC Real Estate Projects, LLC,
14 doing business as Grenelefe Utility.

15 Grenelefe is a Class B water and
16 wastewater utility in Polk County serving
17 approximately 1,400 customers. The utility's
18 last rate case was in 2011, and a customer
19 meeting was held on September 15th, 2025, and
20 20 customers provided comments. Approximately
21 211 comments have been filed in this docket as
22 of January 27th, 2026, and the majority of
23 these comments express concerns with the rate
24 increase and the water service not being
25 reliable enough to justify such an increase.

1 As shown in Schedule 4A of staff's
2 recommendation, the monthly bill using current
3 rates for a residential water customer would
4 increase from \$14.31 to \$57.24. As shown in
5 Schedule 4B, a wastewater customer would see a
6 current monthly bill increase from \$15.84 to
7 \$43.91.

8 The Office of Public Counsel filed four
9 observation letters in this docket. Staff
10 reviewed and agrees with the proposed
11 adjustments contained in the fourth letter,
12 which results in a total revenue requirement
13 increase of \$65 for water and a decrease of 619
14 for wastewater. Staff requests administrative
15 authority to reflect these charges in the final
16 revenue requirement.

17 In addition, staff provided oral you a
18 modification which added Issue 16 to address
19 the refund of the interim revenues.

20 The utility and some customers would like
21 to address the Commission today regarding this
22 docket. Staff and the Office of Public Counsel
23 are available for questions.

24 CHAIRMAN SMITH: Thank you.

25 So as Ms. Ramirez-Abundez said, we do have

1 a few customers and representative customers
2 that would like to -- wish to address the
3 Commission. My understanding is that,
4 Mr. Self, you are here appearing on behalf of
5 two customers that were approved to appear
6 remotely, is that correct?

7 MR. SELF: Originally, they were, yes. In
8 general, I have been retained by the Grenelefe
9 Country Homeowners' Association, or HOA to keep
10 it simple for us.

11 CHAIRMAN SMITH: Oh, perfect. Okay. So
12 would you -- I will let you proceed first,
13 given that you are representing all of them.
14 You know, obviously feel free to include all
15 the comments that you need, but if we can
16 attempt to keep it to five minutes or so, that
17 would be wonderful, but you are recognized
18 whenever you are ready.

19 MR. SELF: Thank you, Madam Chair. I
20 appreciate it very much.

21 Commissioners, good morning. For the
22 record, I am Floyd Self of the Berger Singerman
23 law firm on behalf of Grenelefe Country
24 Homeowners' Association, which is just one of
25 the groups of homeowners within the larger

1 utility customer base. I have three brief
2 things that I would like to discuss with you
3 this morning.

4 First is the rates. As you can
5 appreciate, the homeowners are not at all happy
6 with the rates as proposed by the utility.
7 That said, they are also not very happy with
8 the rates as proposed by the staff. However,
9 after reading the recommendation and seeing the
10 adjustments and other considerations that the
11 staff has taken, we are not going to protest or
12 object an order that would approve those rates
13 that are in the staff recommendation.

14 Principally, we are not going to do it
15 because we think there are some important
16 improvements and other changes that are
17 contemplated by the recommendation which, if
18 adopted, long-term would address a lot of the
19 concerns of the customers, which takes me to my
20 second point, which is the quality of service.

21 My clients believe the quality of the
22 service is terrible. The staff recommendation
23 documents a number of issues within the service
24 that's been provided over the last few years,
25 but I would like to make three recommendations

1 to you to elaborate on some of the points that
2 have been made in the staff recommendation.

3 First, the staff is proposing that there
4 be a customer meeting in three months. Great
5 idea and we completely support that. However,
6 we would like for your order to be specific and
7 say that the customer meeting -- that for that
8 customer meeting the utility should report on
9 all of the projects and timelines and progress
10 with respect -- that's been made to that point
11 for those projects so that there will be some
12 greater accountability and transparency with
13 the customers.

14 We think that having that kind of detailed
15 agenda which if the order more generally
16 indicates that, and then perhaps the staff can
17 work with the utility as well as the customers,
18 perhaps, to develop a specific agenda for that
19 meeting.

20 Second -- the second recommendation that
21 we have is there are a number of projects, I
22 think it's Issue 4 that list a number of
23 improvements that are to be made. We certainly
24 support those improvements, but what we would
25 like to ask for it is that the utility be

1 required to make quarterly reports of all of
2 those projects, as well as the progress on
3 each, and that you keep the docket open for two
4 years, and that they file those reports in the
5 docket so that customers can have access to
6 those reports and that information, and so that
7 they can see what's happening.

8 As I think the staff recommendation
9 references, there's certainly been some
10 communication problem issues certainly between
11 customers and the utility, and we think that if
12 you require these quarterly reports, and if you
13 have them filed in the docket, customers will
14 have access to it. If the utility has a
15 website, they can file them there as well. But
16 I think also if they are here in the docket
17 file, you will be able to also, and the staff,
18 more comprehensively monitor the progress
19 that's being made on each of these things.

20 The customer that I represent are not
21 about punishment today. We do have grave
22 concerns with respect to the quality of service
23 issues. But today, we are more focused on
24 accountability and improvements and
25 communication and transparency. And we think

1 that by keeping the docket open for two years,
2 having these quarterly reports will go a long
3 way towards helping that.

4 That takes me to my third point, which is
5 the specific problem of line breakage and boil
6 water notices. The staff recommendation
7 discusses a number of those. One is too many.
8 The number that we've had has been way in
9 excess of that. What we would like to
10 recommend and request that you require is that
11 whenever there has been any break and boil
12 water notice, even if it only affects one
13 customer, that the utility timely report that
14 to the Commission, and once it's been resolved,
15 that they timely report the resolution of that
16 to the Commission.

17 This is a big and ongoing and persistent
18 problem that we've had, and we think that if
19 you require those timely reports of any
20 breakages, that that will also help the
21 accountability and transparency problem. I
22 believe your rule does not specify even for one
23 customer that you report those, but we would
24 propose that the utility continue to make a
25 report of any breakage and boil water notice

1 until they have gone at least one year without
2 any such boil water notices.

3 That's the three specific things that we
4 would like to see you include in the PAA order.

5 The last thing that I would like to raise
6 with you pertains to non-potable irrigation
7 water. I am not asking for you to do anything
8 specific today, but I do want to at least
9 brief -- very briefly inform you that there is
10 within my clients' community a non-potable
11 irrigation water system that has, since 1977,
12 been used to irrigate the common areas that the
13 HOA owns. Approximately two years ago, the
14 utility shut off that service, and there has
15 been a dispute between the association and the
16 utility regarding that service.

17 Like I said, I am not asking for a
18 resolution of that today -- oh, I wanted to
19 also add, excuse me, that there are apparently
20 some homeowners who also take irrigation water
21 off of that system, off that non-potable
22 irrigation system, such that when the utility
23 shut off that system, those customers also lost
24 irrigation water through that system.

25 I would like an opportunity after the

1 Agenda to talk to Mr. Deterding. When I called
2 him yesterday to let him know that I would be
3 appearing here today, I told him that I would
4 like to talk to him about some issues. I have
5 some ideas for, perhaps, how the utility and
6 the association can work together to resolve
7 those issues, and I would like an opportunity
8 to do that, but I just at least wanted to sort
9 of put a placeholder here for you today so that
10 you would be aware that there is that issue out
11 there.

12 I noticed, from looking at some of the
13 past documentation, there were specific
14 non-potable water irrigation rates that the
15 utility had. Again, I am not proposing
16 anything specific for you today, but just
17 wanted to inform you that there is this issue
18 that hopefully we can work out, but if not, as
19 appropriate, the utility or my clients may come
20 back to you on that issue.

21 And that's the extent of my comments. I
22 am happy to answer your questions.

23 CHAIRMAN SMITH: Thank you, Mr. Self.

24 If you don't mind, I think next we will
25 go -- I do believe we have a customer who is

1 present who also wants to give comments.

2 Mr. Edelkopf, you are recognized if you
3 would like to come to the podium and whenever
4 you are ready, you are recognized to present
5 your comments. Thank you for being here.

6 MR. EDELKOPF: Good morning, Chairman
7 Smith and Commissioners. My name is Yossi
8 Edelkopf. I am a customer of Grenelefe
9 Utility, and I serve as the President of
10 Grenelefe Condos, which is a 781-apartment
11 condominium.

12 I want to be clear from the outset, this
13 is not an opposition to the required
14 infrastructure investment. We understand that
15 regulatory upgrades are necessary and that
16 these improvements must be funded. Our concern
17 is about how this funding is obtained and who
18 is bearing the risk.

19 When the current owner of the utility
20 company acquired the utility, he provided a
21 sworn assurance to this commission that he
22 would secure the necessary funding to maintain
23 the system's stability. The purpose of those
24 assurances was to give the Commission
25 confidence that the system could meet its

1 obligations without exposing existing customers
2 to sudden or speculative financial harm.

3 Respectfully, an assurance to secure
4 funding cannot reasonably mean simply reserving
5 the ability to raise rates on captive customers
6 after-the-fact. If that were the case, the
7 affidavit would provide no protection to the
8 customers, or anyone at all. The clear intent
9 of it was to demonstrate that the utility could
10 remain stable without transferring development
11 driven or execution risk onto existing
12 customers who have no ability to exit the
13 monopoly service.

