

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20250108-WS

Application for staff-assisted rate
case in Lake County, by Sunlake Estates
Utilities, L.L.C.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 6

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

DATE: Tuesday, August 4, 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
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1 P R O C E E D I N G S

2 CHAIRMAN SMITH: Okay. We will move on to
3 Item No. 6.

4 Mr. Lenberg, you are recognized.

5 MR. LENBERG: Good morning, Commissioners.
6 Brian Lenberg with the Division of Accounting and
7 Finance.

8 Item No. 6 is the application for a
9 staff-assisted rate case by Sunlake Estates
10 Utilities.

11 A customer meeting was held on May 15th, 2026,
12 during which eight customers provided comments
13 concerning the quality of service and the impact of
14 the proposed rate increase. Staff recommends an
15 increase in the water revenue requirement as
16 summarized in Issue 9.

17 Further, due to staff recommending that the
18 quality of service be considered marginal, staff
19 recommends that the company be required to file a
20 plan outlining how it will improve its
21 recordkeeping and customer communications within 30
22 days of this order becoming final.

23 Staff is prepared to address any questions.

24 Further, it is staff's understanding that
25 there are customers wishing to address the

1 Commission on this matter.

2 Thank you.

3 CHAIRMAN SMITH: Thank you. Yes, I believe we
4 have customers on the phone and in person. We will
5 go ahead and take up the two customers on the phone
6 first.

7 Ms. Kaiser, can you hear us?

8 MS. KAISER: Yes, I can. Thank you.

9 CHAIRMAN SMITH: Thank you, you are
10 recognized. Go ahead, sorry.

11 PUBLIC COMMENT

12 MS. KAISER: Can you hear me okay?

13 CHAIRMAN SMITH: Yes, ma'am.

14 MS. KAISER: My name is Cynthia Kaiser, and I
15 am speaking to you today on behalf of the residents
16 of Sunlake Estates, and I thank you for the
17 opportunity.

18 Sunlake Estates and Water Oaks are sister
19 communities owned by Sun Corporate. Water Oaks
20 recently went through the same process, so some of
21 our concerns may sound familiar, because like Water
22 Oak, Sun is our water provider and our landlord.

23 Water line breaks. Sun reported 17 line
24 breaks in the 2024 test year, when, in fact, there
25 were 29 breaks verified by the community manager;

1 15 in 2025 and 10 so far this year.

2 Sun claims full system replacement is not
3 necessary because interruptions are not systemic.
4 How can 29 breaks in one year not be systemic?
5 Staff identified at least 18 water breaks where the
6 utility should have informed the Commission and
7 failed to do so. Sun now says it has a compliance
8 protocol in place.

9 As a regulated utility, Sun is responsible for
10 knowing and complying with all requirements from
11 day one. One of those breaks actually occurred
12 after the Commission mandated corrective action
13 plan for Water Oak, showing Sun knew a protocol was
14 needed but still did not have one in place.

15 Sun's estimated water loss from known breaks
16 was so inaccurate that we properly calculated it
17 exceeded the total water produced. Staff,
18 therefore, made no adjustments to those claimed
19 losses.

20 Each break not only creates an incredible
21 inconvenience to affected residents, it also
22 creates an expense for purchased water and the need
23 to boil water for three days.

24 Next is communication. Frequent breaks
25 increase contamination risk, yet Sun's nonchalant

1 practice of issuing boil water notices can only be
2 described as sporadic at best.

3 Sun found only one complaint in the system.
4 That's because residents submit complaints to the
5 community office. Contact information with the
6 utility has never been provided, not on their
7 invoices, not in their perspective and not on their
8 website or customer portal. Through all this, the
9 utility has never once reached out to gage customer
10 satisfaction.

11 Next is water consumption and conservation.
12 The PSC website and St. Johns River Water
13 Management consumptive use permit handbook
14 addresses the importance of customer education
15 regarding water conservation. Sun has never
16 addressed water conservation with residents. In
17 fact, they are the worst offenders of water waste.

18 During the recent stage three drought
19 conditions, the community office on a regular
20 schedule ran irrigation literally for hours,
21 causing water to run down the street, and I have
22 video of this.

23 Next, staff recommends lowering the Tier 1
24 monthly threshold from 5,000 gallons to 4,000
25 gallons to target customers with high levels of

1 consumption. Of interest, is that Sun applied for
2 this rate increase in September of 2025 and then
3 issued an amended prospectus in January of 2026,
4 which requires twice weekly lawn watering.
5 Standard irrigation calculation showed this would
6 add over 3,300 gallons per month per household, or
7 more than 18 million gallons per year of
8 nondiscretionary use, pushing every household into
9 the higher cost second tier.

10 Next is recordkeeping. The utility was not
11 able to provide years of records, and had
12 incomplete ledgers, property records and billing
13 information, forcing staff to either reconstruct or
14 supplement the data.

15 Staff calls Sun's recordkeeping as four, and
16 recommends an improvement plan for recordkeeping,
17 but no penalty. Why not? Residents are penalized
18 for late water bill payments.

19 Sunlake Estates is a much smaller community
20 than Water Oak, yet our issues rival theirs. We
21 are aware of the Commission's modifications to the
22 Water Oak rate case resulting in a further rate
23 reduction, and we hope to receive similar
24 consideration.

25 In closing, I would like to leave you with

1 some food for thought. Sun's 2025 year-end
2 shareholder report states that more than \$1.5
3 billion was returned to shareholders, and that
4 Sun's, quote/unquote, best-in-class balance sheet
5 provides exceptional financial flexibility.

6 Best-in-class balance sheet, yet the utility
7 can't even maintain complete or accurate records.
8 This makes me question the integrity of their data,
9 data we trust you will use to make a fair decision.

10 Thank you for your time.

11 CHAIRMAN SMITH: Thank you, Ms. Kaiser.

12 Next we will hear from Ms. Harding. Are you
13 on the phone?

14 MS. HARDING: Yes. Can you hear me okay?

15 CHAIRMAN SMITH: Yes. You are recognized for
16 five minutes.

17 PUBLIC COMMENT

18 MS. HARDING: Okay. Thank you.

19 Good morning, Chairman and Commissioners and
20 PSC staff. My name is Jennifer Harding, and I am a
21 customer of Sunlake Estates Utilities. Thank you
22 for allowing me to speak today.

23 I understand that utilities must recover
24 operating costs and earn a fair return in order to
25 provide safe -- service. However, before the

1 Commission considers the proposed rate increase, I
2 respectfully ask that the Commission ensure that
3 the information supporting the request is accurate,
4 reliable and independently verified.

5 My concerns today focus on the utility -- on
6 billing practices. Over an extended period,
7 numerous residents have reported billing
8 inconsistencies and concerns regarding the
9 reliability of the remote read meter system. Many
10 residents have observed manual reads being
11 performed by maintenance staff. And residents are
12 instructed to handle the meter -- rely on what we
13 can observe, the bills we receive.

14 When an amount un -- amount -- unexplained
15 systemwide water loss, reports of manual meter
16 readings despite -- technology, inconsistent meter
17 performance and billing concerns, these issues
18 warrant verification that the utility's needed
19 billing systems are -- as intended and per the PSC
20 regulations.

21 We were notified at a customer meeting with --
22 that Sun was -- that high bill over 8,000 gallons
23 and each -- bill every month to track and determine
24 anomalies. Customers believe this practice is no
25 longer being applied.

