

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20250088-WU

Application for staff-assisted rate case in
Lake County by Sun Communities Finance, LLC
d/b/a Water Oak Utility.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 7

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

DATE: Tuesday, June 2, 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

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

2 CHAIRMAN SMITH: All right. We will move to
3 Item 7. Mr. Cohn, you are recognized whenever you
4 are ready.

5 MR. COHN: Thank you, Chairman.

6 Good morning, Commissioners. Josh Cohn with
7 the Division of Accounting & Finance.

8 Item No. 7 is the recommendation regarding the
9 application for a staff-assisted rate case in Lake
10 County by Sun Communities Finance, LLC, doing
11 business as Water Oak Utility.

12 Water Oak Utility is a Class C utility
13 providing water service to 1,265 residential
14 customers and 50 general service customers. The
15 utility's rates were last established over 25 years
16 ago, in 1997.

17 A customer meeting was held on January 21st,
18 2026, at which eight customers provided comment.
19 There were approximately 308 customer comments in
20 the docket file as of May 6th, 2026.

21 This item was originally presented at the
22 April 7th, 2026, Commission Conference, and was
23 subsequently deferred. Following deferral of this
24 docket, staff is now recommending a revenue
25 requirement increase of approximately \$244,100, or

1 117 percent.

2 Customers of Water Oak Utility are present and
3 would like to address the Commission regarding this
4 docket. Additionally, representatives from the
5 utility are present.

6 Staff is prepared to address any questions.

7 Thank you.

8 CHAIRMAN SMITH: Thank you, Mr. Cohn.

9 Yes, at this time, I will recognize Mr.
10 William Shaul to present to the Commission.

11 Thank you very much for being here, Mr. Shaul.
12 You are recognized whenever you are ready.

13 MR. SHAUL: Thank you.

14 First I would like to apologize for my attire.
15 It just proves even at 77 you can be a rookie.

16 Dear Commissioners and staff, my name is Bill
17 Shaw. I am a homeowner and a full-time resident of
18 Water Oak Estate in Lady Lake. I have lived there
19 for five years, and for three years, I served as
20 President of the HOA, and I retired after serving
21 my term in February, just after we received the
22 proposal.

23 From the first proposal the community received
24 in January, something didn't ring true to me, and I
25 spent a good deal of time trying to figure it out,

1 how 40 percent, or roughly 35 million gallons could
2 go missing. It was astounding to me. It's the
3 equivalent amount of water that would be like
4 filling an Olympic size pool completely once a week
5 and draining it for a full year, repeating it
6 weekly. It's just an unimaginable amount of water
7 to be missing.

8 I was the first speaker at the public hearing,
9 and I stated that I think I can help find the
10 water. It appeared to me that there was no
11 accounting for the water use by Water Oak Estates
12 management.

13 At the April Commission, Dinah Schiegner
14 represented the HOA Board of Directors and did an
15 excellent job presenting a number of issues that
16 the Commissioners took pause to consider. And
17 thankfully Commissioner La Rosa proposed a deferral
18 so that the staff could have time to do complete
19 and more thorough investigation and reevaluate the
20 original proposal.

21 My purpose in coming here today is to thank
22 staff for their diligent work. I came to thank
23 them for accepting and considering all input from
24 Sun Communities' residents and the Office of Public
25 Counsel, the letters prepared by Bart Fletcher, who

1 did a great job.

2 As a result of these diligent -- of their
3 diligence and analysis, the final proposal brought
4 clarity. Unaccounted for water was reduced from
5 39.7 to 18.8 percent, and allowing for the
6 10-percent margin rule, EUW was reduced from 29.7
7 to 8.8.

8 Other factors entered into the change of rates
9 that we're now -- you are now considering as well.
10 But so much more accurate accounting of the rates
11 were determined by their diligent work, that I came
12 here to appreciate that and thank them.

13 Every single interaction I had with staff
14 could not have been better, and it was over a
15 dozen. And each staff that I reached out to were
16 available, they were patient, they were genuine.
17 All voice mails were returned. All calls were
18 returned. All emails were timely. Without
19 exception, I was delighted and surprised by their
20 kindness, courtesy and availability, and it is
21 their openness to hearing from the residents, there
22 diligence and commitment to finding truth and
23 getting it right that prevailed.

24 So if the purpose of this whole process was to
25 provide a solid financial framework for the utility

1 to sustain this water utility at the lowest fair
2 price possible for their customers, you have
3 succeeded.

4 On behalf of the Water Oak Homeowners Estate
5 Association Board of Directors, who asked me to
6 speak on their behalf, I thank you both and the
7 staff for providing a complete review and fair
8 evaluation of the staff-assisted rate case
9 proposal. Thank you very much.

10 CHAIRMAN SMITH: Thank you, Mr. Shaul. Thank
11 you for those words for staff. I couldn't agree
12 more.

13 I will now recognize Ms. Schiegner. And note
14 we did receive your filing, so appreciate those
15 comments as well. Thank you.

16 MS. SCHIEGNER: Hello. Good morning. My name
17 is Dinah Schiegner. I am the legal advisor for the
18 Water Oak Oversight Committee. I was before this
19 commission on April 7th, and thank you very much
20 for granting that 30-day stay, and here we are in
21 June.

22 April 7th, Commissioner Ortega asked me to
23 take our concerns before Florida DBPR. I did that.
24 I am back today to report what happened since April
25 7th, and the oversight committee has not sat idle

1 for one minute.

2 As you know, as you acknowledged, I produced
3 and filed a 17-point formal rebuttal to the staff's
4 recommendations. Yes, thank you for great work. I
5 really appreciate it, but I had just a couple of
6 things I wanted to ask.

7 The staff has recommended that the rate be
8 decreased from 175 down to 117 percent. And while
9 that sound like relief, not really. When you look
10 at the actual per tier increase, the residents
11 still face an increase ranging from about 241
12 percent to almost 400 percent. The staff
13 recommendation used the original April 7th rate as
14 their baseline, not what the residents actually are
15 paying today, and that comparison is somewhat
16 misleading.

17 So we got to work when you sent us back home
18 talking about the quality of service and the meter
19 malfunctions. The residents were busy, and we
20 submitted over 450 documented meter malfunction
21 forms. The Water Oak Utility told PSC staff that
22 it had no open complaints and was unaware of any
23 meter concerns, yet 450 plus concerns were filed.
24 That's a bit of a discrepancy.

25 Of those 450 plus complaints, only 12 percent

1 were ever inspected by Water Oak maintenance and
2 the water department there. Of the 450 complaints,
3 only two percent had any type of an issue addressed
4 or repaired. So the lack of quality of service
5 still today, June the 2nd, remains.

6 I followed Commissioner Ortega's direction and
7 I petitioned Florida DBPR. And I am very happy to
8 say that on May 27th, just recently, I did receive
9 confirmation, DBPR formally opened an
10 investigation, and it's been assigned to Natalie
11 Clary, a Financial Examiner Analyst II, and that
12 rose directly from Commissioner Ortega's
13 recommendation, and I thank you very much. They
14 have now begun a full investigation and that's just
15 getting under way.