14 Since that acquisition, customers have
15 experienced repeated service disruptions, boil
16 waters -- boil water notices, line failures and
17 basic maintenance lapses. At the same time,
18 filings on this docket reflect changing scopes,
19 shifting cost representations and unresolved
20 operational controls. That combination raises
21 a fundamental concern for existing customers
22 for a utility that has struggled to reliably
23 manage day-to-day operations is prepared to
24 responsibly execute and account for a major
25 capital program, and whether current customers

1 should be asked to absorb that risk.

2 We are not asking the Commission to delay
3 necessary upgrades. We are asking the
4 Commission to enforce the spirit of prior
5 representations made -- that were made to
6 obtain these approvals, exercise caution in
7 allocating risk and ensure that existing
8 customers are not involuntarily financing
9 development related expansion or managerial
10 shortcomings.

11 And if the Commission ultimately
12 determines that additional funding mechanisms
13 are necessary, would he respectfully submit
14 that those costs should follow future growth
15 and new development not be imposed on existing
16 customers who received no corresponding benefit
17 and have no ability to exit this monopoly
18 service.

19 Respectfully, we believe the appropriate
20 path forward is continued oversight, clear cost
21 allocation tied to growth, and protection of
22 existing customers until confidence in
23 governance, execution and accountability is
24 restored.

25 Thank you for your time and consideration.

1 CHAIRMAN SMITH: Thank you, sir. Thank
2 you for being here and making the drive up. We
3 appreciate your comments.

4 MR. EDELKOPF: Thank you.

5 CHAIRMAN SMITH: So thank you for both
6 that perspective. I think we will probably go
7 to the utility next.

8 Mr. Deterding, given the, you know, what
9 we have heard from the customers, try to
10 encapsulate your comments into about as much
11 time as Mr. Self had. So I think he had around
12 10 minutes or so.

13 MR. DETERDING: Well, Madam Chairman, I
14 have A -- as I told the staff what I -- what I
15 wanted to address, the issues that I wanted to
16 address will take me approximately 15 minutes.

17 CHAIRMAN SMITH: All right. Well, why
18 don't you go ahead, and we will see where we go
19 from there, but, please, you are recognized.

20 MR. DETERDING: And I will address the
21 issues raised by the customers at least after I
22 address what I believe is the most important
23 issue in this proceeding, which has not been
24 brought up thus far, so...

25 My client filed an application -- well,

1 first of all, I am F. Marshall Deterding. I am
2 here on behalf of Grenelefe Utility.

3 My client filed an application for a
4 staff-assisted rate case approximately a year
5 ago. They have operated this system for
6 two-and-a-half years before that, and the
7 system is well over 40 years old and in
8 substantial need of upgrades to its water and
9 wastewater facilities, but most importantly,
10 it's under a directive from DEP to make
11 upgrades to its wastewater treatment plant
12 system by the end of this year.

13 Those treatment plant upgrades will cost
14 the utility over \$16 million. All this while
15 having the lowest rates of any regulated water
16 and sewer utility in the state, and no
17 connection fees as of the date of this
18 application, which complicates our situation
19 here today so much more.

20 The staff, to their credit, have expended
21 a great deal of time on this probably most
22 complicated staff-assisted rate case I have
23 ever seen. They have gone through all of the
24 information that was provided and the proformas
25 that have been proposed by the utility in order

1 to address a lot of these concerns raised by
2 the customers, and the utility has begun
3 expending those funds already.

4 However, on the key area related to that
5 wastewater treatment plant, the staff has
6 proposed and recommended that none of the costs
7 of that new wastewater treatment plant be
8 included in either rate setting or connection
9 fee. I want to address each of those
10 exclusions separately.

11 First as to the exclusion from rates.
12 Staff doesn't state a specific reason why they
13 have recommended exclusion of those wastewater
14 treatment plant costs from rate setting, but
15 they do point to several factors within the
16 staff recommendation leading to their
17 conclusion. The first is the -- relates to the
18 nitrogen and phosphorus removal standards which
19 are the direct cause of the wastewater
20 treatment plant improvements required by DEP.
21 I refer to those as the BMAP standards for
22 brevity.

23 In recent correspondence from mid-January,
24 just a few weeks ago, the DEP and PSC staff had
25 exchanged correspondence wherein the DEP staff

1 stated, quote, "Grenelefe appears to be
2 trending toward BMAP compliance even in the
3 absence of construction related modifications
4 to the facilities."

5 Now, I cannot help but believe that this
6 comment from the DEP staff, at least in part,
7 led to the PSC believing that the substantial
8 facilities upgrades proposed by the utility and
9 permitted and required by the DEP may not
10 necessarily all be required. However, those
11 statements by DEP from two weeks ago are
12 incorrect.

13 We, at the utility, were not advised of
14 this exchange, and I became aware of it last
15 week while looking at the on-line docket
16 filings. When I provided it to our design
17 engineer, he immediately stated that the BMAP
18 standard referenced by DEP was incorrect. He
19 immediately contacted DEP official who had made
20 those statements, and the DEP staff member has
21 now informed both the utility and the PSC
22 staff, as I understand it, late last week that
23 her statements were incorrect, and that the
24 BMAP standard as expressed therein and even in
25 the utility's permit were incorrect and would

1 be immediately corrected.

2 As the engineer -- our engineer notes, the
3 utility may have been trending toward this
4 erroneous standard, but there is no way without
5 the permitted improvements that Grenelefe's
6 treatment plant can meet the actual required
7 standard. I have a copy of the table from the
8 BMAP standards if you want to see it, but I
9 believe the staff would agree that those
10 statements made by DEP were incorrect.

11 In any case, the second comment made by
12 the staff in their recommendation for the --
13 related to denial of those improvements is that
14 they would not be completed until sometime in
15 2027. The test year in this case ended
16 10/31/24. And the staff notes that under
17 367.081, quote, "the Commission shall consider
18 utility property to be constructed within a
19 reasonable time in the future not to exceed 24
20 months after the end of the historic base year
21 unless a longer period of time is approved by
22 the Commission."

23 So at least in part, it appears as though
24 the staff is saying that the wastewater
25 treatment plant improvements required by DEP

1 should not be included in rates because their
2 required completion date is a couple months
3 after the end of that 24-month period. But
4 this position ignores the phrase after the
5 24-month reference, which says: Unless a
6 longer period is approved by the Commission.
7 Which gives the Commission discretion to go
8 beyond the 24 months in cases where
9 appropriate. And I cannot think of a more
10 appropriate case where we have a DEP
11 requirement to complete those facilities right
12 after the end of that 24-month period.

13 Even more important in reading the statute
14 is the paragraph that follows three --
15 approximately three paragraphs later, quote,
16 "notwithstanding the provisions of this
17 paragraph, the Commission shall approve rates
18 for which allow a utility to recover from
19 customers the full amount of environmental
20 compliance costs."

21 It then defines environmental compliance
22 costs as, quote, "all reasonable expenses and a
23 fair return on any imprudent investment
24 incurred by a utility in complying with
25 requirements or conditions contained in any

1 permitting, enforcement or similar decisions of
2 DEP."

3 This is clearly an environmental
4 compliance cost under that definition. And one
5 of the two things I provided to you is
6 highlighted provisions of the statute with that
7 language and a letter from our engineer
8 basically saying this is clearly an
9 environmental compliance cost.

10 Finally, the staff in their recommendation
11 not to include these costs, discusses the fact
12 that the utility did not provide a firm bid for
13 construction but only the engineer's detailed
14 report and estimate of cost. He provided a
15 60-, 70-page report. The staff seems to
16 believe that this lack of a firm bid is another
17 basis for exclusion of the cost for rate
18 setting.

19 The utility has advised staff repeatedly
20 that obtaining financing for the improvements
21 is a major prerequisite to getting the project
22 fully under contract. We, therefore, find
23 ourselves in a bit of a chicken and egg
24 situation. The utility will have to -- have
25 great difficulty getting financing for these

1 required improvements until it gets rates and
2 connection fees to show the bank as a basis for
3 repayment. Failure to get such recognition by
4 the Commission in rates and connection fees not
5 only raises the cost of borrowing, even if we
6 could get it, but it calls into question our
7 ability to get financing and to meet our
8 obligations with DEP.

9 In addition, any bids that a contractor is
10 willing to supply for such a large project will
11 be valid for only 40 to 60 days, which is an
12 industry standard, thereby defeating the
13 staff's purpose in demanding bids in the first
14 place. We cannot possibly sign onto a contract
15 bid without financing or rates in effect to
16 cover the investment.

17 However, after seeing the staff
18 recommendation, the consulting engineer was
19 able to get with one of the contracts
20 contractors he has worked with in the past on
21 similar projects who has provided a cost plus
22 bid, which is one of the items included in your
23 handout. As you can see, it is for a total of
24 \$16,000,124 -- \$16,124,167 before engineering
25 and contingencies.

1 Since those figures were approximately \$2
2 million in the engineer's original estimate,
3 that brings us to \$18,124,000, roughly, which
4 is approximately five percent higher than the
5 engineer's original estimate from a
6 year-and-a-half ago adjusted for inflation. So
7 that suggests that the engineer's estimate and
8 the bid are both pretty accurate estimates of
9 what the total cost will be.

10 Based on all of this, the cost for the
11 required treatment plant improvements should be
12 included in rate setting because they are
13 necessary and part of an environmental
14 compliance cost order, which clearly should be
15 considered in rate setting under the statute.