1 Due to the limited amount of time, I am going
2 to -- one specific utility customer and her issues
3 with the billing errors. Please keep in mind this
4 is just one of many customers with ongoing issues.

5 This resident received her latest bill --
6 bill -- while she was still living at the property,
7 1,540 gallons while the property was vacant, and
8 324,538 gallons, totaling \$723, while it was
9 unoccupied.

10 These anomalies raise serious questions about
11 the meter accuracy and the effectiveness of Sun's
12 billing controls and the -- that should have been
13 -- from collecting payment on obvious errors.

14 Meters are read the first of each month.
15 Billing information is then sent to a third
16 processor which then contribute to the residents in
17 their -- due the first of the next month.
18 Typically we receive our water bills -- month,
19 leaving only a few days before the due date.
20 Despite regular interval requirements, we would
21 like to request the Commission review and afford a
22 reasonable opportunity to receive correct bills
23 before payment, particularly giving the I --
24 billing insert. These reoccurring issues raise
25 legitimate questions about the reliability of the

1 data being -- building.

2 Florida PSC rules require utility meter
3 reading and meter testing programs and establish
4 standards for accuracy. Given the concerns raised
5 by the customer, respectfully ask the Commission to
6 determine what the rate -- utility has complied
7 with those protections, and whether supporting the
8 rate increase has been independently verified.

9 Also, respectfully request that the Commission
10 require the utility to explain how the -- system
11 functions, and any requirements or recommendations
12 from the manufacturer are being followed; how
13 billing accuracy is verified when remote meter
14 communications are unavailable or inconsistent; how
15 meters have required manual readings; whether the
16 utility required meter testing program has been
17 followed per PSC rules.

18 I respectfully request that the Commission
19 consider an independent review or audit of the
20 meter reading and billing practices before
21 approving a permanent rate increase. I would
22 encourage the following Florida Administrative
23 Codes: Florida Administrative Code 25-30.262,
24 Florida Administrative Code Rule 25-30.265, Florida
25 adds 25-30.340, and Florida Administrative Code

1 25-30.335.

2 Before ending my presentation, I would like to
3 fully note that Sunlake Estates is a 55-and-over
4 community with many -- residents. The customer
5 meeting and comment period has -- their way.
6 Although, over 100 residents attended, others
7 called in and submitted letters. Participation did
8 not reflect our community. I respectfully ask the
9 Commission to consider a full opportunity for
10 customer participation before the final decision is
11 made.

12 Thank you for your time today for allowing me
13 to present our ongoing concerns. Thank you.

14 CHAIRMAN SMITH: Thank you, Ms. Harding.

15 We have two customers that are here with us.
16 I would like to invite them to present testimony.

17 Mr. Anderson, if you would like to come up.

18 MR. ANDERSON: Good morning.

19 CHAIRMAN SMITH: Good morning.

20 PUBLIC COMMENT

21 MR. ANDERSON: As a customer of Sun, I believe
22 that their request, or the recommendation by the
23 Public Service Commission of a 62-percent increase
24 is still excessive considering how they do want us
25 to water our lawns twice a week, as well as

1 pressure wash our homes annually.

2 And while I agree that replacing the entire
3 system would be prohibitive, because you would have
4 to close streets to tear them up, and people would
5 have to be, you know, stay in hotels for that time,
6 as well as continue to pay their rent, that would
7 not be financially able for most of our residents.
8 So targeted repairs on leaks does seem the best way
9 to go.

10 But I feel that Sunlake Utilities is, you
11 know, doing a little -- I don't know how I
12 should -- but they should have been identified in
13 an audit that they -- that the unaccounted water,
14 some of it was being sold to general service
15 customers as well, which it wasn't. And so now I
16 am curious as to what amount of -- what the
17 percentage of unaccounted water is now.

18 And I can also understand that certification
19 is not required to install water meters, but I am
20 required about -- concerned about the requirements
21 for management for testing water meters. I had a
22 friend who had a very high water bill when he first
23 moved in, and he was told, I installed it, I
24 certified it and tested it by the manager of the
25 complex at the time, which we currently have no

1 manager.

2 And recently, one resident I know of received
3 a \$700 bill. And that person has been issued a
4 refund as far as I have known, and I am just
5 concerned whether they have good records on testing
6 of their meters, if at all.

7 And doing some work, I was talking about claim
8 of reducing the rates after four years, and I
9 figured out that by the base charge would only be
10 reduced by six cents per month, while the charge
11 per gallon would be reduced by about two cents per
12 month, if that. But that's, you know, not looking
13 at the fact that the cost of living is going to
14 go -- be going up, and it's very likely that those
15 base rates and fees will still continue to rise.

16 Also, the utility has said that the average
17 number of residents per household is to be 2.48
18 percent. Well, that's the average residents per
19 household for the county, not the community, where
20 most of the houses have one or two people, unless,
21 of course, they consider my cat to be a person. He
22 does have a bit of a personality, but -- so I find
23 that that, you know, seems a little on the off
24 side.

25 And this year, they spent -- well, excuse me,

1 in October, they spent \$4,463 for a land gateway
2 system to read meters. However, the maintenance
3 staff are reading the meters, and I was --
4 something struck me, and I was looking at -- I keep
5 track of my water, and for the last seven months, I
6 have come up with an even number every month, for
7 example, 850, 1,230, 780, and that just seems a
8 little off as far as their reading.

9 And also I noticed that the Commission sent
10 six requests for information to Sun Utilities, you
11 know, during this time of this hearing, and so
12 forth, and it seems like they took quite a bit of
13 time to get a response back, if you need six
14 inquiries. And so that makes me wonder what their
15 compliance would be with the Commission in the end
16 run as welling.

17 And while I do admit that most of my questions
18 are on a technical basis, I guess you could say,
19 including the hydrant testing, which is supposed to
20 be done quarterly is only done annually. Matter of
21 fact, I just saw them testing them the other day,
22 and I have lived there for over a year now, and
23 that's the only time I have seen them test it.

24 And, you know, I do want to point out that our
25 residents are on fixed incomes, and with rental

1 increases and the cost of food, and, you know,
2 things outpacing the cost of living increases from
3 Social Security and other means that they are
4 getting, this looks to add another onerous burden
5 on our seniors. So I hope that you will take that
6 into account when it seems that the, you know, the
7 Sun -- residents of Sunlake are being asked to pay
8 for mismanagement and inaccurate accounting
9 practices by Sunlake Utilities.

10 Thank you.

11 CHAIRMAN SMITH: Thank you.

12 Oh, I am sorry, Mr. Anderson, Commissioner
13 Ortega has a question for you.

14 COMMISSIONER ORTEGA: I am so sorry for making
15 you walk back and then turn around. Thank you,
16 Madam Chair.

17 Just a quick question. I think I heard you
18 say it, and I think a caller said this as well, you
19 are required by the property to water your grass
20 twice a month?

21 MR. ANDERSON: Twice a week.

22 COMMISSIONER ORTEGA: Twice a week?

23 MR. ANDERSON: Yes, ma'am.

24 COMMISSIONER ORTEGA: And are you assessed a
25 penalty if you are not watering your grass that

1 amount?

2 MR. ANDERSON: No.

3 COMMISSIONER ORTEGA: Okay.

4 MR. ANDERSON: But it is in violation of the
5 prospectus if your lawn does not meet their
6 standards. For example, I have got an area to the
7 side of my house that is mostly sand, but the
8 problem is is I can't water that area because
9 several of my sprinkler heads are broken. They
10 have been run over by the lawnmower people, and
11 they haven't replaced them.