16 So I respectfully ask the Commission today how
17 can it be appropriate to impose a permanent rate
18 increase on these 1,400 households, almost 1,200
19 residents, while a state financial examiner is
20 actively investigating the billing conduct of Water
21 Oak Utility, who is seeking this permanent
22 increase? This investigation just began a few days
23 ago. I would hope that the prudent and just course
24 is to defer any permanent rate increase until DBPR
25 has concluded and its findings have been made

1 known.

2 So we do know now that the water meter problem
3 is not resolved, and that's still very troubling,
4 this lack of quality of service. The Oversight
5 Committee's position is very straightforward. No
6 permanent rate increase should take effect until
7 every water meter, every transmitter in Water Oak
8 Estate is fully operational, independently verified
9 and, at the very least, confirmed accurate. These
10 are water bills that are very high for these
11 residents.

12 Now, this is a little bit interesting. On
13 July 10th, way back 2018, Sheri Woodworth, the then
14 Divisional VP of Sun Communities, sent a written
15 email to the then HOA President, Ron Auger. In
16 that email, she specifically wrote, explicitly
17 stated that zero expansion costs of any kind would
18 ever be passed on to existing Water Oak residents.

19 Well, that promise is now before the
20 Commission as a documented exhibit. The revenue
21 requirement in this rate increase includes costs
22 from that expansion that Sun Communities promised
23 would never affect the residents.

24 Furthermore, it's been documented that no
25 permits, zero permits were ever filed for the

1 Hilltop expansion construction. Expansion costs
2 from unpermitted construction passed on to the
3 residents in violation of a written promise and in
4 potential violation of CIAC provisions should not
5 be recoverable through ratepayer charges.

6 Now I am going to shift gears just briefly,
7 just briefly. I want to note for the record a
8 sewer billing matter, not as jurisdictional
9 challenge to the Commission, I understand, but as
10 additional context regarding Sun Community Finance
11 and their overall billing conduct. I am going to
12 become very current now.

13 Between January and April of '26, the
14 residents at Water Oak Estates are experiencing a
15 41-percent per gallon increase in their sewer
16 charges with zero advance notice, no regulatory
17 authorization of any kind. When the residents
18 questioned this increase, when they go to the
19 administration office, Sun Communities tells them,
20 we are not responsible for the billing. Go to the
21 town of Lady Lake. When they go to Lady Lake to
22 ask, they are told, we send a flat bill over to Sun
23 Communities. What happens then, we don't know.

24 This matter has been formally turned over to
25 DBPR and St. Johns River Water Management District.

1 I am happy to tell you that just last week, along
2 with my DBPR phone call, I received a phone call
3 from St. Johns River Water Management, and they
4 also have opened a formal investigation, just
5 getting started. So, of course, I am going to ask
6 the Commission to politely defer a permanent rate
7 increase until St. Johns has been able to do their
8 investigation. I think it's only fair we wait to
9 hear what those agencies have to say.

10 So I was here before you April 7th. At that
11 time, I was the Vice-President of the HOA. I would
12 be remiss if I did not note briefly that following
13 my testimony before the Commission, my husband and
14 I experienced what I can only characterize as
15 retaliatory action by Sun Communities corporate,
16 including my involuntary termination as
17 Vice-President of the HOA and our formal
18 displacement as residents at Water Oaks. We have
19 moved. I will just leave it with that.

20 So today I am respectfully saying the path
21 forward is clear. Please issue another stay. Hold
22 Sun Communities Finance rate increase at a zero,
23 not permanently, not forever, until two things
24 happen, DBPR completes their investigation and we
25 get their report, and the same for St. Johns River

1 Water Management.

2 When those two agencies have finished their
3 work, and when the full picture is known, then the
4 Commission and their staff will have everything it
5 needs to act fairly and completely. Until then,
6 the residents deserve the protection of this
7 commission, not a rate increase, and I thank you.

8 CHAIRMAN SMITH: Thank you, Ms. Schiegner.

9 Are there any other customers that are here
10 that would like to address the Commission?

11 Seeing none, is there a response from the
12 utility?

13 MR. MCGINN: Thank you, Madam Chair,
14 Commissioners. My name is Daniel McGinn, Jones
15 Walker, LLP, on behalf of Sun Community Finance,
16 LLC, doing business as Water Oak Utility. With my
17 is Amy Herndon, Divisional Vice-President in the
18 Sun parent company.

19 Much like Mr. Shaul, we would really like to
20 express our thanks to staff for working patiently
21 and diligently with us. We recognize that this
22 case has presented a number of questions. There
23 was a large amount of customer correspondence which
24 staff had to review, and I think they addressed it
25 adequately within the report.

1 We had an opportunity to evaluate the revised
2 report, and we have no concerns with the
3 recommendation of staff, and we are available to
4 answer any questions you may have.

5 CHAIRMAN SMITH: Thank you.

6 Okay. Is there -- Commissioners, any
7 questions?

8 Commissioner Clark.

9 COMMISSIONER CLARK: I guess somebody has got
10 to be first.

11 I still have some really serious hangups with
12 the proposal. Staff, I guess I got a couple of
13 questions specific to some of the statements and
14 some of the things that are in the recommendation.

15 First and foremost, I with like to begin with
16 the 450 complaints that have been filed in terms
17 of -- these were alleged by them as being meter
18 complaints. I know those are -- do you have the
19 documentation? Are those in the dockets?

20 MS. RAMIREZ-ABUNDEZ: This is Ailynee with
21 Commission staff. That we know of, the meter
22 complaints that Ms. Dinah was talking about, I am
23 unaware of what complaints she's specifically
24 talking about because the correspondence of --
25 majority of correspondence, which is what we have

1 in the recommendation regarding meters and rate
2 increase. I don't know what specifically she said
3 -- the 450-meter correspondence she was talking
4 about are filed.

5 COMMISSIONER CLARK: Madam Chair, could we ask
6 Ms. Schiegner to come up and give her -- give --
7 see if she can give some light as to where these
8 complaints are and how she's --

9 CHAIRMAN SMITH: Sure.

10 COMMISSIONER CLARK: -- calculated what type
11 of complaints they are?

12 MS. SCHIEGNER: The residents completed an
13 internal document called the Sun Communications
14 residential Communication Form. Those were all
15 submitted to the admin office. They were time
16 stamped. The admin office has record of them, and
17 the HOA has record of them.

18 COMMISSIONER CLARK: Ms. Schiegner, may I --
19 were they submitted to us? You said they were in
20 the docket.

21 MS. SCHIEGNER: From what I understand, the
22 HOA had submitted them to you. Upon my
23 termination, I wasn't there, but I was told they
24 were.

25 COMMISSIONER CLARK: Okay. So we don't have

1 any -- we have no record of those, is that what we
2 are saying, Ms. Ramirez?