16 The second issue I want to address is the
17 exclusion of the same wastewater treatment
18 plant project from connection fees, and I want
19 to only briefly address this.

20 Most of the comments I provided so far for
21 why this should be included in rate setting
22 also apply to why it should be included in
23 calculating connection fees. But they have --
24 there is no statement in the staff
25 recommendation as to why they have been

1 excluded from the calculation of connection
2 fees. In fact, there are not the statutory
3 restrictions on a time period or environmental
4 compliance cost, et cetera, in the statute or
5 rules relative to what can be considered in
6 calculating connection fees. In fact, the
7 Commission routinely includes estimates of
8 future plant costs in the calculation of
9 authorized connection fees based solely on less
10 detailed conceptual estimates than we have
11 already provided. The Commission does so in
12 every original certificate case.

13 Secondly, as I noted to you when we
14 discussed the connection fees six months ago
15 for interim, the utility has proposed
16 connection fees that are very close to the
17 average for the other eight water and
18 wastewater providers in the area. The staff
19 proposed connection fees are, at best,
20 one-fifth of that average. And that is in the
21 last attachment to the materials I handed out,
22 that comparison. This is exactly the same as
23 what I provided you six months ago, only with
24 the addition of the staff's lower proposal at
25 the end.

1 We also take exception to the staff's
2 method for calculating the proposed connection
3 fee in that they have started with what they
4 called design capacity for both water and
5 wastewater that is not only far above what this
6 utility can ever serve, but also far above what
7 can be considered as truly capacity of either
8 system. Their interpretation of the rule
9 effectively makes it so there is no way this
10 utility could ever achieve a 25-percent
11 contribution level even at build-out, much less
12 75 percent contribution level.

13 Just as an example, they note in their
14 workpapers that there are potentially 12,000
15 connections to the water system. Well, the
16 utility currently has 1,400, about one-tenth
17 that number, and build-out of their existing
18 service territory is 800 more. So the staff
19 has a capacity number that is at least five
20 times what the capacity is of this system at
21 build-out.

22 Their interpretation would -- to -- to --
23 their recommendation not to include the cost of
24 the DEP required improvements in both rates and
25 connection fees is contrary to the statute, in

1 my opinion, and at best, is a devastating
2 proposal that will put this utility in extreme
3 danger of being unable to comply with DEP
4 requirements that are imposed by its permit in
5 less than a year.

6 At best, accepting the staff proposal will
7 make the utility have to immediately turn
8 around as soon as this case is voted out and
9 file for either a limited proceeding or some
10 sort of rate relief and service availability
11 relief next month.

12 I, therefore, request that the Commission
13 reject this portion of the staff recommendation
14 and direct staff to go back and include the
15 requirement -- required improvements in rate
16 setting and in the calculation of connection
17 fees, and to properly adjust the calculations
18 of design capacity to reflect what this
19 utility's true capacity at build-out is of its
20 service territory, rather than some theoretical
21 capacity that has no basis in reality for this
22 utility, and, as such turns the intent of the
23 service availability rule on its head to the
24 detriment of the ratepayer.

25 At a minimum, I urge you to delay action

1 on this case today for now, and direct the
2 staff to go back and correct these items and
3 bring this back to you in a couple of months.

4 Now, as to the comments from the customer
5 groups.

6 CHAIRMAN SMITH: Mr. Deterding, I just --
7 if you can do those pretty concisely.

8 MR. DETERDING: I will do them very
9 quickly.

10 Mr. Self's concerns with meeting in three
11 months and require an update on the projects, I
12 certainly see no problem with that. We
13 certainly intend to do that as part of this,
14 what is already required by the staff
15 recommendation.

16 As to quarterly reports on all projects,
17 well, yeah, I mean, I guess we can do that as
18 well. Keeping the docket open for two years
19 would be the most extraordinary measure I have
20 ever seen this commission take with a
21 staff-assisted rate case, but, I mean, if that
22 is what you want, we could do that. I
23 certainly don't want to because it adds to
24 costs.

25 As far as requiring reports on every line

1 break, the rule already provides that if
2 10 percent of the customers are affected, we
3 have got to notify the Commission, and we are
4 working to get into compliance with this. This
5 is a small system, and the prior owners had let
6 it deteriorate to such an extent that we are,
7 as you can see, having to make substantial
8 improvements in addition to the DEP required
9 improvements.

10 As far as the customer who spoke, the
11 owner of the utility agreed that he would get
12 financing for whatever improvements were
13 required, and that is what he is attempting to
14 do. I understand the frustration because, as I
15 said, we are going from the lowest rates in the
16 state to rates that not only require us, or
17 allow us to try and address some of these
18 customer concerns, but then on top of that, we
19 have this huge mandate from DEP.

20 So I understand the frustration from the
21 customers, but we are trying to get the
22 funding, and what -- the biggest thing standing
23 in our way right now is having rates and
24 service availability charges that don't
25 recognize the huge investment that the utility

1 has to make.

2 Thank you very much.

3 CHAIRMAN SMITH: Thank you, Mr. Deterding.
4 Commissioners, if it's okay, I think what
5 I would like to do next is go to staff, there
6 was a lot of comments there, and have your
7 response. Specifically I would really look
8 with respect to that wastewater treatment
9 plant, Mr. Deterding stated that the DEP is
10 requiring those improvements by the end of the
11 year, so I just would like in your responses to
12 everything general to also comment on that.
13 And then we'll definitely -- I am sure that my
14 fellow Commissioners have many questionings
15 questions and comments to be made.

16 MS. RAMIREZ-ABUNDEZ: Yes, from the DEP
17 permit, that's what DEP stated that they would
18 start monitoring when the plant went in
19 service, so that -- and that would be at the
20 beginning of 2027 if the timeline is correct.

21 CHAIRMAN SMITH: Ms. Augspurger.

22 MS. AUGSBURGER: Good morning, Chairman
23 Smith.

24 With regard to the information presented
25 by attorney Deterding this morning, we would

1 just say, to the extent it raises new issues
2 and references new information that staff has
3 not yet had an opportunity to review, then
4 certainly that request would be premature. And
5 based on what staff has placed in its
6 recommendation, they would stand by that. To
7 the extent that there is something new that
8 would need to be considered, then certainly,
9 there is nothing preventing this from being
10 raised in a limited proceeding.

11 DEP is going to be modifying its permit,
12 and the permit is to Grenelefe. So I think
13 really staff would need to see what those final
14 revisions would be.

15 Two, there is information supplied by
16 attorney Deterding different reports which were
17 just stated a couple days ago that certainly
18 staff hasn't had an opportunity to review.

19 Thank you.

20 CHAIRMAN SMITH: Thank you.

21 All right. Commissioners, do you have any
22 questions for either staff, the utility or
23 myself?

24 Commissioner La Rosa, you are recognized.

25 COMMISSIONER LA ROSA: Excellent. Great.

1 Thank you.

2 And this goes to the utility. In part of
3 kind of your close there in your final
4 comments, you mentioned line breaks. In the
5 two-and-a-half years that your customer has
6 owned this system, are you aware of any line
7 breaks that occurred?

8 MR. DETERDING: Yes. Yes. They are --
9 there are too many line breaks and boil water
10 notices that result. There are more than the
11 utility should have. And it is a result
12 primarily of the age of the system and the
13 inability, because of the aging valves that
14 have passed their useful lives that allow them
15 to isolate those line breaks. There are a
16 number of factors, but most of them get back to
17 the age of this system, and it's the fact that
18 had has not been brought up-to-date by the
19 previous owners.

20 This owner is moving forward with that,
21 and a lot of it is recognized by the staff that
22 I believe will help alleviate those issues.
23 But I agree that there are line breaks, and
24 there are too many. More than there should be.

25 COMMISSIONER LA ROSA: Were those

1 breaks -- was the -- was our commission
2 notified of those brakes?

3 MR. DETERDING: The line breaks that are
4 required to be notified under the rule were
5 not. The old owner had not been reporting
6 them, and the new owner did not realize that he
7 needed to be doing that. He has been informed
8 that he must in order to comply with the rule.
9 And it is my understanding he is taking
10 measures to ensure that that is done on a
11 going-forward basis.

12 COMMISSIONER LA ROSA: Okay. So if I
13 understand the first part of that is that -- so
14 they did not meet the 10-percent threshold
15 requirement in the rule?

16 MR. DETERDING: No. No. Some of them
17 did, some of the line breaks did meet the
18 10-percent threshold that required notification
19 to the Commission and were not reported. So we
20 have gone back and gone back and forth with the
21 staff about the number that have occurred, and
22 they pointed out, you are not complying with
23 the rule. And we have -- I have directed the
24 client, you need to be sure that you, going
25 forward, are complying with that requirement to

1 report those.

2 COMMISSIONER LA ROSA: Okay. Madam Chair,
3 a few more questions.

4 CHAIRMAN SMITH: Yeah. Please.

5 COMMISSIONER LA ROSA: Can you maybe shed
6 a little bit of light not discussed today
7 necessarily how many employees does the company
8 employ to oversee and manage the day-to-day
9 operations of the utility?

10 MR. DETERDING: To be honest with you, I
11 don't know. Staff may even know better than
12 me, but I think there are something like five
13 to seven employees of this company. It's a
14 small company. It currently serves about,
15 depending on how you calculate it, somewhere
16 between 800 and 1,400 customers.