12 COMMISSIONER ORTEGA: Thank you so much for
13 your testimony today and answering those couple of
14 questions. Thank you.

15 MR. ANDERSON: You are welcome.

16 CHAIRMAN SMITH: Ms. Crotty, are you here?
17 Thank you.

18 PUBLIC COMMENT

19 MS. CROTTY: Good morning to you all.

20 I have been a resident of Sunlake Estates for
21 eight years, and President of the HOA for the last
22 four plus years, and I am speaking on behalf of the
23 residents that we represent in Sunlake Estates,
24 located in Grand Island, Florida.

25 We continue to express our opposition to the

1 proposed water rate increase that has been
2 requested by Sunlake Estates Utility, and the
3 suggested new increase is still not acceptable to
4 us.

5 We would like to start by questioning why a
6 community of over 400 homes would only have a
7 opportunity to have two people call in at this
8 hearing. Tallahassee is just about four hours from
9 our home. Seniors can't get here. Many don't have
10 computers to write letters, and it just seemed to
11 us to be unfair that only two people were able to
12 call in.

13 Okay. Our additional concerns still continue
14 to be affordability; excessive increases with no
15 indication that our service has improved, that Sun
16 has been working to improve it. We are not asking
17 you to take a loss of profits but, rather, to match
18 the quality of your service to your rate of
19 increase. And I am sorry, but a lot of mine is
20 probably things you have heard before.

21 Service. Our water service is continually
22 interrupted with occurrences of water pipe breaks.
23 As consumers who receive monthly bills, we didn't
24 even know how to contact you until this whole rent
25 increase episode began. And I know, because I

1 saved every yellow card for eight years, and there
2 is no information on it about the PSC or how to
3 contact you. In fact, our last water bill wasn't
4 received until July 31st. Diligent residents had
5 to go into the office to request the amount to pay.
6 We feel that Sun Corporate should could have
7 handled this better or at least have sent emails to
8 residents explaining the missing bills. If
9 maintenance staff is used to read meters, perhaps
10 they could have delivered copies of the water
11 bills.

12 It's very important to seniors to pay their
13 bills on time. Okay. They have a schedule. They
14 get paid once a month. And when their bills aren't
15 here, they get very upset.

16 To date, there were 10 water breaks in 2023.
17 Water main breaks in 2024 total 29, with 2025
18 bringing 15 breaks. So far, in 2026, we have had
19 10; January 7th, February 13th, April 20th, May
20 11th, May 18th, May 21st, June 23rd, July 7th,
21 July 9th and July 12th.

22 Again, it poor communication on water main
23 breaks and boil water notices. Computer system has
24 been updated, and it's been a nightmare trying to
25 get emails to the residents, so things just aren't

1 getting there, emails not changed by customers that
2 requested at the office staff also.

3 Residents questioned St. Johns Water to
4 determine what stage of drought conditions we were
5 facing and what the restriction was during a period
6 where we should only be watering once a week, we
7 were still required twice a week, and Sun
8 management was watering common areas for five to
9 six hours a day. Someone from St. Johns Water
10 commission was actually asked by a resident to call
11 the office to try to see what could be done about
12 the excessive watering and the watering of our
13 lawns.

14 Okay. There is still no positive impacts to
15 us since we are still facing the same issues of
16 inadequate service to our community, and the
17 mystery of the unaccounted for water. We have not
18 -- they have not made any effort to contact or to
19 educate consumers on water restrictions or
20 management.

21 Residents have been facing extreme charges
22 that are inaccurate and not receiving refunds
23 immediately, as they should be. I know each case
24 is individual, but some have not. In fact, records
25 indicate that residents were sent to -- residents

1 bills or refunds were sent to addresses that the
2 resident is not living at at the time in spite of
3 having an annual summer address on file with the
4 Sunlake office. Bills were in excess of \$700 in
5 some instances. This is a pretty big financial
6 tragedy to a senior who is enrolled in auto pay and
7 that much is taken out on the same day their rent
8 is taken out.

9 CHAIRMAN SMITH: Ma'am, you have about one
10 minute left. Are you almost --

11 MS. CROTTY: Okay. Yeah. I am trying.

12 CHAIRMAN SMITH: No, you are good. Thank you.

13 MS. CROTTY: Our biggest concern is still
14 watering and our meters, okay. So our maintenance
15 staff is checking meters manually, although, they
16 say they are working. And our questions are, what
17 proof are they that they are calibrated correctly?
18 We need an answer to these pending questions, how
19 do customer ensure certification on their meters?

20 In closing, we want to say that you want
21 reasonable return on your investments, and we are
22 just proposing that we get reasonable service from
23 sun.

24 We have -- our landlord, it's pretty unique,
25 because Sun is our owners and our landlord and they

1 own the water company. So actually, in this case,
2 our service should be impeccable. We can't fight
3 our landlords. We can't fight big corporations.
4 So we are asking you, this is your opportunity to
5 speak for us. We hope that you do what is right
6 for us in the rate increase.

7 Thank you.

8 CHAIRMAN SMITH: Thank you.

9 I don't have any other customers that are here
10 that would like to speak, okay.

11 MR. REHWINKEL: Madam Chairman.

12 CHAIRMAN SMITH: Yes, I was going to go to you
13 next, Mr. Rehwinkel. You are recognized.

14 MR. REHWINKEL: Thank you. And I didn't
15 indicate that we wanted to speak, but given some
16 recent developments, we wanted to make a brief
17 statement --

18 CHAIRMAN SMITH: Absolutely.

19 MR. REHWINKEL: -- especially following what
20 the customers have said.

21 My name is Charles Rehwinkel. I am here with
22 Walt Trierweiler, the Public Counsel, and Bart
23 Fletcher, our senior analyst.

24 And first I want to thank your staff. They
25 spent a lot of time this year working on this case

1 and Water Oak dealing with a lot of issues. The
2 Public Counsel has, along with your staff, spent a
3 significant amount of time reviewing the records of
4 Sunlake and Water Oak.

5 And following on the heels of Water Oak, this
6 Sunlake case has revealed, as you have heard today,
7 anomalies in the recordkeeping and the reporting by
8 the Commission -- by the company to this
9 commission. We can give you examples of that, but
10 in the interest of time, and given what you have
11 heard already from customers today, we would humbly
12 suggest that you consider directing your staff to
13 include this utility with Water Oak in a management
14 audit, either a separate one or expansion of the
15 one that you are doing for Water Oak.

16 And that's all I wanted to say, because I
17 think what we've heard today is the tip of the
18 iceberg from what the customers have said today and
19 what we've heard. Thank you.

20 CHAIRMAN SMITH: Thank you.

21 Okay. Commissioners, do we have any comments
22 here? Questions?

23 Commissioner Ortega.

24 COMMISSIONER ORTEGA: Yes. Thank you, Madam
25 Chair.

1 I just wanted to follow up on a couple of
2 items. I think this is most appropriate to Mr.
3 Willis on staff. During your review, did you
4 guys -- did you check on the consumptive use permit
5 of this utility?

6 MR. WILLIS: Yes.

7 COMMISSIONER ORTEGA: And they are not
8 currently violating? The reason I am asking is
9 just brought from the customer saying that they are
10 required to water, plus the excessive unaccounted
11 for water, so I am just curious what you guys
12 looked at when were you looking at the usage.