3 MS. RAMOS: Good morning, Commissioners.
4 Marissa Ramos with Engineering staff.

5 I believe those meter documentations that
6 she's speaking about are on the correspondence side
7 of the docket file.

8 MR. FUTRELL: Commissioner Clark, if I may.

9 COMMISSIONER CLARK: Mr. Futrell.

10 MR. FUTRELL: Staff has documented the
11 customer communications that it's received on page
12 five of the recommendation in Table 1.1. Those
13 numbers have been updated since you saw this in
14 April, and so they have tried to break that down by
15 the nature of the subject matter of the comments
16 that's received and characterize it. And so there,
17 you can see the numbers that we have --

18 COMMISSIONER CLARK: Okay. So we don't -- and
19 I guess it's confusing because the allegation in
20 the complaint is that were some of these that were
21 meter tested and found to be invalid. That's the
22 implication that I get out of the -- I am sorry, I
23 don't remember with it was at, but there was
24 12 percent that were found to be valid and two
25 percent corrected, or something like that. We have

1 no validation of that in any way?

2 MS. RAMOS: No, we do not.

3 COMMISSIONER CLARK: Okay.

4 MS. RAMOS: I would -- Commissioner, I am
5 sorry --

6 COMMISSIONER CLARK: Yes.

7 MS. RAMOS: -- I would defer to the company on
8 that question. They may be able to answer that
9 question better.

10 COMMISSIONER CLARK: Okay. Sure.

11 MR. MCGINN: Thank you, Commissioner.

12 As stated by the former resident, the
13 administratively, there is opportunity for
14 residents to file paperwork with Sun at the
15 location itself. They were not filed with the
16 Commission staff. They are being handled by the
17 community throughout the property as they can be
18 inspected. But as you can understand, when you are
19 inundated with 450 complaints in response to a
20 customer meeting, it does take a while to work
21 through them.

22 COMMISSIONER CLARK: So the 450 complaints,
23 when did they come in? Over what time period did
24 those 450 come in?

25 MS. HERNDON: I believe a week or two after.

1 CHAIRMAN SMITH: Do you mind putting your mic
2 on?

3 MS. HERNDON: I am sorry. WE started
4 receiving them roughly five or six days after the
5 April meeting.

6 COMMISSIONER CLARK: Okay.

7 MS. HERNDON: They were a blanket form that
8 had already been prefilled out that customers just
9 signed and dropped off to the office.

10 COMMISSIONER CLARK: Okay. My next question,
11 staff, I have -- looking through and trying to
12 understand, some of the things that concern me are
13 the recommendation changes that have occurred
14 between our last hearing and now. There seems to
15 be a lot of information that has come to light.
16 And my question is, and I am not making an
17 accusation, but how did we miss these things in the
18 first round?

19 For example, the service territory, the
20 customers not being in the service territory, is
21 this the company providing us information, and then
22 what is our follow-up process? Do we require
23 audited information before we begin to make our
24 recommendations, or do we just accept the documents
25 that come in through deposition or through

1 traditional correspondence?

2 MS. BRUCE: Good morning, Commissioners. I am
3 Sonica Bruce with the Economic staff.

4 During the audit, the utility indicated that
5 there were 16 general service customers. And after
6 the April 7th Agenda, we had been in contact with
7 the utility through data requests just to try to
8 get more customers because there was such a big
9 unaccounted for issue. And based on information
10 that we received from the utility, there were 34
11 general service customers added, and we imputed
12 gallons as well.

13 COMMISSIONER CLARK: Okay. So that's in this
14 new -- this territory that is not currently -- they
15 don't serve?

16 MS. BRUCE: Now, the new territory, from my
17 understanding, there were maybe -- there were maybe
18 15 customers that we have that were maybe general
19 service customers at the time, and they were
20 general service customers only because they were
21 model homes. And if I am wrong, Mr. McGinn can
22 clear that up for me. But from my understanding,
23 they were general service customers, model homes,
24 just irrigation at that time.

25 COMMISSIONER CLARK: Outside of the approved

1 service territory? That's the ones I have been
2 referring to, is the ones that this are the
3 customers that we found to be outside the approved
4 service territory.

5 MS. BRUCE: Oh, I am not aware of that.

6 MS. RAMIREZ-ABUNDEZ: So staff was able to --
7 was -- got information from the last Agenda and got
8 further confirmation, and we looked at the service
9 territory map and realized that there was some
10 potential housing outside the service territory.
11 That's how the new service territory was discussed
12 in the recommendation regarding that information
13 that was provided in the April 7th Agenda.

14 MS. RAMOS: I agree with everything Ailynnee
15 said. Following the discussions at the last
16 Agenda, staff went ahead and took a look at the
17 existing Commission-approved service territory
18 against the utility's maps that we had on hand, and
19 that's when it became apparent that Hilltop
20 expansion area was not in their currently approved
21 service territory.

22 COMMISSIONER CLARK: And from a, I guess a
23 logistics perspective, from a rate perspective, we
24 are looking now at approving a SARC that is
25 calculated, I guess, with a revenue requirement on

1 customers that aren't even in the service territory
2 and the Commission hasn't even approved that
3 service territory yet. Is that a fair assessment,
4 and how logical is that?

5 MS. RAMOS: I will defer to our economics
6 colleagues as far as the billing determinants and
7 what is and is not included in the test year,
8 billing determinants from that Hilltop expansion
9 area.

10 MS. BRUCE: And, Commissioners, as I just
11 indicated, I think, based on our understanding --
12 and I can defer to the utility on this -- there are
13 15 residential customers. I think they are now
14 residential customers and were once model homes, is
15 that correct? Okay.

16 MR. MCGINN: Yes. Thank you.

17 Again, the issue has, you know, come up before
18 and has been addressed by the staff previously.
19 There are multiple concerns and changes from the
20 April recommendation.

21 Again, the general service customer question
22 is somewhat offset by the unaccounted wastewater.
23 There was a change made by staff to recognize that
24 some of the unaccounted for water was actually
25 general service customer water. It was then moved

1 over to the appropriate revenue section. And in
2 instances where the utility was unable to provide
3 accurate billing, the revenue was imputed to it.

4 And to the extent that there are 15
5 residential homes that were former just general
6 service customers that are outside of the
7 territory, the staff has already reached out to the
8 utility and required an application in response. I
9 believe the date is sometime in mid-August that the
10 utility has to respond to that, with an updated
11 application and any changes.

12 COMMISSIONER CLARK: Thank you.

13 My next line of questioning goes to CIAC, and
14 I certainly understand CIAC and how it works. I
15 get a little bit confused when you get it into the
16 accounting side, so you are going to have to
17 probably help me here. But the CIAC, as I
18 understand it, they failed to collect it for 24
19 years, is that correct?

20 MR. COHN: That is correct.

21 COMMISSIONER CLARK: And do we have an
22 estimate of how much was not collected? When you
23 look at the difference in the separation between
24 what you are recommending and what they requested,
25 it's like \$103,000. Is that the full amount of

1 CIAC that was not collected over a 24-year period?

2 MR. COHN: Yeah, that was our estimate as to
3 what the uncollected figure would be.

4 COMMISSIONER CLARK: That just seems low for a
5 24-year period. I am not questioning the validity
6 of the number, but assuming they have had positive
7 growth, that's -- we are very -- we are
8 comfortable.

9 Are we getting this information from the
10 utility, or is this a deep-dive that we have done
11 into this?

12 MR. COHN: This number was based on the
13 customer growth as well as the service availability
14 charges that would be charged to each of those
15 customers.