17 COMMISSIONER LA ROSA: Okay. Is there any
18 outside help or a third party contracted
19 service?

20 MR. DETERDING: I believe they have a
21 contract operations company to do the
22 operations, yes.

23 COMMISSIONER LA ROSA: Okay. Madam Chair,
24 I will there for now.

25 CHAIRMAN SMITH: Okay.

1 MR. SELF: Madam Chair, can I just follow
2 up one point from Commissioner La Rosa --

3 CHAIRMAN SMITH: Yes.

4 MR. SELF: -- about the line breaks?

5 Our request -- I recognize the rule says
6 10 percent. Our request was, given the issue
7 that have happened and the vast number was to
8 simply have them report every one, whether they
9 meet the 10-percent threshold or not, just to
10 help monitor the situation and the progress
11 that is or isn't being made going forward.
12 That's all. Thank you.

13 COMMISSIONER LA ROSA: No. Understood.

14 CHAIRMAN SMITH: Commissioner Clark.

15 COMMISSIONER CLARK: Thank you, Madam
16 Chair.

17 I have a lot of questions, and I don't
18 even know which one to ask. This was a pretty
19 complicated SARC, in my opinion. I have seen a
20 lot of these in the last eight or nine years,
21 and this is probably one of the more complex
22 ones in terms of a staff-assisted case. I
23 think I would have just as soon just had a real
24 rate case in this one. I realize there is some
25 savings for the company, but I think that we

1 are probably losing some of those savings with
2 the amount of time we are having to spend on
3 this now.

4 Just a couple observations, is the owner
5 of the company, is he present?

6 MR. DETERDING: Is he present?

7 COMMISSIONER CLARK: Yes.

8 MR. DETERDING: No. No, sir, he is not.

9 COMMISSIONER CLARK: Okay. There -- my
10 biggest concern, I think, has been the quality
11 of service and the customer service that has
12 been received by the customers. The continued
13 problems and issues that are coming up, it
14 doesn't seem like there has been a serious
15 attempt at resolving these. They seem to be
16 just continuing in the same effort. No real
17 solutions or customer service programs in place
18 to mitigate these type of issues from happening
19 in the future. In addition to the fact that we
20 just really aren't seeing that improved service
21 overall.

22 I just -- a few questions that I have, we
23 are talking about the DEP compliance on the
24 wastewater treatment plant, and your -- you
25 indicated that y'all were making improvements

1 to it. Can you get this plant into compliance
2 without this upgrade? How are you getting
3 there now if you are not already doing some of
4 the upgrades?

5 MR. DETERDING: The nitrogen and
6 phosphorus standard that is being imposed on us
7 is a new standard, it is something that we are
8 required to meet by the end of this year, by --
9 so December 31, we are required to meet these
10 new standards. We don't meet them currently.
11 We are not required to meet them currently.
12 That is -- that is the way the new standard is
13 being implemented. It is being implemented at
14 the end of this year, or the end of the permit,
15 which is sometime next spring, year from now.

16 So it is a new standard that has been
17 imposed by DEP. And my understanding is, is
18 most utilities around the state are going to
19 have to find a way to come into compliance with
20 it as well.

21 But as far as being able to meet it
22 without the plant improvements, there is --
23 according to our engineer, there is no way.
24 And I believe DEP agrees with that, thus they
25 have issued the permit for these improvements.

1 COMMISSIONER CLARK: So you mentioned that
2 you were making some improvements, and that DEP
3 had, I assume -- I am going to use my own
4 term -- endorsed what you are doing.

5 MR. DETERDING: Yes, sir.

6 COMMISSIONER CLARK: So what have you
7 done? If you can't meet that standard, what
8 are you doing that's so good and wonderful?

9 MR. DETERDING: Well, we are upgrading the
10 quality of treatment from the wastewater
11 treatment plant. It requires basically
12 rebuilding the entire wastewater treatment
13 plant.

14 The current plant is 45 years old, doesn't
15 come close to meeting the standards that are
16 being imposed of us -- on us as of the end of
17 the year. The utility has already started on
18 the first phase of construction of the
19 facilities, but that is not the big one that's
20 going to cost \$16 million. That's just a small
21 portion of that \$16 million total. So they are
22 currently under way, but they are a small
23 portion of the total cost that is what DEP is
24 ultimately approved.

25 As staff noted in some of their

1 discussions with us and with DEP, DEP doesn't
2 tell you what to build. They tell you what the
3 standard is. We then go to an engineer who
4 says, in order to meet this standard, you must
5 do thus and such. And we have worked with our
6 engineer to come up with a plan to meet those
7 standards at the cheapest price we can, and
8 that's what we are proceeding with.

9 We are now under obligation, because DEP
10 has issued a permit, that says that we will --
11 that says we must have this done by the end of
12 the year.

13 COMMISSIONER CLARK: And what is the
14 penalty -- what is the penalty for not coming
15 into compliance with this new standard by the
16 end of the year?

17 MR. DETERDING: To be honest with you, I
18 don't know. They -- they have to either meet
19 that standard by the end of the year, or the
20 DEP, as I understand it, will then force you
21 into a consent agreement, which will not only
22 add to legal and engineering costs, but will
23 also just arrive at the same conclusion, is
24 that we have to meet those standards by the
25 construction of those facilities. So I don't

1 think there is any way around it. We have to
2 construct those facilities.

3 COMMISSIONER CLARK: My next question,
4 Madam Chairman, is kind of directed for staff.
5 We are looking at -- one of the big concerns,
6 of course, is always the rate impact to
7 customers. One of the things that I am most
8 interested in.

9 I looked at the proposed rate in terms of
10 no additional plant minus the \$16 million. Do
11 we have any indication of what the rate would
12 be if the plant were included in the revenue
13 requirements?

14 MS. HUDSON: The rates that will be the
15 impact from including those was contained in
16 the staff report and -- do you have that?

17 COMMISSIONER CLARK: Can you give me an
18 approximate number? I think we were at \$43 on
19 a 2,000-gallon wastewater average bill. Can
20 you give me the comparison to that?

21 MS. HUDSON: We will have to get a copy of
22 the staff report and get those rates for you.

23 COMMISSIONER CLARK: No problem. Thank
24 you, Madam Chair.

25 CHAIRMAN SMITH: Commissioners?

1 Commissioner Payne.

2 COMMISSIONER PAYNE: Thank you, Chairman.

3 Mr. Deterding, you mentioned that you are
4 working with an engineering group. Is there --
5 so let's back up. This could be a win-win or a
6 lose-lose for both sides if we don't move
7 forward. We don't want that to happen.

8 You are working with an engineering group.
9 Are they prioritizing the critical needs of
10 each step of the system to make sure they are
11 reaching out to hit the first major milestone
12 problem, are they prioritizing that, or are
13 they just going willy-nilly? I don't know
14 anything about the engineering group you have.
15 But in any engineering plan, they have to
16 prioritize the critical needs of the system to
17 stop the failures, and stop the losses, and
18 stop the line breaks, and stop the boil water
19 notices, is that occurring?

20 MR. DETERDING: I believe it is,
21 Commissioner. The -- a lot of the things, as I
22 said, that we have proposed of the staff, are
23 to assist us in eliminating the line breaks, or
24 at least helping us isolate those line breaks.
25 Those are separate and apart from the

1 wastewater when, in fact, the engineering firm
2 that is dealing with the wastewater is totally
3 separate from the engineers who deal with the
4 water system. I believe it is pretty much a
5 specialty to deal with wastewater treatment
6 facilities, and, therefore, we have hired an
7 engineer who is an expert in wastewater
8 treatment to deal with these issues. As far as
9 what he has done, he is trying to design
10 something that is the most cost-effective to
11 meet the requirements of the DEP.

12 Now, the utility also will, as it
13 approaches build-out, and we are expecting
14 significant growth within the system, it will
15 have sufficient capacity in the third phase, I
16 believe, of the three phases of this sewer
17 plant upgrade to meet the needs for the next
18 five years, but really not beyond that, because
19 we will reach build-out if the growth rate is
20 at what we expect it to be.

21 So what he is trying to do is come into
22 compliance, do this in such a way what is the
23 most efficient to meet that requirement and to
24 be able to meet demands as they come for the
25 next five years.

1 COMMISSIONER PAYNE: Follow-up.

2 So these are more along the lines of
3 comments, and that is I would think with anyone
4 acquiring a utility -- acquiring a utility that
5 is 40 years old, the very first thing they
6 would do is prioritize the most critical
7 failure components in that system so that they
8 don't occur. I hope that it happened?

9 MR. DETERDING: I think it is, and just if
10 you look at the staff recommendation, there is
11 a listing of the capital projects, and among
12 those are hydrant replacement because they are
13 over 45, 50 years old. Everything in this
14 system is beyond its useful life. The meters
15 are well beyond their useful life. We proposed
16 to put in a new electronic metering system not
17 only because we will be able to capture the
18 usage, which we honestly believe we had been
19 missing a great deal of the usage.

20 As you may have noted in the staff
21 recommendation, they made a substantial
22 adjustment to our electric and chemical costs,
23 a very large adjustment because of lost water.
24 And we believe a great deal of that lost water
25 is because we are -- have meters that are not

1 functioning.