13 MR. WILLIS: Yes. We just looked at the total
14 number of usage, not -- and not necessarily the
15 drought conditions and the use permit by St. Johns
16 Water Management District.

17 COMMISSIONER ORTEGA: Okay. That's fair. And
18 just another couple, if you don't mind.

19 Switching over to rates, then, because they
20 are related to me in my mind. We looked at the
21 usage and where to change the inclining block
22 structure break, and so could you just talk me
23 through what you looked at when you were evaluating
24 the change from 5,000 to 4,000?

25 MS. BRUCE: Yes, I did want to address the

1 customer's concern.

2 So it's typically, in a rate case, we look at
3 the audited bill information to come up with the
4 correct number of gallons.

5 As far as -- I do want to address Ms. Kaiser's
6 concern, and I think also Mr. Anderson brought it
7 up, about the inclining block rate structure.

8 One of our practices, one of our goals in rate
9 design to minimize our rate impact for those
10 customers at nondiscretionary levels, so we are
11 recommending a two-tiering kind of block rate
12 structure, which includes the tier for those
13 nondiscretionary customers, such as those customers
14 that are cooking, bathing, and not so much for
15 irrigating so much. I understand they do have to
16 irrigate, but you can still have control of that.

17 That second block is for discretionary for the
18 ones that may be irrigating more than others. They
19 mentioned about the number of -- the 4,000 in the
20 first block. That comes from the census, the
21 number of people per household in Lake County. We
22 take that multiply that by 50 gallons times the
23 number of days per month, and that's how we came up
24 with the 2.48. So when you take that and multiply,
25 that's how you get that 4,000 gallons. And that's

1 for every case, we look at the Census Bureau with
2 the number of people. And that does match, because
3 this does appear to be, like, a retiree slash
4 senior customer base, so it's approximately two
5 people per household.

6 COMMISSIONER ORTEGA: Got it. I appreciate
7 that.

8 And I would assume that we don't have
9 community level data to look at, so that's why we
10 look at the county level, is that correct?

11 MS. BRUCE: We look at the Census Bureau for
12 the number of people per household, correct.

13 COMMISSIONER ORTEGA: Thank you.

14 Just a follow-up, not along those lines,
15 something else, but I wanted to switch over to
16 quality of service, but I didn't want to jump
17 anybody.

18 CHAIRMAN SMITH: Thanks. Go ahead.

19 COMMISSIONER ORTEGA: Okay. Cool. Thanks.

20 CHAIRMAN SMITH: Keep going.

21 COMMISSIONER ORTEGA: Madam Chair, I
22 appreciate you.

23 So obviously, this company owns a few systems,
24 and I appreciate Mr. Rehwinkel and his comments,
25 and would support including a more holistic look in

1 the management audit to include this system as
2 well, because I am a little bit concerned at both
3 what the customers have said. Our staff has noted
4 similar concerns with the quality of service. And
5 although, I do think that you have heard us -- I
6 hope that you have heard us because I see you here
7 nodding your head, and that you are working towards
8 a solution, but I do think it would be a great idea
9 if we could include this system into that
10 management audit as well.

11 Thank you.

12 CHAIRMAN SMITH: Thank you.

13 I will go to the utility to respond to the
14 Commissioners --

15 MR. MCGINN: Thank you.

16 CHAIRMAN SMITH: -- and the customers.

17 MR. MCGINN: Madam Chair, we recognize kind of
18 the concerns that are here. And, again, this is a
19 overall utility system, as Commissioner Ortega
20 recognized, that is several systems that all came
21 in for SARCs, and they were years, if not decades,
22 since the last update. And this is not a company
23 that's primarily a utility. It is a company that
24 is primarily a real estate landlord. They operate
25 the utility as part of the package that they got

1 with the deal, and they came in to the Commission.

2 And we recognize that there are issues with
3 recordkeeping in some of these instances. We also
4 recognize that there are two utilities who have
5 been through this process that did not have any
6 concerns. Gulfstream Harbor and Plantation
7 Landings both were approved by the Commission.
8 Both -- neither needed an audit.

9 In this instance, while we recognize that
10 there are issues, and we agree with staff's
11 recommendation that there should be a review, and
12 the review is happening anyway, so to the extent
13 that staff recommended that a report be generated
14 to kind of describe the methods and avenues for
15 improvement that the utility is undergoing, we
16 obviously have no objection that. To the extent
17 they would like to include a management audit
18 instead to go in there, all these things are fine.
19 We recognize the concerns.

20 One thing I would like to point out, though,
21 is that the characterization of some of these
22 complaints where we have this issue with the
23 billing. The issue with the billing has been
24 addressed. All the documentation is in the docket.
25 So the single instance of someone be overcharged

1 and being refunded is reflected. Sun reached out
2 -- the community reached out to the customer. It
3 was settled.

4 To the extent that there is this specter of
5 outstanding complaints. If you take a look at
6 staff's recommendation, they looked back through
7 since 2021. They found instances where the
8 community did address the concerns but they did not
9 necessarily file with the Commission and, you know,
10 it is what it is. We can't go back and change the
11 past. But we do recognize the need to, you know,
12 comply with the rules going forward. And, again,
13 that's going to be addressed in the requested
14 report. And certainly, if there is a management
15 audit, it would be addressed there as well.

16 We recognize that we need to comply as a
17 regulated utility and intend to going forward.
18 This has been quite a learning experience for
19 everyone on the utility side to try to bring their
20 efforts to get back up to a regulated -- properly
21 regulated, properly reporting.

22 But to the extent -- to your questions about
23 what was there a problem with the water management
24 permit. Again, look up no problems. No problems
25 with DEP. Are there communications issues? There

1 may be. I don't want to get back into a back and
2 forth with that. It will certainly be addressed in
3 the record to the extent it needs to be, and will
4 also come up in any management audit.

5 But again, recognize that the system as a
6 whole is something that they are working on. To
7 the extent that Water Oak is considered kind of a
8 negative, we ask that you also evaluate the
9 positive as well. I don't think that these
10 shouldn't necessarily be combined. The rate cases
11 should assistant alone, particularly in instances
12 where the parent company is actually different,
13 although, at the corporate corporate level well
14 above, it may ultimately roll into the same, but
15 the operations, who we are working with, what
16 communities are happening, to the extent that there
17 is differences, I think that we really need to
18 focus on what's happening at the individual plants
19 as opposed to saying, well, in your rate case
20 before this, we need a management audit. Well, in
21 the rate case before that and the rate case before
22 that, you didn't.

23 Thank you.

24 CHAIRMAN SMITH: Commissioner Clark.

25 COMMISSIONER CLARK: Thank you, Madam Chair.

1 A couple of comments, observations and maybe a
2 question or two for staff as well.

3 I think maybe from a perspective of looking at
4 this overall, I think that even a marginal overall
5 rating, customer satisfaction rating is being
6 extremely generous, and certainly borderline
7 unsatisfactory in my opinion, but that is staff's
8 recommendation in that regard.

9 Staff, my question has a couple of parts. In
10 terms of the rate structure -- and, Ms. Bruce, I
11 will direct this to you -- in developing the
12 inclining block rates, which I have spoken very
13 clearly, I am not a fan of inclining block rates,
14 you have a clause in here that I believe said that
15 you anticipate a 9-million-gallon reduction over a
16 total of 47 million gallons that is currently the
17 consumption of the entire system. Now, you are
18 proposing that the inclining block rate schedule
19 alone will cause a 20-percent reduction in
20 consumption, is that correct?