16 COMMISSIONER CLARK: Do you know what those
17 are right now, those service availability charges?

18 MR. COHN: Not off the top of my head.

19 MR. HIGGINS: Good morning, Commissioners.
20 Devlin Higgins with Accounting staff.

21 The service availability charges are \$141 per
22 connection.

23 COMMISSIONER CLARK: 141?

24 MR. HIGGINS: Yes, sir.

25 COMMISSIONER CLARK: Okay. I guess I would

1 conclude, Madam Chair, with just a statement. I am
2 not sure where the breakdown is occurring, but the
3 numbers seem to be all over the board, and the
4 constant revisions that -- the revisions that staff
5 is having to make based on the information that's
6 being furnished to us by the company, I don't know.
7 It doesn't look very reliable to me, and I still
8 have a lot of questions. I am not feeling very
9 supportive at this moment.

10 CHAIRMAN SMITH: Commissioner La Rosa.

11 COMMISSIONER LA ROSA: Thank you, Madam Chair.

12 Every time we talk about this service area, I
13 feel like there is more questions that continue to
14 come up. I don't feel, at least from my
15 perspective, that we have fully vetted to
16 understand the miscalculation or the loss of water.

17 If I am understanding correctly, we went from
18 39.7 percent of unaccounted water down to 18.8
19 percent. If I heard correctly, there is some
20 service outside of the territory, which I think, if
21 I, again, understood correctly, was the Hilltop
22 expansion.

23 Can we talk a little bit more and go into a
24 little bit more depth of how those calculations
25 dropped from 39 percent to the 18 percent? And

1 even 18 percent seems very high.

2 MS. RAMIREZ-ABUNDEZ: Yes. The calculations
3 refer EUW went down due to the billing determinants
4 that staff provided regarding the general service
5 customers, if I am correct.

6 COMMISSIONER LA ROSA: Okay. So then can I --
7 can -- so how do we calculate our -- the
8 consumption that's actually being conducted? How
9 did we come to those conclusions? How did we come
10 to those numbers?

11 MS. BRUCE: Commissioner, we took a -- we
12 calculated an average of the percentage of gallons
13 sold to gallons pumped based on the number of
14 gallons that were produced during the year. We
15 came up with an average of 78.68 percent and we
16 applied that to the number of gallons produced,
17 which we came up with a total of 92 -- 92,272,981
18 gallons. We knew that we had a total of 67,483,366
19 gallons of residential gallons. So the gallons
20 that were left over were, like, 24,789,615, and we
21 used that as the general service gallons.

22 COMMISSIONER LA ROSA: Okay. So certainly not
23 contesting your calculations. Maybe the question
24 is, is why did you have to make those calculations?

25 MS. BRUCE: We had to impute gallons just to

1 try to get gallons the best way we could. At the
2 time, we hadn't received -- we had received --
3 well, let me go back to the original
4 recommendation. We only had two -- it was a low
5 number, 200 -- 197,000 gallons.

6 MR. MARQUEZ: Staff, after the last Agenda,
7 went back and conducted more investigation, which
8 is why, after looking at the utility's website --
9 or excuse me, not the utility's, the property
10 owner, let's say the landlord, they were able to
11 discover that there were other customers that were
12 being served. So once they confirmed that with the
13 utility, we had more customers to add into the
14 total general service category, bringing it from 16
15 to 50.

16 Once we had those customers, staff did the
17 calculation that Economics was just talking about
18 to impute a certain amount of income -- excuse me,
19 usage, right, of water. And then once we had that,
20 we were able to recalculate the original figure,
21 which would have attributed some to excessive
22 unaccounted for water, and now it got attributed to
23 a specific class, the general service customers,
24 which is what brought down the original large
25 number of excessive unaccounted for water down from

1 the 30 or 40 percent that, Commissioner La Rosa,
2 you mentioned, down to the 18.8, with the
3 10-percent adjustment down to 8.8.

4 I don't know if that maybe addresses your
5 original question better, but I thought it might,
6 so...

7 COMMISSIONER LA ROSA: And I appreciate that,
8 and it helps get me to where I am trying to get to.

9 Was the utility able -- let me switch gears
10 then to the utility. Were you able to identify to
11 our staff where that water was being used, and I am
12 going to say then specifically to the units outside
13 of the current territory?

14 MR. MCGINN: Thank you, Chair -- or
15 Commissioner.

16 What we provided to staff was the billing for
17 the residential billing. To the extent that those
18 customers are current residents who are receiving
19 utility bills, that information has been passed on
20 to staff.

21 The difference, I think, is coming from and
22 the change in the excessive unaccounted for water
23 is for the customers that we were unable to
24 document the general service customers, so
25 irrigation, things like that. And at that point,

1 based on the unavailability of the records at the
2 time, staff went through, used the, you know, the
3 rule and the prior orders of the Commission to
4 impute revenue to the community, the utility.

5 And again, we understand why they had to do
6 that. We recognize that it was a lack of basic
7 records that we could provide to them in a timely
8 fashion, and we are not disputing the imitation or
9 the amount, and, you know, the change has gone
10 along and we recognize, you know, why staff did it
11 and how they got there, and really have no
12 concerns.

13 COMMISSIONER LA ROSA: And let me ask you,
14 then, operationally, if -- it sounds like we still
15 don't have the information. Do -- are you aware of
16 the different connections that are -- that you are
17 servicing water to that are unaccounted for?

18 MR. MCGINN: We are aware of the billing
19 meters that exist. So the extent that there is
20 unserviced territory -- or territory outside of the
21 service area I believe is the term that they are
22 going to use here -- if those residents were
23 converted from general service when they are model
24 homes to residential homes now, which are receiving
25 bills, yes, we are aware that they are there, and

1 we recognize the need to amend the service area to
2 the extent that it exceeds what was previously
3 authorized by the Commission.

4 So that revenue is recognized. It's included
5 in here as revenue, either imputed or just
6 identified by the utility and the staff, and it's
7 accounted for. We recognize that, you know, and
8 this has been a difficult undertaking for everyone
9 involved, and I think it's part of a factor between
10 the size of the utility and the length of time
11 since the last rate case. But to the extent that
12 we can, we have complied -- there is no efforts to
13 hide the ball, and we recognize, you know, where
14 the shortcomings are and how they were addressed by
15 staff. And going forward, we are going to make
16 every effort to make the changes that staff
17 recognizes that we offered to do, and it's to, you
18 know, improve servicing go forward.

19 COMMISSIONER LA ROSA: What is your plan for
20 the excess water that's still being unaccounted
21 for?

22 MR. MCGINN: To the extent that the excess
23 water that is unaccounted for can be located either
24 through leaks or through changes in meters
25 upgrading the system, those are all things that we

1 can address going forward. Some of the proforma
2 projects that are within the recommendation address
3 that issue to the extent that we can.

4 You know, leaks happen, and when they are
5 found, when the water makes its way through the
6 sand up to the surface and it can be addressed,
7 whether that was hours, days, weeks, months even,
8 all of that is going to impact the unaccounted for
9 water.