2 So part of this -- one of the -- just as
3 an example, one of the things that we have
4 included in our proforma is that staff has
5 recognized, at least in part, is the
6 replacement of all the meters. There is
7 another item for replacement of valves
8 throughout this system. There are over 100
9 valves throughout the system. We had proposed
10 to replace 10 a year for the next 10 years to
11 get them all replaced because they are overdue
12 to be replaced. They will help us isolate line
13 breaks, so they will impact fewer customers
14 when they do occur. And they will make it a
15 heck of a lot easier and quicker to be able to
16 do that, to isolate and repair line breaks. So
17 that's another item that we had proposed, and
18 the staff, in part, again, has recognized the
19 need to replace some of those.

20 But it just goes on. There are many
21 items, and many of which have been recognized
22 by the staff in their proposal. It's just the
23 sewer plant that is standing out there as
24 something that we have to do, and if we don't
25 get it in this rate proceeding and in

1 connection fees, then we have got to turn right
2 around and file another application because we
3 can't wait. No. 1, DEP won't let us wait, so
4 we have to move forward.

5 COMMISSIONER PAYNE: One last comment,
6 Chair.

7 And I have heard over the years that I was
8 in the Legislature often from water utilities
9 that said, we didn't know. Not knowing is not
10 an excuse. That's not a reason.

11 MR. DETERDING: I understand.

12 COMMISSIONER PAYNE: So when laws are
13 passed and rules are made, someone needs to
14 make sure they are astute enough and follow the
15 rule and say, hey, at the end of the year when
16 you're -- when it's due, when DEP is going
17 to -- pacifying or move forward, that is not an
18 excuse to say we didn't know. So someone needs
19 to get on board with understanding the rules
20 and laws of what is going to impart problems
21 with your utility service.

22 MR. DETERDING: Yes, sir. And I believe
23 that this company is moving in the direction to
24 try and make that difference and to get those
25 things addressed. And I have impressed upon

1 them the importance of making sure we get these
2 things corrected. Even if the prior owner
3 didn't do them, we have got to do them,
4 especially since we now have a light shining
5 very brightly on us because of the need to get
6 rate relief, so...

7 COMMISSIONER PAYNE: Thank you.

8 CHAIRMAN SMITH: Commissioner Ortega, do
9 you have any of questions?

10 COMMISSIONER ORTEGA: Thank you.

11 CHAIRMAN SMITH: I figured you did. You
12 are recognized.

13 COMMISSIONER ORTEGA: Thanks, Madam Chair.

14 I have real concerns about the management
15 of this utility company, but I don't want to
16 move off the wastewater treatment plant, and so
17 if we could stay there for a minute, I think
18 staff has the answer to Commissioner Clark's
19 question.

20 MS. HUDSON: Okay. The staff report can
21 tell you pretty much all of the proforma items
22 that they requested. So the average
23 consumption for the utility is roughly around
24 3,000 gallons, so the bill would be
25 approximately \$239 versus what we are

1 recommending here at average consumption is
2 about \$53.

3 CHAIRMAN SMITH: Commissioner Clark.

4 COMMISSIONER CLARK: Yeah, thank you.

5 So if we approve the plant, we are looking
6 at rates, wastewater rates that are \$239 a
7 month for customers?

8 MS. HUDSON: There have been some
9 adjustments to actual costs, but --

10 COMMISSIONER CLARK: We are in the
11 ballpark?

12 MS. HUDSON: -- way above where we are
13 now, close to the 200 range.

14 COMMISSIONER CLARK: Thank you.

15 COMMISSIONER ORTEGA: Commissioner, I do
16 have --

17 CHAIRMAN SMITH: Yeah.

18 COMMISSIONER ORTEGA: Just so I am clear,
19 staff, could you let us know why you did not
20 include the wastewater treatment plant at this
21 point?

22 MS. RAMIREZ-ABUNDEZ: Because the utility
23 provided us at the time before we had written
24 the recommendation were from 2024, and they did
25 mention the draft analysis from the engineer,

1 so we didn't know if they ended up getting a
2 full report. They never provided that full
3 report if that was the case. And there were --
4 because it was so far out at the beginning of
5 2027 at the end of our test year, and after the
6 24-month test year, staff thought that the
7 costs were so preliminary right now for us to
8 approve all the costs regarding the wastewater
9 plant.

10 MS. RAMOS: And just to add on to
11 everything that Ailynee said, staff does not
12 dispute the DEP requirement for that wastewater
13 treatment plant to meet those BMAP standards.
14 We completely agree it's there. We just
15 believe that in this docket, the utility did
16 not provide sufficient documentation to support
17 its request of a \$16 million plant. We
18 received documentation ranking from 9 million
19 to 16 million, and that's a big difference.

20 COMMISSIONER ORTEGA: Thank you. And
21 that's what I was looking for. It's not that
22 we -- that you guys think that it's not
23 necessary. It's obviously required and
24 necessary, but there is not enough
25 documentation or current documentation today

1 for you guys to have included it, is that
2 correct?

3 MS. RAMOS: Absolutely. I mean, we are
4 not saying no. Staff is not in any way
5 recommending no on this project. Like I said,
6 we do recognize the DEP requirement. We are
7 just recommending not now. We recommend the
8 utility come back when it has sufficient
9 documentation and more firm plans of exactly
10 what they plan to do to the plant.

11 COMMISSIONER ORTEGA: Thank you.

12 MR. DETERDING: And if I can just very
13 briefly address that. I -- I am -- we are more
14 than willing to provide the staff with whatever
15 they think they need in order to get this plant
16 recognized now in this proceeding, because the
17 alternative is that I turn around in less than
18 a month, because I have to, and file for a new
19 case, which will entail, even if it's just a
20 limited proceeding, will entail at least
21 \$150,000 in additional rate case expense.

22 That's why I am suggesting that we put
23 this off for two months, get the staff to tell
24 us what we need. If we need to go get two bids
25 more, we have provided one, and, of course,

1 they have not had the chance to review it in
2 detail as of today. If they need us to go get
3 two more bids, we can. The point is, is
4 that -- what we tried to tell them from the
5 beginning was that we can get a bid, but that
6 bid is not going to be any good in 30 or 60
7 days when we will need to actually sign on a
8 contract. So we have given what we believe are
9 numbers, both in an engineering report and in
10 this latest bid, that are very close to the
11 actual final number.

12 I don't know, other than providing them
13 with a couple of bids, what more could do if we
14 do file another case. We do know what we have
15 to bid. We have a permit. We have an
16 engineering estimate, a 70-page report talking
17 about what that is, and that it will be a \$16
18 million project. This discussion about \$9
19 million projects, and so forth, were years ago.
20 We have a specific project that will cost \$16
21 million, give or take a few hundred thousand
22 dollars.

23 CHAIRMAN SMITH: Okay. I just -- before I
24 am going, I think, we go back to the
25 Commission, I just want to remind the parties,

1 I need to know who is speaking so please just
2 try to look at me and be recognized, because I
3 can't just keep moving my head around, so a
4 quick reminder.

5 With that, Commissioners, do we have a
6 follow-up -- any follow-up questions?

7 Commissioner Ortega.

8 COMMISSIONER ORTEGA: I am so sorry, I am
9 struggling with this, because you just
10 mentioned that you would want to delay for
11 staff to have an opportunity to look at the
12 documentation --

13 MR. DETERDING: Yeah.

14 COMMISSIONER ORTEGA: -- that you -- I am
15 sorry, let me finish my question first.

16 MR. DETERDING: I didn't mean to interrupt
17 you. Yes.

18 COMMISSIONER ORTEGA: Thank you.

19 MR. DETERDING: I believe a delay of 60
20 days would be good if we can get a -- the staff
21 to tell us what it is they need and us try and
22 get it for them so that we can get --

23 CHAIRMAN SMITH: Mr. Deterding, if you
24 wouldn't mind letting Commissioner Ortega
25 finish her thought..

1 MR. DETERDING: I apologize.

2 CHAIRMAN SMITH: This is what I mean. I
3 understand. There is a lot of information, a
4 lot of passions going on right now, but to
5 manage this appropriately, I just need to
6 know -- I need to have a formal process.

7 MR. DETERDING: I am sorry.

8 CHAIRMAN SMITH: Commissioner Ortega,
9 please finish your comments.

10 COMMISSIONER ORTEGA: Thank you, Madam
11 Chair.

12 COMMISSIONER PAYNE: Madam Chair.

13 CHAIRMAN SMITH: Yes, Commissioner Payne.

14 COMMISSIONER PAYNE: You said 16 million
15 several times, but earlier you said 18 million
16 because of additional costs. Can you clarify
17 that?

18 MR. DETERDING: Yes. 16.4 million was the
19 number that the engineer originally estimated,
20 including contingencies, bonding and
21 engineering. The whole package. That was a
22 year-and-a-half ago. The bid that we recently
23 got from Marolf, which is a large water and
24 sewer contracting company, is 16.17 million,
25 but it does not include engineering and

1 contingencies. So I threw the number that our
2 engineer gave me from his original report of
3 approximately two million for those two items
4 on top of it, and got to 18. But as I said, in
5 the year-and-a-half that has intervened between
6 the original estimate and this, it's about five
7 percent difference adjusting for inflation.

8 COMMISSIONER PAYNE: Thank you.

9 CHAIRMAN SMITH: Any other comments?

10 Commissioner La Rosa.

11 COMMISSIONER LA ROSA: Well, I am kind of
12 curious where we are going to go from here,
13 because -- and what I am hearing, right, I am
14 hearing that there is an engineer cost estimate
15 that was \$16.4 million, a bid that was 16.1
16 adjusted by the utility for items not included.
17 He talked about getting additional bids. I
18 would like to see that. I think when staff
19 maybe clarifies what they are looking for, I
20 would like to see what competitive bids look
21 like. I would also like to consider the profit
22 to the contractor. I think in what you
23 provided us today, if I am not mistaken, was
24 30 percent, right?