21 MS. BRUCE: That's correct, Commissioner.

22 COMMISSIONER CLARK: And this is based on?

23 MS. BRUCE: This is based on the number of
24 gallons that we just assumed that the customers
25 will cut back on. And actually for this case,

1 that's pretty low, because they haven't had a rate
2 increase. Typically, you would see it a little
3 higher than that. I have seen it as high as
4 50 percent, when customers -- they haven't had a
5 rate increase, so I think this is pretty low.

6 Their average consumption is, what, 5,892, and
7 for them to irrigate, that's not really high. It's
8 moderate, you know, somewhat moderate if they are
9 required --

10 COMMISSIONER CLARK: Is your number based on
11 the fact that you are putting an inclining block
12 rate in, or the fact that the rate is just going up
13 in general? Can you differentiate the increase
14 that would have occurred had you just gone the
15 typical straight across the board rate?

16 MS. BRUCE: I wouldn't have that information,
17 right. I would have to go and run that information
18 to give that to you.

19 COMMISSIONER CLARK: Okay.

20 MS. BRUCE: If it was just a regular
21 traditional, instead of an inclining block rate --

22 COMMISSIONER CLARK: As opposed to an
23 inclining block rate?

24 MS. BRUCE: Yes. An inclining block rate
25 structure is one of our preferred rate structures.

1 It's a conservative rate structure.

2 COMMISSIONER CLARK: Promotes conservation,
3 but doesn't necessarily reflect cost, is that a
4 correct statement?

5 MS. BRUCE: Cost -- is more so conservative,
6 and it typically helps the customers. And as I
7 explained in that first block, we do as best we can
8 to -- for those customers that are conserving to
9 minimize that rate impact. So you would definitely
10 want a block that will minimize the rate impact for
11 those customers that are conserving.

12 COMMISSIONER CLARK: Right. And I understand
13 that is staff's opinion, but that is totally
14 contrary to my personal opinion. I don't
15 necessarily think you reward somebody not based on
16 the cost allocation, but we will move on from
17 there.

18 Specifically on the ROE, we have an 8.58
19 recommended ROE for this customer, and that's based
20 on what criteria? I understand the leverage
21 formula is in play here, is that correct?

22 MR. LENBERG: Yes.

23 COMMISSIONER CLARK: Were there any thoughts
24 to any modifications from staff in regard to any
25 penalty points off of the typical leverage formula

1 based on marginal ratings and the number of
2 problems that we seem to be having with this
3 utility?

4 MR. HIGGINS: Good morning, Commissioners.
5 Devlin Higgins with accounting staff.

6 We have given that some consideration and then
7 calculated some values associated with normal ROE
8 reductions.

9 COMMISSIONER CLARK: I am sorry, could you --
10 I'm --

11 MR. HIGGINS: I'm sorry. Yes, sir.

12 We have developed some data around what has
13 typically been normal penalty reductions, you know,
14 25, 50 75 basis points of the ROE.

15 MR. FUTRELL: Commissioner Clark, if I may.
16 Mark Futrell with staff.

17 I think where staff landed in evaluating
18 quality of service, as you -- everyone knows, the
19 Commission has a lot of discretion here on where we
20 should land this.

21 I think in considering the totality of what we
22 were seeing in the data, particularly the
23 compliance data with DEP, that's what I think
24 ultimately led staff to lean on the marginal rating
25 with some reporting requirements to address some of

1 the concerns we are seeing.

2 Certainly, ROE adjustments, as well as
3 adjustments to salaries are tools available to the
4 Commission, depending on how it wants to land this.
5 I think given the compliance issue, I think that
6 was impactful with reaching our conclusion of
7 marginal without a financial penalty. But, again,
8 there is a lot of discretion there.

9 COMMISSIONER CLARK: Well, I think that's a
10 great point. I appreciate that. And your analysis
11 is you weighted the compliance with DEP, the water
12 quality issues in relation to the service to get
13 the mark. I think that's very acceptable.

14 Madam Chair, I would just add that in terms of
15 OPC's suggestion regarding the management audit, I
16 certainly, and as Commissioner Ortega articulated
17 very well, I would certainly support including this
18 company in a management audit.

19 CHAIRMAN SMITH: Thank you.

20 Commissioner La Rosa.

21 COMMISSIONER LA ROSA: Thank you, Madam Chair.

22 And just going back to staff for
23 clarifications, specifically to the management
24 audit that we have on Water Oak. Can you kind of
25 just fill us in on what that entails, and maybe

1 what the status of that. Just I remember -- I just
2 want to make sure I understand the timing right.

3 MR. FUTRELL: Certainly, Commissioner.

4 We have gotten that started. Our auditing
5 staff have gotten that up and running. We have
6 reached out to the company. We are hoping to get a
7 response to our audit staff soon to get that going.
8 We have issued some outreach to them to get things
9 started in the conversation and exchange data, get
10 what they need to do their analysis.

11 It's typically a month long process, so it's
12 up and running. I think there is some -- what I am
13 hearing there is some common concerns here that
14 should be easily folded in, if that's the will to
15 do that. We could certainly do that and include
16 that, but it's getting up and running. We have
17 scoped out the -- what the work needs to be done,
18 what they need to address based on what we've heard
19 from the Commission and its order and its
20 deliberations, so it's just getting -- it's in its
21 infancy.

22 COMMISSIONER LA ROSA: And not -- thank you.

23 And not to compare one case to another case,
24 in this case, in Issue 14, they have got the
25 ability to ask for an extension of after 90 days of

1 the final order, and which staff could grant them
2 60 days. Is that similar -- does that also sit in
3 the Water Oak case? And this is to be compliant
4 with NARUC's USOA.

5 MR. FUTRELL: Commissioner, I believe that's a
6 common issue in SARCs, as far as ensuring that all
7 the books and records have been adjusted based on
8 the Commission decision in the case. So that's
9 common -- a common issue.

10 COMMISSIONER LA ROSA: It's fair to say that's
11 also --

12 MR. FUTRELL: That's separate and apart from
13 the management audit process.

14 COMMISSIONER LA ROSA: Right. Okay.

15 I have a high level of confidence in granting
16 them an additional 60 days, frankly, when they have
17 been given 90 days to comply. I am just concerned.
18 I would love to see that come back before us before
19 we granted them 90 days. I assume that's our
20 subjective decision-making?

21 MR. FUTRELL: I think there may be some
22 discretion there. Again, that's just kind of a
23 standard period of time --

24 COMMISSIONER LA ROSA: Sure.

25 MR. FUTRELL: -- for to give staff some

1 leeway, if you would rather not include that.

2 COMMISSIONER LA ROSA: Well, and not that I
3 would want to not include it. I don't want to
4 preclude it if there is progress. I guess what I
5 am saying is is that I would like for the five of
6 us to be able to oversee and interject in that
7 process if, after 90 days, they have not -- we are
8 not on the path to success, for lack of a better
9 term of explaining that.

10 MR. FUTRELL: Understood.

11 COMMISSIONER LA ROSA: And then can I ask
12 another question as it refrains to Water Oak? We
13 did put penalties on Water Oak. And I apologize
14 that I am coming to staff with a question from a
15 previous rate case, but I want to make sure that I
16 am consistent with my decision-making and thought
17 process, because I see a lot of similarities.
18 Although, it's probably not fair to say these are
19 exact apples to apples, but there is certainly a
20 consistent vibe.