10 So we are doing what we can. We recognize
11 there was an issue with the general service. We
12 recognize there is a territory expansion where, in
13 the past, the utility misunderstood the process,
14 and when they, you know, explained it to someone at
15 the PSC 20 years ago that we were planning to go
16 out here, that that doesn't automatically trigger a
17 change in your territory and service area. And we
18 are trying to address these issues as they come up.
19 And I think, you know, again, as we work with
20 staff, we recognize there are areas for
21 improvement, and going forward, we intend to
22 address them.

23 COMMISSIONER LA ROSA: Okay. This question --
24 I am going to kind of pivot a little bit. This
25 question goes to staff just for my clarification,

1 and I know this is unregulated by us on the
2 wastewater side, but how is wastewater typically
3 calculated and billed? Is it based on usage of
4 water?

5 MS. BRUCE: Correct. That's -- the wastewater
6 is based on water usage. You take 80 percent of
7 the water gallons sold.

8 COMMISSIONER LA ROSA: So the high bill that
9 was received from the other jurisdiction, I
10 apologize if I have got it incorrect. I thought I
11 heard Lady Lake. I would have presumed that they
12 would use the consumption and bill accordingly.

13 MS. BRUCE: They would have to use the water
14 consumption.

15 COMMISSIONER LA ROSA: Okay. All right.
16 Pivot one more time, Madam Chair.

17 I think OPC has made some recommendations, or
18 made some suggestions to us. I know that they are
19 in the room but I don't see them at the table. Is
20 it -- is it maybe okay to have staff review what
21 OPC is recommending?

22 And I saw Mr. Trierweiler start to get up. I
23 am going to have a follow-up question, so maybe if
24 you want to make your way up here, if that's okay,
25 Madam Chair.

1 CHAIRMAN SMITH: Yeah.

2 COMMISSIONER LA ROSA: And just if I can have
3 staff, can you overview what OPC has suggested in
4 this case?

5 MR. COHN: So OPC has suggested to include the
6 additional CIAC from the service availability
7 charges that were not recorded. They've also
8 recommended a ROE reduction of 15 basis points.
9 That would be a \$2,300 hit, bringing their new
10 revenue requirement down to \$450,086.

11 COMMISSIONER LA ROSA: Okay. Thank you.

12 Madam Chair, can I go to OPC?

13 CHAIRMAN SMITH: Yeah.

14 COMMISSIONER LA ROSA: Mr. Trierweiler, thank
15 you for joining us.

16 So my question to you is specifically the
17 15-percent cut to management fee and contractual
18 services, is that thought process on all
19 contractual services? Is it only on professional
20 contractual services? And I just want to get a
21 little bit of methodology behind your thought
22 process and why 15 percent.

23 MR. TRIERWEILER: Boy, not for the first time
24 today have I wished that I was Bart Fletcher. You
25 know, we were deliberately not intending to lean in

1 today because we have leaned into this case really,
2 really hard.

3 I would take Bart at his word. It appears
4 that he would limit professional services, as you
5 suggest. I think that when you cut through his
6 enthusiasm, you take Bart at his plain meaning as
7 probably the most enthusiastic advocate on behalf
8 of these customers. And when he says it, he says
9 it the way he tries -- he means it, and has both
10 regulatory and factual backing. So I would take --
11 I would suggest it would be appropriate to take him
12 at his word.

13 The reduction in ROE, I think, speaks for
14 itself. There is a problem with customer service.
15 If this commission were to act today instead of
16 waiting upon DBPR and the water district to
17 complete their investigations, and I think that, at
18 a minimum, as -- that that would be the best and
19 most prudent step forward, if I can be so bold.

20 We don't like to get involved in SARCs because
21 we are really concerned about increasing rate case
22 expense. We try to leave the smallest footprint
23 that we can so that when we lean in this hard with
24 multiple letters, you know, there is a real reason
25 for it.

1 And, in fact, we have been leaning in so hard
2 that in a discussion with your executive, we had
3 kind of made a pact that we were going to really
4 try not to lean in unless absolutely required.

5 And so with that in mind, if you wanted to
6 accept Bart's recommendations as outlined by staff
7 -- and we really do appreciate staff's work on
8 this. These are SARCs. They are not Shake 'n
9 Bake, for those people who know what Shake 'n Bake
10 still is, but, you know, staff is going forward
11 with limited information and no discovery on our
12 part, so they are making the best educated
13 determinations that they can with limited
14 information. And they, too, are trying not to add
15 too much to rate case expense, forcing the
16 utilities to lawyer up in a big way instead of a
17 small way, and so they, too, are a bit hampered by
18 this process.

19 And then, of course, you know, the nuclear
20 alternative result, you know, result is out there.
21 You know, the PAA can always be challenged and
22 going forward, and that will result in increased
23 rate case expense.

24 So we are really trying to find that median,
25 that thing that makes the most sense for customers.

1 And I think that the customer complaints, the
2 customer advocacy in this case and our work and
3 staff's work combined, I think that with -- if you
4 take Bart's well-intended recommendations, I think
5 that that is the way ahead, and so as staff
6 understands Mr. Fletcher's recommendations --

7 COMMISSIONER LA ROSA: We will see if we take
8 his recommendations, I think there is probably
9 still a little bit more deliberation to occur. I
10 agree with you on leaning in. This one needs it,
11 like, big time.

12 I appreciate the sentiment of not wanting to
13 incur costs from a rate case perspective, but the
14 poor customers are incurring costs because this
15 utility is not being operated very well. I don't
16 know which one you take.

17 At the end of the day, I think our SARC
18 process is intended to be expedited, to be a cost
19 savings, and to get maybe smaller utilities, Class
20 C utilities, back on track.

21 I feel like there is still a ton of questions
22 to be answered. I don't know that a decision today
23 of approval -- and I apologize, Madam Chair, if I
24 am jumping the gun, because this sounds like I am
25 debating -- is going to put this utility back on

1 track. I think there is still a ton of questions.
2 I believe ratepayers are going to be paying for
3 something that they do not -- that they are unaware
4 of. As a regulator, I think they are going to be
5 paying for things that we are unaware of. And I
6 still think that there is more work to do. And I
7 think we are just touching the surface.

8 I didn't mean to jump in front of Commissioner
9 Payne or Commissioner Ortega, but that's just my
10 thought process. I can continue to go on in
11 questions, but I have a lot more, so I will, I
12 guess, excuse my time.

13 CHAIRMAN SMITH: Well, the only thing -- I
14 mean, I agree. I mean, when I have talked to staff
15 about this, it just seems like they were constantly
16 having to pull information from public information,
17 public data, whatever they could to come up with
18 the numbers here to make it -- to come up with
19 something.

20 My only concern is the statutory timeframe. I
21 remember there is, like, what, November 8th, is
22 that for the final decision after a protest, or is
23 that --

24 MR. MARQUEZ: That is that a final order needs
25 to be issued. So you need to leave time after a

1 Proposed Agency Action Order is issued to permit a
2 process, whether someone comes in and challenges
3 specific parts of the SARC, specific issues, and
4 the decision needs to be completed and voted on by
5 that date. So that doesn't -- that isn't just the
6 PAA process. That's the entire process, the entire
7 universe, assuming that there is a protest that
8 happens.