25 So I would like to see what a competitive

1 bid looked like at the end of the day to make
2 sure what we are backstopped against real and,
3 you know, real numbers for today's cost in
4 comparison to maybe where the cost estimate
5 came a year-and-a-half ago.

6 MR. DETERDING: Sir, we -- I would -- I
7 don't know how fast they can give bids, but
8 they got this one within a week. Now, it was a
9 favor from a contractor who has worked with the
10 engineer before, but we will do whatever we
11 have to in order to satisfy the staff that we
12 have got real numbers for this cost.

13 We don't want to start over again and
14 spend the money to start over again if we can
15 fix what needs to be fixed in this proceeding.

16 COMMISSIONER ORTEGA: Can I?

17 CHAIRMAN SMITH: Commissioner Ortega.

18 COMMISSIONER ORTEGA: Thank you, Madam
19 Chair. Can I follow up with staff on that for
20 just a moment?

21 So I would like to hear from you guys
22 about this idea of extending time, is what I am
23 hearing the utility say. I am a little weary
24 that we might lose the momentum on some of the
25 other proforma projects if we delay a little

1 bit further. So could I hear from maybe legal
2 staff or technical staff, whoever wants to
3 speak on it, about that idea?

4 MS. RAMOS: I think staff would be
5 concerned we are pushing up against the
6 statutory deadline for a SARC is coming up, so
7 extending this additional time. I mean, staff
8 issued a series of data requests throughout
9 this docket to try to peel apart this request,
10 as we do with all the proforma requests.

11 And with the information provided, I think
12 it's important to note too that the wastewater
13 treatment plant modification project, it
14 included BMAP requirements from DEP, but also
15 included some plant expansion activities. And
16 so staff, we are not at a point today where we
17 don't know what money is going to what, and we
18 tried to get that information through data
19 requests, and that's where we are at today with
20 the full amount of the 16 mill, I can't sit
21 here today and tell you how much to meet BMAP
22 requirements versus the other projects the
23 utility was trying to do in coordination.

24 COMMISSIONER ORTEGA: Follow-up, if I may?

25 CHAIRMAN SMITH: Sure.

1 COMMISSIONER ORTEGA: That's part of the
2 frustration, I think, that we are having with
3 this case is a lack of communication with us
4 adequately the documentation that we need to be
5 able to verify and justify and review. That's
6 a real issue with management concerns.

7 And I don't want to move off this if you
8 guys want to talk about it a little bit longer,
9 but I do think the quality of service, I agree,
10 is terrible, and I think that there needs to be
11 quite a few improvements in following our
12 rules, addressing the customer concerns that we
13 have heard and, quite frankly, I would be
14 looking at making adjustments to the salaries
15 of the owner in this docket.

16 CHAIRMAN SMITH: Commissioner La Rosa.

17 COMMISSIONER LA ROSA: Can I piggyback on
18 that last comment, on the last segment you
19 mentioned? This is a question.

20 So the last two-and-a-half years that your
21 client has operated the utility, how much money
22 was spent on salaries and wages of employees?

23 MR. DETERDING: I don't have that figure
24 here, to be honest with you, Commissioner.

25 I --

1 COMMISSIONER LA ROSA: All right. No
2 problem.

3 MR. DETERDING: I know that we provided
4 the staff with some figures for the President,
5 the Chief Financial Officer and then the other
6 three, four, five, whatever it was, employees
7 of the company, but I don't have those figures
8 in front of me.

9 COMMISSIONER LA ROSA: Can I ask a
10 clarification of staff?

11 How much was reported in our -- in the
12 staff adjustments, how much is being
13 allocated -- I will just lay out what we
14 concern is. My concern is that these are all
15 things that need to be addressed. I think my
16 fellow Commissioners all laid out great
17 arguments of concerns. My -- maybe my biggest
18 concern is, is there a captain at the wheel?
19 It is someone driving the ship?

20 And it doesn't matter what you do. We can
21 bring the best utilities designed with NASA
22 engineers with the most, you know, care and
23 diligence in assembling them, but if no one is
24 driving the ship, then it doesn't matter. It's
25 doomed for destruction.

1 So my I guess my question back to staff is
2 how much was reported by the utility, and then
3 what is our staff adjustment? And from a
4 Commissioner's concern of the residents and
5 customers who are there today, who is running
6 their utility? How many actual people are
7 running their utility?

8 MR. KELLEY: Good morning, Commissioner.

9 In the test year, there was no salary
10 expenses, but the utility has requested a
11 proforma expense of a owner salary of \$100,000
12 and a accountant salary of 96,000. Although
13 there is no in-person employee salaries, there
14 is a lot of contracted expenses towards running
15 the utility.

16 COMMISSIONER CLARK: Can I follow up on
17 that?

18 So a moment ago, Mr. Deterding, you said
19 there were five employees, and now we are
20 hearing no employees, is that correct?

21 MR. DETERDING: I don't know the exact
22 number of employees. I know that when we
23 worked with staff on a listing of salaries, and
24 so forth, that we provided them with a figure
25 for a President, for the Chief Financial

1 Officer, who is -- who basically does most of
2 the day-to-day stuff, and we had two or three
3 other field and/or office people, but I think
4 it's -- that is the total employees of the
5 system. Then there is a contract operations
6 company, and has been a different one, but
7 there have been different contract operations
8 companies who do the day-to-day compliance
9 reports for DEP, repairs, and things like that.

10 COMMISSIONER CLARK: So -- but there are
11 no actual employees. Is the --

12 MR. DETERDING: No, there are employees.
13 There are employees of the company.

14 COMMISSIONER LA ROSA: They are just not
15 getting paid?

16 COMMISSIONER CLARK: Well, the CEO and --
17 the owner is the CEO, and the accountant, I am
18 not sure who that is, are though on-site? Are
19 they in this location?

20 THE WITNESS: Yes. Yes. I mean, the
21 President lives nearby, and the CFO guy is
22 living in that area as well and is on-site.

23 COMMISSIONER CLARK: Active day-to-day
24 management or --

25 MR. DETERDING: Yes. Yes. Yes, sir.

1 COMMISSIONER CLARK: It's kind of
2 interesting that they are not here -- the CEO
3 of the company is not here with a request of
4 this nature. To me, that's a little unusual.

5 CHAIRMAN SMITH: Anything else?

6 COMMISSIONER LA ROSA: I don't know how
7 else to frame that, so...

8 CHAIRMAN SMITH: Okay. I think -- all
9 right. Well, maybe -- so I appreciate we are
10 moving in towards this managerial sort of
11 oversight. I do want to wrap up the first part
12 that we were discussing about, you know, this
13 proposal for the extension, we have a critical
14 date of June 3rd of this year. I mean, I think
15 that -- Ms. Ramos summarized it pretty well, is
16 that there was plenty of time for the utility
17 to provide this information.

18 And I believe Ms. Augspurger pointed out
19 earlier there is an opportunity, once the
20 utility does compile all the requisite
21 information, that they are able to file a
22 limited proceeding, if I am correct, and we can
23 go on and carry on from there once we have what
24 is necessary.

25 I mean, I see on the bottom of page 20,

1 the back and forth of staff asking the utility
2 for the requisite information, and specifically
3 in response to staff's fifth data request, the
4 utility explained, Grenelefe is not being
5 required directly by DEP to increase permit
6 capacity. I just -- we don't -- this is --
7 clearly, things are moving very quickly, and I
8 think we have a statutory timeframe, and so
9 that's sort of my thoughts on there.

10 As far as we want to kind of wrap that up
11 and then talk about what the Commission thinks
12 is appropriate for any sort of managerial sort
13 of adjustments that could potentially be made
14 here, you know, I am hearing some potential
15 proposals.

16 Commissioner Clark and then Commissioner
17 Ortega.

18 COMMISSIONER CLARK: I just want to ask a
19 question in regard to the statutory timelines.
20 Does -- I do understand, if we go to limited
21 proceeding, there is some substantial rate case
22 cost that's going to be involved in it. Do the
23 parties have the right to waive this or are we
24 bound by this? If we wanted to say, okay, we
25 are going to put a 90-day extension on this,

1 because there is no doubt, Mr. Deterding, you
2 are coming back with a limited proceeding
3 within 30 days. We are going to deal with it
4 again. So is it make a little more sense to
5 just expand this out 90 days, all parties waive
6 the statutory? I don't know if that's possible
7 or not.

8 MR. DETERDING: We are certainly willing.

9 CHAIRMAN SMITH: I would go to our legal
10 staff on that question.

11 MS. HELTON: Yes, Chairman, the utility
12 can waive the statutory deadline. I would
13 suggest not waive it to, like, for 90 days, or
14 to a time certain because of the lack of
15 communication sometimes from the company. We
16 don't know what they will provide us and when
17 they will provide us that information, and
18 whether that will be sufficient to act on the
19 wastewater treatment plant for which they are
20 asking recovery.

21 MR. DETERDING: If I may, I mean, I -- I
22 understand staff wants more information, but we
23 need to know what it is they want. What they
24 did is they sent us requests, give us the bids
25 you have for this. Well, we didn't have bids

1 because bids were something that we saw as
2 something that needed to be done after we lined
3 up the financing and were able to enter into an
4 agreement for those bids, because these --
5 these contractors don't like providing detailed
6 bids that you are not going to enter into.