21 What are the penalties that we placed on the
22 Water Oak Utility?

23 MR. FUTRELL: From my notes, Commissioner, and
24 if staff has something, they would make sure to
25 confirm this, my notes from the order were a

1 30-percent -- first of all, this is a
2 classification of unsatisfactory for quality of
3 service. And from that, was a 30-percent penalty
4 for Account 601, salaries and wages, a 30-percent
5 penalty for Account 631, contractual services
6 professional, and a 75-basis-point reduction in
7 return on equity.

8 COMMISSIONER LA ROSA: And the reason we went
9 there was because those are discretionary items?

10 MS. RAMOS: That's correct, Commissioner.

11 COMMISSIONER LA ROSA: Okay. And,
12 Commissioner Clark, I am just -- I am kind of
13 coming to, I think, a point that you are trying to
14 make in whether this is satisfactory or, frankly,
15 or unsatisfactory -- or marginal or unsatisfactory.
16 I just want to -- I am just kind of throwing this
17 back to us as a commission that I would like to
18 make consistent decisions, because I think we are
19 in a very consistent -- we are in a very similar
20 spot from this utility in comparison to a similar
21 utility without hashing some of the details, I
22 think OPC made a good point of that.

23 I -- my personal belief is that I think that
24 this deserves probably a full rate case, frankly,
25 because I think there is a lot of information here

1 that's still very much unknown. I don't know that
2 it's fair. I am not suggesting that we go there,
3 but it is a concern of mine.

4 Question for the utility. How many other
5 developments do you own that have utilities in the
6 state of Florida that are overseen and regulated by
7 the Florida PSC?

8 MS. HERNDON: We have a total of five.

9 COMMISSIONER LA ROSA: Do you have the same
10 management company that manages the utilities in
11 all five of those communities?

12 MS. HERNDON: No. So each community manages
13 the utility.

14 COMMISSIONER LA ROSA: Right, but when you say
15 each community manages it, as in, you have staff
16 on-site in the community that manages, or is that a
17 third party that comes in and it oversees?

18 MS. HERNDON: So we have staff on-site that
19 manages the utility operations. We have an
20 operator that physically does the work at the
21 plants.

22 COMMISSIONER LA ROSA: Okay. Is that operator
23 the same in all communities?

24 MS. HERNDON: No. We use U.S. Water, we have
25 RCM. We have a couple of different operators

1 throughout this, because they are not next to each
2 other, the communities.

3 COMMISSIONER LA ROSA: Sure. No, I
4 understand.

5 Is this -- the operator that you have on for
6 water -- for this community, Sunlake Estates, is
7 who?

8 MS. HERNDON: Sunlake Estates, I want to say
9 it's RCM, and Water Oak has U.S. Water.

10 COMMISSIONER LA ROSA: Okay. So two different
11 companies.

12 MS. HERNDON: Yes, sir.

13 COMMISSIONER LA ROSA: Okay. I mean, I can go
14 into the line loss. I can go into a bunch of other
15 items. I think our staff broke that down. I
16 think -- Commissioners, I think we all have a
17 similar concern. I will pull back. I do have a
18 comment that I want to make sure I say at the end,
19 but --

20 CHAIRMAN SMITH: I guess I have a
21 clarification. Are you suggesting that we do a
22 similar sort of penalty structure as --

23 COMMISSIONER LA ROSA: Yeah.

24 CHAIRMAN SMITH: -- the previous case?

25 COMMISSIONER LA ROSA: If there is no further

1 questions, yes, I am. I am suggesting that, with
2 the staff -- with the help of staff, that we
3 structure a very similar, I'm going to say, process
4 for this case as we did in the Water Oak case.

5 CHAIRMAN SMITH: I mean, I am going to have a
6 question -- then, if that were the case -- like,
7 some of it -- the salaries in this case are much
8 lower. I am wondering how we even structure a
9 penalty that could have the force and effect that
10 we're --

11 COMMISSIONER LA ROSA: And we stay on
12 percentage. I think that's where we were last
13 time.

14 MR. FUTRELL: I think the question with this
15 is not necessarily to get to a material rate
16 impact. It's to send a message that you are just
17 -- about your reaction to the experience with the
18 company, their management response to the
19 customers, to the staff, to you, I think that's
20 what would be -- the penalty would be more about
21 than sending a significant message about trying to
22 motivate different behavior in the future, rather
23 than necessarily an adjustment to get a particular
24 rate impact.

25 Certainly, what was done before was

1 significant -- was a significant message by the
2 Commission. In my experience.

3 COMMISSIONER LA ROSA: And, Madam Chair, I am
4 happy to take a timeout and talk to staff and then
5 come with a formal suggestion and motion if you
6 think it's necessary.

7 CHAIRMAN SMITH: Yeah, let's go ahead and do
8 that. And before we do that, I do want just -- so
9 I will put my question to staff, that way you can
10 answer when we get back, about, you know, that
11 management audit, I do also agree with my
12 colleagues about having that. I kind of want to
13 know what the next steps after that is, like, as
14 far as staff coming back and presenting that to us,
15 and what are our options at that point once we have
16 that information, but -- so throwing that to you.

17 Let's go ahead and take, like, a 10-minute
18 break. We will come back at 10:47.

19 (Brief recess.)

20 CHAIRMAN SMITH: Okay. I think we are getting
21 back here.

22 So we left off with some questions to staff.
23 I am going to go to Commissioner La Rosa, yes, to
24 see what was -- what he is thinking here.

25 COMMISSIONER LA ROSA: Sure. I will just kind

1 of highlight the discussion that I had with staff.
2 And thank you, staff, for your ability to kind of
3 move and adjust quickly, and have everything that I
4 think is necessary for us to make the right
5 decision, especially sometimes a little bit on the
6 fly.

7 So good understanding of where this case is as
8 far as size components in comparison to other
9 decisions that we have made. I think where our
10 focus, at least the motion I want to make -- and I
11 am not going to make it just yet because I want to
12 hear the discussion from everybody else. I will be
13 happy to do so when we are ready, Madam Chair -- is
14 to focus on ROE. In prior -- in a prior case, we
15 have made adjustments to other elements. If we
16 made those adjustments, my reasoning -- or let me
17 start there, my reasoning for not making
18 adjustments would be to not take them out of range.
19 My suggestion is to move them 75 basis points below
20 what staff's recommendation is, would still give
21 them the opportunity to still overearn, or be
22 within their earnings window. So that would be a
23 75-percent reduction of ROE from what staff is
24 recommending.

25 I am also going to ask that, of course, staff

1 start, or initiate a management audit. I think
2 that's been discussed by us.

3 I also want to implement the customer meetings
4 similar what I have asked of another utility, where
5 I have asked for a formal customer meeting updating
6 customers of what is happening within the
7 community; if there is challenges in the community;
8 the opportunity for, of course, customers to be
9 able to bring concerns. And what we did in
10 previous cases, we have asked for one customer
11 meeting per year, starting in the concluding years
12 in 2027 and 2028, and, of course, report back any
13 comments of those meetings back to us as a
14 commission.

15 That's the basis of what I would like to make
16 a motion towards, but I certainly want to open it
17 up, and I don't want to conclude -- or I don't want
18 to cutoff any Commissioners. I know there has been
19 a lot of thoughts on this case, and I don't want to
20 be the only one running the charge on this.