9 CHAIRMAN SMITH: So -- I mean, the question is
10 are we going to get more information in four
11 months? And -- but not even, because you need to
12 leave time for a potential protest, staff, you
13 know, and then writing their recommendation. I
14 mean, I don't -- yeah, like, I am just -- I hate to
15 be the lawyer here, but --

16 COMMISSIONER LA ROSA: No, I appreciate your
17 perspective on that, because that's accurate and
18 probably not what I would have asked.

19 COMMISSIONER CLARK: Madam Chair --

20 CHAIRMAN SMITH: Yeah.

21 COMMISSIONER CLARK: -- if I may, if you can
22 give us the number backing into the two questions,
23 number one, backing into it, what's the drop-dead
24 date that we have to make a decision prior to
25 running through the PAA process? And secondly,

1 what if we don't? I mean, it's -- this is
2 essentially a no vote on the rate increase,
3 correct?

4 MR. MARQUEZ: If you were to vote today and
5 vote no, then, yes, that would be a no vote.

6 In terms of the drop-dead date, I know
7 normally, I believe we leave around six months for
8 a potential protest period, and I think either last
9 April or last May would have been the six-month
10 mark. So we are already sort of past what we
11 normally allot for PAA process and the process to
12 permit everybody to put together whatever they need
13 to put together for purposes of a protest and a
14 final hearing.

15 MR. TRIERWEILER: Madam Chair, if I may, and
16 Jennifer will correct me as my Sensei if I get it
17 wrong, but I believe that the utility itself could
18 waive the period if they chose, especially if faced
19 between the idea of a potential no, or a potential
20 protest. Perhaps, if they were allowed to consider
21 whether or not they would waive the period to allow
22 the PAA process just a little bit more time to run
23 its course.

24 CHAIRMAN SMITH: I will look to the utility
25 now. I mean --

1 MR. MCGINN: Thank you for the recognition.

2 Commissioners, again, we have provided the
3 amount of information that we can. We -- there is
4 no indication within the staff's report that the
5 utility has withheld information or has been
6 unreasonable in providing information.

7 There have been a lot of questions. There are
8 numerous staff requests. There are numerous
9 customer correspondence in the docket, each of
10 which has been addressed within the report itself.

11 Staff's recommendation addresses these
12 concerns. It actually did adopt part of Mr.
13 Fletcher's recommendation, correct? And it just
14 chose not to impose the 15-point basis reduction,
15 because it found within its report that despite the
16 amount of the sheer number of complaints, the
17 complaints were actually on point to issues that
18 are relevant to the rate case itself was relatively
19 small, and that the issues that were raised by the
20 customers that related to this case were being
21 addressed by the utility.

22 To the extent that the -- there is an
23 implication that waiting for DBPR, which does not
24 oversee rate cases or anything in this general
25 jurisdiction, to complete an investigation by

1 Condos, Timeshares and Mobile Homes to impact this
2 case, I don't believe that that's going to occur
3 within the timeframe, even if they ended up finding
4 and issuing an administrative complaint, let alone
5 if they simply acknowledged the complaint, opened
6 an investigation, performed their diligence and
7 close it, you know, these are things that are
8 happening air, but these are issues that are going
9 on outside of the issues that staff is addressing,
10 the things that are required to be examined by
11 statute and the information that's provided.

12 To the extent the information was not
13 provided, it was imputed to the utility according
14 to the Commission's rules in its prior precedent.
15 And I don't know that moving on forward or pushing
16 this any further down the line would really address
17 any of the concerns.

18 To the extent that there is unaccounted for
19 water, it has been imputed. To the extent that
20 there was general service revenue that was listed
21 either, you know, mistakenly billed as, or just,
22 you know, not billed at all and when, on further
23 review, the meter reads were done and the
24 information was provided to staff, it's all been
25 taken care of.

1 And again, we recognize that this utility has
2 its struggles and is continuing to try to improve
3 as it goes through this process. This progress was
4 very lightning to the community and to the utility
5 as to the recommendations, the needs, the things
6 that need to be addressed going forward. But
7 pushing the case off any further and, you know,
8 kind of disagreeing with the information in the
9 recommendation that staff has will likely not solve
10 any of those issues and concerns.

11 CHAIRMAN SMITH: Commissioner Ortega.

12 COMMISSIONER ORTEGA: Thank you.

13 And just before, I thought I saw Mary Anne
14 trying to speak, so I just didn't want to jump
15 ahead.

16 MS. HELTON: No, ma'am, I was not -- I was --
17 we are discussing, your lawyers, what happens if we
18 don't set rates within the 15-month time period.
19 The statute doesn't -- in the regular file and
20 suspends process, if the Commission does not set
21 rates by a time certain laid out in the statute,
22 then the utility has the ability to go ahead and
23 implement the rates as filed.

24 The SARC process is a little bit different,
25 because they have not provided minimum filing

1 requirements. They have not provided a tariff for
2 the -- to be able to go ahead and implement rates
3 as filed because they haven't filed anything. The
4 staff goes through that process and the staff does
5 it. And so the statute does not contemplate next
6 steps if the Commission finds itself in a situation
7 like it is in today, where you -- it sounds to me
8 as if you are feeling like you don't have all of
9 the information you need to feel comfortable in
10 setting rates for this utility.

11 COMMISSIONER ORTEGA: And if I may, Madam
12 Chair. Thank you.

13 That's what I was going to say. To a certain
14 extent, I think a lot of the frustration I am
15 hearing here is about not necessarily the SARC
16 process, but the utility's response. They are, I
17 think Commissioner Clark said it earlier, trying to
18 pull information out, or that's what it seems to
19 be.

20 I am struggling with the fact that there are
21 very necessary and prudent infrastructure
22 investments that were made that our staff has
23 determined is prudent for safe, reliable service,
24 and not being able to afford a utility company the
25 cost of making those investments is contrary to

1 what we do here.

2 Along the lines of quality of service, though,
3 absolutely, I think I would agree that a
4 15-basis-point penalty specifically on the
5 management and the contractual services is where I
6 would be leaning to assess, in addition to asking
7 our staff to conduct a management audit on how the
8 customer complaints are received, how the billing
9 is done. We have identified at least five or six
10 auditable areas that I think that we should look
11 into.

12 So I am not sure where we stand today, but I
13 am struggling with not setting rates, because I
14 agree with my fellow Commissioners, I am not sure
15 that we have the impact to the rate design part. I
16 don't know that we have that part, but what we do
17 have is some prudent investments that were incurred
18 by this utility.

19 CHAIRMAN SMITH: Commissioner La Rosa.

20 COMMISSIONER LA ROSA: For every 100 basis
21 points of ROE, what type of impact would that make
22 on the utility?

23 MR. COHN: So for a 10-basis-point reduction,
24 it would be \$1,562 reduction. For 15 basis points,
25 it would be 2,344. And for 25 basis points, it

1 would be 3,906.

2 COMMISSIONER LA ROSA: What was the 10 -- the
3 10 point.

4 MR. COHN: 10 basis points was \$1,562
5 reduction.

6 COMMISSIONER LA ROSA: What is the current --
7 the utility is currently operating at a loss. What
8 is that lost amount?

9 MR. COHN: They currently are at a \$244,100
10 revenue requirement short.

11 COMMISSIONER LA ROSA: What would the
12 reduction in ROE need to be to get them to that --
13 to keep them at that \$244,000 loss?