7 So what I would hope is that if we can
8 extend the time that we can get some sort of
9 clarification of what it is they want from us
10 as far as justification, because it is very
11 clear, and staff has stated, that that we have
12 to do this. We have to do this sewer plant
13 rebuild.

14 So I would hope that if we can do that,
15 and I sure hope we can as opposed to start over
16 again, because, as I said, we will have to,
17 that we can get some clarification for what
18 exactly it is they want us to provide.

19 I think they want us to provide bids now.
20 I think that's clear, and we will go get them.
21 If that's -- if that's the primary thing, we
22 will get on it starting today.

23 CHAIRMAN SMITH: Commissioner Ortega.

24 COMMISSIONER ORTEGA: Just one quick. I
25 am pretty sure we have a rule that outlines the

1 fact that we do want three bids, and that is
2 something that our Commission staff has asked
3 for. So note -- thank you for that
4 information, and I am happy to take a break if
5 we need for staff to make sure that we know how
6 to move forward or move on.

7 CHAIRMAN SMITH: Staff, do you think
8 that's appropriate to do at this time?

9 MS. RAMOS: Staff asked a series of data
10 requests where we clearly asked for bids and
11 other information pertaining to this project.
12 I think those requests were pretty clear what
13 we were looking for.

14 But just to clarify here today, we are --
15 when we evaluate proforma projects in general,
16 staff looks at alternatives. We look at the
17 cost. We look at the timeline. We still have
18 the active timeline issue here that this is
19 potentially going to be completed outside that
20 two-year proforma timeframe.

21 I don't believe there is a specific rule
22 that maybe lists it out like we wish it would,
23 but I think from Commission practice, we can
24 certainly identify some things and reflect on
25 those prior data requests that we have already

1 sent out to gather the information, if that's
2 the Commission's discretion to go that way.

3 MR. BAEZ: Madam Chair.

4 CHAIRMAN SMITH: Yes, Mr. Baez. Thank
5 you.

6 MR. BAEZ: I think we would like to accept
7 your kind offer of a brief timeout so that we
8 can, you know, kind of get our ducks in a row.

9 CHAIRMAN SMITH: Okay. All right. So
10 let's see. Where are we at? We are at 10:47.
11 How does 11:00 sound? Is that enough time?

12 MR. BAEZ: Very generous. Thank you.

13 CHAIRMAN SMITH: Yes, okay. All right.
14 So reconvene at 11:00 a.m.

15 (Brief recess.)

16 CHAIRMAN SMITH: Okay. Well, that was one
17 of our most efficient breaks. We are two
18 minutes early, but everybody is back in their
19 spots, so I appreciate that.

20 All right. I am just going to kind of go
21 ahead and try to wrap up at least where my
22 thoughts are here, and then, you know,
23 obviously to --

24 At least just for this one specific area,
25 my thoughts are, you know, we have got -- we

1 have got a statutory timeframe here, and I want
2 to respect that to -- and I understand
3 monitoring is -- you know, staff has been
4 asking the utility, and maybe they have the
5 information ready, maybe it will take a little
6 bit more time. I think that we should go as
7 for what we have proposed here in the
8 recommendation, and then when the utility is
9 ready and has all of the requisite information,
10 they can file what they need with our staff and
11 we can take it up in that -- in a separate
12 proceeding.

13 Is that amenable to my fellow
14 Commissioners? I am getting nods.

15 All right. So now I kind of want to just
16 go back to Commissioner Ortega, you brought up
17 managerial concerns you had. I would like for
18 you to, you know, expand upon that if you would
19 like. You are recognized.

20 COMMISSIONER ORTEGA: Thank you so much
21 for coming back to me on that.

22 You know, I have a real concern about the
23 lack of managerial oversight, activity and just
24 responsiveness to the customers, responsiveness
25 to us. I think that the lack of clear

1 documentation in actually addressing the
2 customer concerns leaves a gap in our ability
3 to effectively regulate this utility and
4 evaluate its performance specifically on the
5 quality of service.

6 And I appreciate Mr. Deterding bringing
7 the statute, 367.081, because the second
8 sentence in the second provision says: The
9 Commission shall consider the value and the
10 quality of service, and the value I just see is
11 missing for the customers, the captive existing
12 customers. And I think that there is a real
13 lack of transparency and accountability.

14 And I have looked back at some of the
15 prior dockets that we have assessed a penalty
16 once we've found that other companies were not
17 meeting the quality of service that we expect,
18 and there have been a few that we have reduced
19 ROE and there have been a few that we have
20 reduced officer salaries. And I think my
21 inclination, based off our discussion, is not
22 to reduce the ROE, but really to focus in on
23 the salaries, and that would be, you know,
24 possibly a reduction, or an adjustment of 25
25 percent to the salaries. And that's kind of

1 where I am thinking would be an appropriate
2 alignment of the economic incentives and the
3 value proposition for these customers.

4 Thank you.

5 CHAIRMAN SMITH: Thank you, Commissioner
6 Ortega.

7 Are there any -- any follow-up thoughts on
8 that from the Commissioners?

9 Commissioner La Rosa.

10 COMMISSIONER LA ROSA: I certainly don't
11 agree with Commissioner Ortega's perspective on
12 that. I may have a question, though, for
13 staff. Sorry to cut in.

14 CHAIRMAN SMITH: Oh, yeah. No. Go ahead.

15 COMMISSIONER LA ROSA: So if we -- the
16 staff salary, right, that's being recommended,
17 or being adjusted by our staff, is that also
18 the owner that's earning on the ROE or the
19 equity side that's being submitted, or being
20 accumulated here, or accounted for here in this
21 docket?

22 MR. KELLEY: Yes, it is.

23 COMMISSIONER LA ROSA: All right. So in
24 essence, when we are suggesting -- Commissioner
25 Ortega is suggesting, and, again, I agree with,

1 reducing that number, but that person is
2 also -- we are talking about the same person --
3 is also receiving on ROE, correct?

4 MR. KELLEY: Yes.

5 COMMISSIONER LA ROSA: Okay. I don't know
6 that this fully addresses my concern. I still
7 feel like there is not a captain at the wheel,
8 frankly. I see that there is lots of
9 contractual services. I appreciate that. But
10 there is still an organizer, right. And if
11 those services existed previous, it seems like
12 they've completely missed complying with our
13 rules, failure to notifying the Commission of
14 service interruptions, failure to maintain
15 accurate complaint records, failure to timely
16 respond to complaints. You know, in all these
17 services that are being rendered, no one is
18 overseeing the regulatory aspect of it, which
19 is our job to address.

20 So in all honesty, I don't know that there
21 should be any salary given, because I do
22 believe that -- unless that is brought in to a
23 specific person that maybe the utility can
24 explain to us today that there is going to be a
25 physical person that it's going to be their job

1 to operate, I just don't feel like there is
2 clarity today on that -- on that segment, so
3 that's my thoughts and perspective of where I
4 am sitting today.

5 CHAIRMAN SMITH: I guess I should probably
6 go -- Mr. Deterding, do you have a response to
7 those sort of --

8 MR. DETERDING: All I can say is I believe
9 that the management, the President and the
10 Chief Operating Officer are trying their best
11 to comply with the Commission's requirements.
12 They have April taken over a system in pretty
13 bad shape that has a lot of issues, and they
14 have been trying to put out a fire here and a
15 fire there and learning as they go about
16 Commission requirements.

17 I understand ignorance of the law is no
18 excuse. And certainly, I have tried to impress
19 upon them the need to do these things, but I
20 believe that they are trying to bring this
21 company up to speed both from an operational
22 and from a facility standpoint so that it will
23 be a good utility moving forward.

24 I recognize that there are issues, but for
25 a company this size, I think they should be

1 given some leeway to try and get those things
2 in order over time. They have been dealing
3 with this case for the last year, which has
4 been pretty intense, as you might imagine,
5 since as we -- I think we all agree, it's
6 probably the most complicated staff-assisted
7 case I have certainly ever seen.

8 So I know that they have move for
9 improvement. There is no doubt about that.
10 And I have tried to impress upon them the need
11 to get the systems in place that will allow
12 that, and I believe they understand.

13 COMMISSIONER LA ROSA: Can I comment on
14 that?

15 CHAIRMAN SMITH: Sure.

16 COMMISSIONER LA ROSA: I get that, and I
17 understand and I really respect the position
18 that they are in. There was a point brought
19 up -- and let me just -- let me just rewind
20 here for a second.

21 You mentioned that this is kind of an
22 extraordinary circumstance. I would just for
23 the record comment that I agree it's
24 extraordinary. I question whether this should
25 have been a SARC to begin with. I think

1 Commissioner Clark opened with a similar
2 statement. And I just think that this is
3 unique and maybe outside of the ordinary maybe
4 what SARCs were originally intended for, but
5 that's not -- that's not necessarily what we
6 are up for debate here today.

7 There was -- there is a recommendation in
8 Issue 1. I think Mr. Self certainly suggested
9 three areas in which we could -- or that the
10 utility could report back to. I actually very
11 much agree with those. I would like to see a
12 modification to Issue 1 that would also include
13 someone from the Commission, a representative
14 from the Commission to be at the meeting in
15 which we are asking the utility to conduct.