21 CHAIRMAN SMITH: Other Commissioners? Yeah.

22 COMMISSIONER CLARK: I would concur with the
23 analysis. I think that's exactly the direction I
24 was kind of leaning toward myself, so I can support
25 that 100 percent.

1 CHAIRMAN SMITH: Commissioner Payne.

2 COMMISSIONER PAYNE: Thank you, Chairman.

3 I just want to ask a few questions. All of
4 this is very concerning, but even the staff, are
5 you getting the answers that you want to get? Are
6 you hearing back from people when they ask -- from
7 these -- this company when you ask questions, are
8 you getting a return of the answer that you asked,
9 or are you having to drag it out of them?

10 MS. BRUCE: Commissioner, we have been in
11 close contact with the utility through data
12 requests, and they have responded to our requests.

13 COMMISSIONER PAYNE: Okay. So regardless of
14 the DEP complaint issue, we are good on that side
15 of it? But the quality of service and just the
16 management response just seems concerning when you
17 read through the case, that they just don't -- they
18 just don't think it's that important to respond to
19 your needs.

20 And so you are out doing a SARC, you are doing
21 all this -- all the test year data. You are
22 putting things in place. If you are happy with the
23 response they are giving, and based on what I am
24 seeing, I agree with the Commissioners, there needs
25 to be some other level of compliance, and we can

1 imply that compliance through different ways of
2 reducing their ROE.

3 Okay. Thank you.

4 CHAIRMAN SMITH: Thank you, Commissioner
5 Payne.

6 Commissioner Ortega.

7 COMMISSIONER ORTEGA: Thank you, Madam Chair.

8 Just so I am super clear, I want to go back to
9 salary versus ROE. Why not salary? Why ROE --
10 what ROE? Excuse me. When I am thinking about
11 these cases -- and I recognize they are different
12 systems, and they are -- the operations of those
13 systems are one run by two different operators, as
14 I understand it. So there is a little bit of
15 difference between the two to me.

16 However, when we are talking about the
17 complaints, the accuracy of information, all of
18 those are squarely management issues, which we have
19 addressed and are going to continue to include.
20 And, to me, when I think management issue, I think
21 reduction in salary versus reduction in ROE. It's
22 a little bit different here, I think, maybe because
23 the ownership structure, but I don't know if that
24 question is for you, Commissioner La Rosa, or if
25 it's better for staff.

1 COMMISSIONER LA ROSA: No. No. I am happy to
2 answer that, then I'm going to look to staff.

3 So, honestly, it was a dollar amount. It was
4 a lower -- such a small dollar amount as far as
5 impact to this case, but I will -- I am going to
6 just kind of take your question and lob it over to
7 staff, is that when you calculate a 75-basis-point
8 reduction in ROE and a hit to salary and wages,
9 which is currently at \$8,900, approximately, what
10 does that do to -- I guess what is the impact of
11 that? And then if we reduce that by a percentage,
12 what would be the impact of that be? Saying maybe
13 we don't have to -- I am not suggesting that you
14 are suggesting to cut it, but we did have a
15 percentage cut last time I believe of 30 percent.
16 So which would only be a couple thousand dollars,
17 but hopefully that's a phrase and question -- a
18 phrase you can answer the question.

19 MR. LENBERG: The difference -- well, the
20 30-percent penalty on salaries and wages would be
21 \$2,700 approximately.

22 COMMISSIONER LA ROSA: Right.

23 MR. LENBERG: The 75-basis-point reduction is
24 about \$5,000?

25 COMMISSIONER LA ROSA: Okay. So if we lumped

1 those two together, my question is, is that would
2 they still be within range? Could they still earn
3 at the bottom of their range of what staff is
4 currently recommending? And I know there is
5 probably a quick calculation that has to be had,
6 but I think we are getting really close.

7 MR. FAROOQI: Together -- this is Saad Farooqi
8 with legal.

9 I believe together, those would be below the
10 minimum range allowed for the utility to recover,
11 is that correct?

12 COMMISSIONER LA ROSA: We got legal answering
13 a financial question. I love it.

14 MR. HIGGINS: Approximately, sir. \$6,700,
15 \$6,770 is 100 basis points, so anything of greater
16 than --

17 COMMISSIONER LA ROSA: So we are there --

18 MR. HIGGINS: Right.

19 COMMISSIONER LA ROSA: -- they couldn't,
20 that's why.

21 COMMISSIONER ORTEGA: Okay. Thank you.

22 COMMISSIONER CLARK: May I ask a question to
23 follow up on?

24 CHAIRMAN SMITH: Yeah.

25 COMMISSIONER CLARK: They actually could.

1 They could actually earn above that, just not their
2 targeted range.

3 COMMISSIONER LA ROSA: Right. Correct. Yeah,
4 for clarification, that is --

5 CHAIRMAN SMITH: Yes, sir.

6 COMMISSIONER LA ROSA: -- right, there would
7 be a ceiling.

8 CHAIRMAN SMITH: Commissioner Ortega.

9 COMMISSIONER ORTEGA: Just one follow-up.
10 Thank you, Madam Chair.

11 And thank for you walking that through with
12 me, because, you know, they are separate, and there
13 is differences, not in the management, but in the
14 operations itself, so I do think it's important
15 when we are looking at assessing penalties or
16 rewards to consider those factors and not lump them
17 together without this discussion.

18 And so with that kind of information, I am
19 absolutely supportive of just including the ROE
20 penalty and not doing both where we did last time.
21 It makes more sense to me that we wouldn't apply
22 the same here.

23 CHAIRMAN SMITH: Okay. Before we take a
24 motion, my quick question for staff regarding
25 putting into the rule something about -- I mean, I

1 am -- I am feeling a little bit -- it feels better
2 that hearing from Ms. Bruce that we are getting --
3 you are getting responses from the utility a little
4 bit more now. But when I did ask about -- to staff
5 about this, you know, the management audit, which I
6 think we all agree and I think we are going to want
7 to put into this order, adding potential language
8 about really what are the ramifications about not
9 following our orders, which is the potential for a
10 show cause hearing.

11 And I know that that's an obvious thing, but
12 maybe it might be better to have it written into
13 the record itself. Is that something that legal is
14 amenable to?

15 MS. HARPER: We could put something in the
16 order that puts them on notice that if the managed
17 audit is not satisfactory, that potentially there
18 could be other penalties that would ensue. And in
19 our world, that means potentially a show cause.

20 CHAIRMAN SMITH: Okay. Yeah, I think -- I
21 mean, that's an opportunity to have, you know, if
22 -- again, if it's not satisfactory, that we get an
23 opportunity, as the full Commission, to review this
24 again and see those results from the management
25 audit at that time. That's -- that might be my

1 suggestion of adding one more little nugget into
2 this order.

3 Commissioner Ortega.

4 COMMISSIONER ORTEGA: Thank you, Madam Chair.

5 And just to follow on your discussion, I think
6 it's super important that once the management audit
7 is complete that we bring -- that staff bring it
8 before us in an Internal Affairs setting that we
9 can review it and talk about, you know, possible
10 next steps. In addition to the one you mentioned,
11 there may be some other actions that might be
12 triggered by that management audit. I would
13 request that staff bring it to us in Internal
14 Affairs.

15 CHAIRMAN SMITH: Any other comments or
16 questions from Commissioners before -- it sounds
17 like we are about ready to take a motion, and I
18 might kick it to you for that.