14 MR. COHN: So it would bring their revenue
15 requirement down to \$450,868.

16 COMMISSIONER LA ROSA: And what -- how many
17 basis points?

18 MR. COHN: 10 percent. 10 basis points.

19 COMMISSIONER LA ROSA: Okay. This is my
20 suggestion. I think Commissioner Ortega has made
21 great points. There is prudent investments that
22 have to get done to make sure that there is a
23 quality of service that's still adequate. That
24 word is very loose, adequate.

25 I feel that this utility should be held to a

1 standard that requires them to come back and prove
2 to us that certain things are being done correctly,
3 specifically making sure that there are operational
4 changes that are happening, to find the loss of
5 water, to better account for units within their
6 territory.

7 I don't know what the number is because we
8 just threw a bunch much numbers out really quickly,
9 but my suggestion would be to be at reduced ROE,
10 and then come back at a later point in time to
11 clear that ROE to maybe closer to what staff is
12 recommending, or maybe -- maybe closer to what the
13 -- what OPC has suggested in their reduction in
14 ROE.

15 I don't know if I am being 100 percent clear
16 with that, but that's just -- that's my framework.
17 What those numbers are, I think I just think I need
18 a few more minutes to figure that out.

19 CHAIRMAN SMITH: Is there a follow-up from
20 staff?

21 MR. FUTRELL: Again, Commissioners, I think
22 we -- Josh has given you guys a range of some
23 revenue impacts. If you want to take a break and
24 consider it, or we can continue the dialogue. I
25 think there is a lot of options available to the

1 Commission with regard to --

2 CHAIRMAN SMITH: Why don't we take a 10-minute
3 break, or let's just go to 11 -- meet back at
4 11:30.

5 COMMISSIONER LA ROSA: Madam Chair, can I
6 check on something really quick?

7 CHAIRMAN SMITH: Yeah.

8 COMMISSIONER LA ROSA: Just to be on the table
9 with everything, if we do take this break, I am
10 going to have a discussion with staff, is that a
11 direction that we are leaning? Am I the only
12 person out on --

13 CHAIRMAN SMITH: You have my support on this.
14 I felt similar to Commissioner Ortega. I don't --
15 one, statutory timeframe was one thing. It does
16 seem like there are improvements that the utility
17 is trying to incorporate that are in staff's
18 recommendation. I think those need to be done, but
19 also there has to be some sort of penalty or
20 something to make this -- to try to change the
21 direction of their operations of this utility. So
22 what the details of that, open to discussion, but I
23 agree with you on the overall --

24 COMMISSIONER CLARK: So my question is, and,
25 Commissioner La Rosa, in your discussion, you are

1 going to debate with staff on ROE impact?

2 COMMISSIONER LA ROSA: I am going to run some
3 calculations, yes.

4 COMMISSIONER CLARK: Run some calculations.
5 Well, I am for it. If we are going to approve
6 this, it's going to have to be a significant impact
7 for me to support it. I still have way too many
8 unanswered questions.

9 My preference would be a deferral. I
10 understand the timeline we are up against. I
11 completely get that, but I certainly would support
12 a deferral, but if it's going to be a financial
13 impact, it's going to be significant from my
14 perspective.

15 And I want to make one other comment. I want
16 to -- I am not -- I want to just go back and
17 clarify my questions early on. Staff, I think
18 y'all have done a phenomenal job with this. I
19 think that there are some issues regarding how we
20 get information from utilities in a SARC. We don't
21 have the minimum filing requirements, and I think
22 Mr. Trierweiler pointed this out, and that's a
23 great -- a great point to make. We are reliant on
24 information that is provided to us, and I am not --
25 I realize y'all have had to dig for this

1 information. That's where my concern is. We dig,
2 we find something different. We dig, we find
3 something different. So I am not completely
4 confident that we have dug as deep as we need to.

5 I understand the nature of the utility
6 business and the company. I also understand the
7 nature of the parent companies in this case, and
8 the development aspects, and how this is a huge
9 parts of what you do from a development.

10 I have a lot of questions about the management
11 contracts that exist between these companies on the
12 inside, and how those work back and forth. And so
13 I am just not comfortable at moving forward yet,
14 Madam Chair.

15 CHAIRMAN SMITH: Well, let's just go ahead and
16 take that break and say about 10 minutes. And if
17 we need more, to runs those numbers, then we will
18 take it, but meet back at 11:30.

19 (Brief recess.)

20 CHAIRMAN SMITH: Okay. We are back on the
21 record.

22 Thank you all for -- I know we went a little
23 over the 10 minutes, but I will probably just -- I
24 am just going to start off with some of my
25 thoughts.

1 I -- Commissioner Clark, I totally appreciate
2 where what you are saying and why you want the
3 deferral. I think, unfortunately, the posture that
4 we are in, as far as the statutory timeframes that
5 Mr. Marquez laid out, I don't think we are able to
6 do that.

7 So I will turn to Commissioner La Rosa and see
8 what his thoughts are now as far as what you talked
9 about with staff and everything.

10 COMMISSIONER LA ROSA: Sure. Thank you, Madam
11 Chair.

12 And for the benefit of all the Commissioners,
13 I just want to kind of rehash a few of the
14 questions I had of staff, and then we can
15 deliberate a little bit.

16 Can we go into what it would look like at a
17 15- and 30-percent reduction in professional
18 contractual services, and also what that would look
19 like in salaries and wages under 601?

20 And I apologize if I am throwing you out of
21 order. I don't know if you had that those
22 calculations already ready or not.

23 MR. COHN: So a 15-percent reduction to
24 contractual services professional \$10,632. 30
25 percent would be around 21,000.

1 For a salary reduction, 15 percent would be
2 \$7,226, and 30 percent would be \$14,452 reduction.

3 COMMISSIONER LA ROSA: Okay. Let's move into
4 ROE. What would a 50 basis points, 75 basis points
5 and 100 basis points reduction in ROE look like?

6 MR. COHN: At 50 basis points, it would be
7 \$7,812. At 75 basis points, it would be \$11,718.
8 And at 100 basis points, it would be \$15,624.

9 COMMISSIONER LA ROSA: Okay. Madam Chair, I
10 am not satisfied with the operations of this
11 utility. I don't believe that the customers are
12 getting transparency. I don't believe that we are
13 getting transparency as Commissioners.

14 It's -- this has been one of the harder SARCs
15 in front of us, and I believe it's because of the
16 lack of information. And I think the lack of
17 information comes from a lack of known operations
18 of what's happening on the street. What's
19 happening within the community.

20 I feel that -- I don't know -- I don't know
21 what to call it, mismanagement? I don't know what
22 to call it, disorganization? I am not sure exactly
23 what to call it, but what I know is that I am not
24 getting the information and our staff is not
25 getting the information that we truly need

1 necessary for us, at least for me, as
2 Commissioners, to -- as a Commissioner, to make the
3 decisions that I need to make.

4 I don't want this to be the standard in our
5 state. Period. I have concerns when operations
6 are not well run what else might be happening
7 behind the scenes that we don't know because in the
8 last 60 days from when we heard this case the first
9 time, there is a lot that's been uncovered that we
10 did not know. If we deferred this case another 60
11 days, I have a feeling there would be more
12 information that we did not know that will come to
13 light.