16 I would like to have a continual
17 reporting, as suggested by Mr. Self, to happen
18 every quarter to include the projects that may
19 be -- that are spelled out here, and also to
20 identify any line breaks. I think this is a
21 small enough system that we know that. I think
22 our rule was probably more framed for larger
23 utilities, but maybe I am wrong on that, but at
24 the end of the day, this is a small system. I
25 think that the residents are impacted pretty --

1 pretty dramatically. I think all line breaks
2 should be included in that reporting.

3 So that's -- that's the modification I
4 would like to see to Issue 1 specifically.

5 Commissioner Ortega has also suggested a
6 reduction. I would back up that reduction -- I
7 think she mentioned 25 percent. So I would go
8 to that point, 25 percent, if the reports are
9 also included. I am willing go to add one more
10 element to the report. I am sorry, staff, I
11 know you are writing things down.

12 As there is managerial changes, I would
13 like that to be included in the reports. So
14 whether that be a new manager that's brought
15 on, a physical employee that's managing the
16 operations of the system, or a major
17 contractual service. So if you hire a utility
18 management company to manage a large segment,
19 whether it be the water, the wastewater, the
20 whole thinking, however, that also to be
21 included in the reports.

22 I think that there needs to be
23 transparency to its customers. I know we heard
24 from a customer today. I know that there is
25 additional customer -- or discussion or

1 testimony within the docket. I think at
2 minimum, we could provide that. I think at the
3 end of the day, we will look back at a two-year
4 period, hopefully there will be more -- there
5 will be better confidence built from the
6 utility to its customer, and we can be talking
7 a very different story hopefully two years down
8 the road.

9 That's kind of my position. So certainly
10 modifying Issue 1 and modifying the wages and
11 salaries.

12 MR. IMIG: Chairman Smith?

13 CHAIRMAN SMITH: Yes.

14 MR. IMIG: I have a point of
15 clarification. There is separate salaries for
16 water and wastewater, and the quality of
17 service issues have only been on the water
18 side. So if we are talking reduction for
19 salaries, would it be the water or both water
20 and wastewater? It's a question from staff.

21 COMMISSIONER LA ROSA: So I would say
22 reduction on both ends. I would certainly want
23 to, you know, allow Commissioner Ortega,
24 through the Chair, to opine if that's any
25 different.

1 CHAIRMAN SMITH: Commissioner Ortega?

2 COMMISSIONER ORTEGA: I agree.

3 CHAIRMAN SMITH: Okay. Well, with that
4 point, Commissioner La Rosa, it does -- that
5 sort of sounds like a motion. Is that -- could
6 we -- I mean, you have so eloquently
7 encapsulated everything that we --

8 COMMISSIONER LA ROSA: Well, I don't about
9 eloquently, but -- and I did bounce around a
10 little bit. I don't want to -- I don't want to
11 pull from my any other Commissioners if there
12 is anything else that's thought of. That's my
13 perspective, and if we are okay with it, then
14 that's a motion to adjust staff's
15 recommendation accordingly, as just previously
16 discussed.

17 CHAIRMAN SMITH: And I would probably
18 add -- before we -- I agree -- I am going to
19 just say I agree with you guys. I would add,
20 just to give -- this is, you know,
21 administrative authority to staff to make those
22 necessary fallout -- or adjustments that are
23 needed for the fallout issues because we are
24 making these monetary adjustments.

25 Yes, Ms. Helton?

1 MS. HELTON: Thank you, Madam Chairman.

2 One other point that I can think that it
3 would be helpful if y'all would address is
4 whether to close the docket or keep the docket
5 in a monitoring phase. Maybe that might be the
6 best, so that we can accept the reports and
7 actively monitoring what is happening.

8 CHAIRMAN SMITH: Commissioner La Rosa, can
9 we get that added to your to keep the docket --

10 COMMISSIONER LA ROSA: I agree, let's --
11 let's not close the docket and keep it in, as
12 staff just mentioned, in a monitoring phase.

13 CHAIRMAN SMITH: Do we need -- Ms. Helton,
14 do we need a time? Mr. Self proposed two
15 years. Do we need a term limit on that?

16 MS. HELTON: Well, I guess that brings up
17 another matter. For how long would you like
18 the quarterly reports? So maybe if we make it
19 two years, monitor for two years, and at that
20 point in time, hopefully we will have
21 sufficient information to, if we think that
22 it -- something -- some further actions should
23 take place, then staff can come back to you,
24 but at the end of the two-year period, right
25 now the docket would be closed.

1 COMMISSIONER LA ROSA: Unless otherwise
2 modified by the Commission?

3 MS. HELTON: Well, if -- during the
4 monitoring period, if we discover some action
5 that we think the Commission should take, we
6 would bring that back to you for further
7 action.

8 COMMISSIONER LA ROSA: Okay. Agreed, two
9 years.

10 CHAIRMAN SMITH: Okay. So is that --
11 that's a -- that is one giant motion that --
12 have we gotten it down, or has staff got it all
13 down?

14 COMMISSIONER PAYNE: Is that one motion or
15 two?

16 CHAIRMAN SMITH: I think that's one -- we
17 are taking one motion on Issue 1, yeah, for
18 those adjustments as proposed by Commissioner
19 La Rosa.

20 Yes, Commissioner Ortega.

21 COMMISSIONER ORTEGA: Thank you. I just
22 wanted to make sure he included the oral
23 modification as well.

24 CHAIRMAN SMITH: Yeah, I guess I --

25 COMMISSIONER LA ROSA: Great, oral

1 modification obviously given the staff prior
2 to.

3 MS. HELTON: Oh, yes, and with respected
4 to the refund, is that --

5 CHAIRMAN SMITH: Yeah, we haven't -- I am
6 sorry.

7 MS. HELTON: We need to take action on
8 that as well.

9 CHAIRMAN SMITH: I don't think we got
10 there yet. I think we are just taking up Issue
11 1. So, yeah, we are just doing. We are just
12 voting on Issue 1. It's already a little bit
13 complicated, so I just want to keep it a little
14 clean, so we will get there in a second.

15 Okay. So we have a motion. Is there a
16 second on that motion?

17 COMMISSIONER CLARK: Second.

18 CHAIRMAN SMITH: A motion and a second.
19 All in favor say aye.

20 (Chorus of ayes.)

21 CHAIRMAN SMITH: Opposed?

22 (No response.)

23 CHAIRMAN SMITH: See that the record
24 reflects the amendments as proposed by
25 Commissioner La Rosa for Issue 1.

1 All right. Let's go ahead and now we can
2 move -- I mean, we have kind of touched upon
3 other stuff. Commissioners, do you have any
4 specific things throughout the other issues
5 that we can get to the oral modifications, are
6 there any other specific issues? No. Seeing
7 none.

8 Okay. So I will just -- maybe I will go
9 to staff right now just to kind of explain new
10 Issue 16, and then we will take that up with
11 the rest of the issues.

12 MR. KELLEY: Garrett Kelley with
13 Accounting division.

14 Issue 16 is the wastewater interim refund.
15 We approved the interim refund last year in
16 March, and our new -- or that interim refund is
17 greater than the revenue requirement for the
18 interim collection period. The interim revenue
19 requirement granted for water was less than
20 staff's calculation, thus, no refund for water
21 is recommended, but a refund for wastewater
22 interim, revenues collected under interim rates
23 would be 14.7 percent, or about \$83,000.

24 CHAIRMAN SMITH: Thank you.

25 I will just say I really appreciate Public

1 Counsel for bringing this to our staff's
2 attention. This is -- it was obviously just a
3 minor oversight, but that you are all really
4 managing on your side very meticulously, so
5 appreciate all the work that you did there, so
6 thank you.

7 I guess with that, we can -- this is Issue
8 2 through -- because we are keeping the docket
9 open, so Issue 2 through Issue 16, is that
10 correct? Is there a motion on that?

11 COMMISSIONER CLARK: Move to approve staff
12 recommendation.

13 COMMISSIONER PAYNE: I will second.

14 CHAIRMAN SMITH: Okay. We have a motion
15 and a second.

16 All those in favor say aye.

17 (Chorus of ayes.)

18 CHAIRMAN SMITH: Opposed?

19 (No response.)

20 CHAIRMAN SMITH: All right. See that
21 staff's recommendation is adopted as proposed
22 for Issues 2 through 16.

23 Are there any other things that we need to
24 address for this item?

25 Staff.

1 MR. FUTRELL: Chairman Smith, just to be
2 clear, we have -- again, with what you said on
3 Issue 1, also these other issues you disposed
4 of that staff has authority to reflect the
5 adjustments the Commission has made in these
6 other issues and make --

7 CHAIRMAN SMITH: Yes. Right. Of course.
8 All the fallout from Issue 1 that will hit --
9 that will affect the issues -- the remaining
10 issues.

11 MR. FUTRELL: Thank you.

12 CHAIRMAN SMITH: Okay. So seeing no other
13 business, this Agenda Conference is adjourned.
14 Thank you.

15 MR. SELF: Thank you, Commissioners.

16 (Agenda item concluded.)

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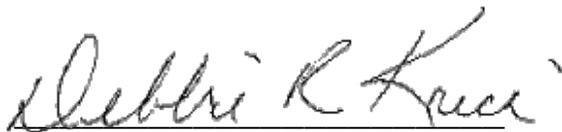
STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
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the time and place herein stated.

IT IS FURTHER CERTIFIED that I
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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 17th day of February, 2026.



DEBRA R. KRICK
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