14 I have got a few suggestions. I don't know
15 if, Commissioners, if you have any other follow-up
16 questions, but I want to consider outside of the
17 decision we make today is to have our staff, direct
18 our staff to do a management audit specifically of
19 this community and these operations, regardless of
20 what we decide today. I think that's an important
21 factor that needs to be considered.

22 I think that there should be a reduction in
23 salaries and wages. I think that is a direct
24 reflection of the operations on the ground. I
25 believe that there should also be a reduction in

1 contractual services, specifically with
2 professional contractual services. I also believe
3 that there should be a reduction in ROE.

4 I don't want to jump in front of a motion in
5 cases there other questions, Madam Chair, from
6 other Commissioners.

7 CHAIRMAN LA ROSA: I will look to the rest of
8 the Commission.

9 Commissioner Clark.

10 COMMISSIONER CLARK: I would add just one
11 comment. I appreciate where you are coming from,
12 Commissioner La Rosa. And, Chairman, I kind of
13 understand the process for the deferral is not the
14 best option. That's just kind of where I am kind
15 of hanging on this.

16 I would also like for us, just as a general,
17 to ask staff to begin to take a look at the SARC
18 process. I think that there are some questions
19 that I have about eligibility to -- for companies
20 to be eligible for a SARC. I think we need to have
21 a review of that. And if we could open that docket
22 up and begin to look at that, I think some of the
23 things that we are learning here today are going to
24 kind of lead into helping us with that process. I
25 would like to add that.

1 And with that, I can probably support
2 Commissioner La Rosa's concept out here.

3 CHAIRMAN SMITH: Oh, yeah. No, we are -- I
4 think we have already talked to staff about, you
5 know, about that SARC process, and that's something
6 in my chairmanship that I really want to tackle,
7 either the rule, or whatever we end up doing. So
8 thank you. I am glad we have your support on that.
9 Commissioner Ortega.

10 COMMISSIONER ORTEGA: I just want to say
11 ditto. So, yes to the SARC.

12 You know, when we approve certificates, we
13 look at tech technical, financial and managerial,
14 and I expect this ownership has great financial,
15 you know, expertise, but I am not sure about the
16 managerial. And that's where we are really
17 struggling with making sure these customers are
18 cared for in a way that is the standard for
19 Floridians and what we expect out of our utilities.
20 So I concur with all that's been said here today.

21 And I -- just a point of clarification to
22 Commissioner La Rosa. I think I heard you say a
23 reduction in professional services and salary and
24 ROE penalty with a unsatisfactory determination of
25 quality of service, is that correct?

1 COMMISSIONER LA ROSA: Correct. Just what
2 those numbers are, I just haven't laid them out
3 yet.

4 COMMISSIONER ORTEGA: Okay.

5 CHAIRMAN SMITH: And I guess we can get to it.
6 The only thing I am going to -- I like this list
7 you have got going on. I would like to add to
8 that.

9 COMMISSIONER LA ROSA: I have too much to add
10 to it as well.

11 CHAIRMAN SMITH: Yeah, some sort of -- I mean,
12 agreed management audit, and maybe just an ongoing
13 reporting requirements to staff for, you know, we
14 can set that time limit, but, you know, at least a
15 year or two, I think we might during the term of
16 this, but now I would like to hear your numbers.

17 COMMISSIONER LA ROSA: Okay. So let's start
18 with salaries and wages, contractual professional
19 services, a 30 percent reduction in both of those.
20 A 75 percent reduction in ROE. Reporting, as soon
21 as there is a report back from both the St. Johns
22 Water Management District and the DBPR, not
23 combined if they come at separate times, if those
24 reports can be sent to us as a commission so we can
25 transcribe what was said and what was found.

1 Also, that that information of those findings
2 also be communicated to all the customers within
3 the territory, so the customers are fully aware of
4 what both those investigations are looking like.

5 At minimum, a one-year look-back, meaning that
6 if those investigations are not closed within one
7 year, that that's communicated back to us, and any
8 other findings that may be happening on-site that
9 are required or, excuse me, that are management
10 related, if those can be related and communicated
11 back to us at the Commission, again, one year. If
12 those reports are not done in the same
13 communication that's delivered to us also be
14 delivered back to the customers.

15 I also want to make a requirement that there
16 is a formal meeting with customers at least once
17 annually for the next two years. Meaning that
18 there is either a sitdown at a common area within
19 the community, or a web-based, a Zoom that the
20 customers can log onto, the utility can explain
21 what's going on, any reports that have been given
22 back to us, and they have an opportunity to talk to
23 the utility provider, again, for two years. So
24 once annually. So once in the next calendar year
25 and then once again in the following calendar year.

1 Outside of this, I manage -- I discussed a
2 management audit. I don't know that that
3 necessarily has to be part of a motion, but I would
4 like to make sure that we formally ask, and I
5 think, Commissioners, if you are agreeing with me
6 to have a management audit of this utility.

7 And with that, Madam Chair, I believe that,
8 unless there is other input, that is my amended
9 motion, or that is my motion to amend staff's
10 recommendations.

11 MR. MARQUEZ: Commissioner La Rosa, for
12 clarification -- and I may have misheard. Did you
13 say -- the 30, 30 and 75, were those basis points
14 or were those percents?

15 COMMISSIONER LA ROSA: 30 percent reduction in
16 salaries, 30 percent reduction in contractual
17 service, professional contractual services, and a
18 75-basis-point reduction in ROE.

19 MR. MARQUEZ: All right. Thank you.

20 COMMISSIONER LA ROSA: Any questions on the
21 reporting?

22 CHAIRMAN SMITH: Commissioner Ortega.

23 COMMISSIONER ORTEGA: Second.

24 CHAIRMAN SMITH: Okay. So we have a motion
25 and a second.

1 All those in favor, aye.

2 (Chorus of ayes.)

3 CHAIRMAN SMITH: Is there any opposed?

4 (No response.)

5 CHAIRMAN SMITH: Okay. So see that staff's
6 recommendation is approved with all of the
7 amendments that were made by Commissioner La Rosa,
8 and those -- we have those written down.

9 Okay. Anything else, Commissioners, that we
10 need to address?

11 MR. MARQUEZ: Chairman Smith, just to make
12 sure the record is clear, we have authority to, if
13 there is any fallout --

14 CHAIRMAN SMITH: Yes, absolutely --

15 MR. MARQUEZ: Okay.

16 CHAIRMAN SMITH: -- yeah, to make those
17 amendments.

18 MR. MARQUEZ: Thank you.

19 CHAIRMAN SMITH: Okay. With that, this
20 conference agenda is adjourned. Thank you.

21 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

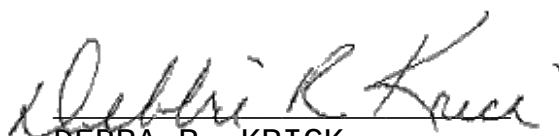
STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
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same has been transcribed under my direct supervision;
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I FURTHER CERTIFY that I am not a relative,
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financially interested in the action.

DATED this 16th day of June, 2026.


DEBRA R. KRICK
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