19 COMMISSIONER LA ROSA: Sure. I am happy to.
20 I am going to ask you to amend it, because I think
21 I am going to miss something that you just
22 suggested, but I want to make kind of a quick
23 statement.

24 So I heard today that what comes along with
25 these real estate deals is the utility, right. And

1 that's honestly concerning to me, right, because
2 what comes along is it real people, right, that are
3 on the other end of this, just like in any other
4 real estate trans -- almost any other real estate
5 transaction.

6 And I -- this isn't a transaction in our
7 perspective. These are real people that are real
8 customers that have real challenges that live
9 within the communities. And you guys do some
10 things right. You have nice communities, and
11 people want to live there, and that's fair. But
12 people don't just come along -- utilities don't
13 just come along. They are a major part of a
14 community that people just do not get the
15 opportunity to choose. The utility is what it is
16 when someone decides to live some place, and many
17 times it's unknown, and I feel bad when we have to
18 make the decisions that we have to make, but I
19 think the actions are obvious, frankly. So they
20 don't just come along. They are a major part of
21 the transaction.

22 Madam Chair, I will offer a motion. The
23 motion is to reduce staff's recommendation of ROE
24 by 75 basis points; to add into the order of
25 community meetings, and I am going to read it a

1 little bit more specific, that Sunlake Communities
2 shall arrange and hold at least one formal customer
3 meeting at each calendar year of 2027 and 2028. At
4 those times, Sunlake Communities shall provide an
5 overview of general system occurrences, an overview
6 of two agency investiga -- or an overview of any
7 agency investigations that may be happening at that
8 time, provide customers an opportunity to speak
9 with utility representatives within a month of the
10 conclusion of each of those meetings. Sunlake
11 Communities shall file a report in this docket to
12 summarize to us the topics discussed and any
13 results of those meetings.

14 And then, Madam Chair, I know that you also
15 mentioned something else which I am open to add to
16 this order.

17 CHAIRMAN SMITH: Adding the requirement of
18 staff conducting a management audit as well, and
19 that the results of that management audit in some
20 form are coming back to the Commission. We can
21 leave that part open-ended, as well as staff
22 creating language -- show cause -- that any sort of
23 unsatisfactory report from the management audit
24 could result in a show cause order, which we have
25 that language, you know, something to the effect of

1 this is a result that could happen, but I just want
2 it to be clear that the utility is on notice of
3 what could happen.

4 COMMISSIONER LA ROSA: And with that, Madam,
5 that's my motion.

6 CHAIRMAN SMITH: Okay. I will go to Mr.
7 Futrell.

8 COMMISSIONER CLARK: Second.

9 CHAIRMAN SMITH: We will pause one second.
10 Mr. Futrell, do you have something to add?

11 MR. FUTRELL: Yeah, just two quick things to
12 consider as you are finalizing your motion is to
13 clear on where you are landing on quality of
14 service first, whether that's marginal or
15 unsatisfactory, clarify that, I would recommend.

16 And then also staff had the language in the
17 recommendation about the plan to improve
18 recordkeeping and customer communications. I don't
19 know in that's something you want to include or not
20 given these other parts of the motion.

21 So I would just tee those two items up for
22 your consideration.

23 COMMISSIONER LA ROSA: So the communications,
24 yes. So can you highlight that for us?

25 MR. FUTRELL: I think that was staff's idea of

1 trying to come back to us with a plan on how they
2 are going to address the recordkeeping and customer
3 communications. Some of this stuff you have talked
4 about is somewhat duplicative. I will let Ms.
5 Ramos kind of clarify that.

6 MS. RAMOS: Thank you.

7 Yes, to improve those managerial concerns,
8 staff did include that in our recommendation for
9 the utility to file a plan outlining how it's going
10 to improve its recordkeeping and communications
11 with its customers within 30 days of the order.

12 COMMISSIONER LA ROSA: So that's already in
13 staff's recommendation --

14 MS. RAMOS: That is currently in staff's --

15 COMMISSIONER LA ROSA: -- so there is no
16 adjustment necessary.

17 MS. RAMOS: Correct.

18 COMMISSIONER LA ROSA: Okay. And then the
19 second question, I believe, was whether it's
20 unsatisfactory or satisfactory?

21 MR. FUTRELL: Or marginal.

22 COMMISSIONER LA ROSA: I am sorry. I am
23 sorry. I keep on using that word, and I don't mean
24 to use it interchangeably. Marginal or
25 unsatisfactory. The impact of that, of it going

1 from marginal to unsatisfactory is?

2 MS. RAMOS: There is no impact, Commissioner.
3 As you have laid out in your other parts of the
4 motions, that would be the impact.

5 MR. FUTRELL: Currently, unsatisfactory, you
6 know, really lays the predicate for these kind of
7 adjustments that you are proposing in your motion.

8 COMMISSIONER LA ROSA: So if we are talking
9 about definitions and terminology, it sounds like
10 we are discussing an unsatisfactory utility.

11 MS. RAMOS: Correct.

12 COMMISSIONER LA ROSA: So, Commissioners, I
13 would add for this to be considered unsatisfactory
14 rather than marginal.

15 COMMISSIONER CLARK: And just to clarify,
16 Commissioner La Rosa, all other staff
17 recommendations, other than those we have iterated
18 here, are the same?

19 COMMISSIONER LA ROSA: Correct.

20 COMMISSIONER CLARK: I agree with you.

21 CHAIRMAN SMITH: Commissioner Ortega.

22 COMMISSIONER ORTEGA: I am so sorry to
23 complicate things, so I am trying to make it super
24 clear, because I think -- and, staff, please help
25 me. I think the intention of the requirement to

1 make a plan was in lieu of a management audit, but
2 now that we are doing a management audit to look at
3 the reporting, like, their processes, the
4 compliance with our rules, I think that management
5 audit supersedes the requirement for coming up with
6 a plan, is that correct? And if so, then I don't
7 think that we need to -- I think we are doing
8 double work.

9 COMMISSIONER LA ROSA: Yeah, let's clarify
10 that.

11 MS. RAMOS: It is. We could definitely
12 capture that in the management audit. Having the
13 utility come up with its own plan within 30 days I
14 think would happen before the conclusion of the
15 management audit, so they could initiate that and
16 start working towards improving the recordkeeping
17 and communications in the meantime while the
18 management audit is being conducted, but I do think
19 the management audit will capture that as well.

20 CHAIRMAN SMITH: It sounds like you could do
21 both.

22 MR. FUTRELL: You could.

23 CHAIRMAN SMITH: Yeah, and I -- yeah, and I.

24 MR. FUTRELL: I think there is some
25 discretion. I think it's just one has a little

1 more urgency, more timely than what might come out
2 of the management audit. The management audit is
3 more of a review of what's actually going on and
4 has gone on, as opposed to this is an affirmative,
5 you know, requirement with a pretty tight timeline
6 to try to improve service going forward.

7 CHAIRMAN SMITH: Okay, Commissioner Payne.

8 COMMISSIONER PAYNE: Let me get clarification
9 from Commissioner La Rosa.

10 Satisfactory, unsatisfactory, marginal, it's
11 either red or green. There is no yellow light in
12 this. If they are not satisfactory, there is other
13 repercussions. Is that the way you see it?

14 COMMISSIONER LA ROSA: Correct. Yes.

15 COMMISSIONER PAYNE: Okay. Thank you.

16 CHAIRMAN SMITH: So world's most complicated
17 motion. Do -- and, again, the only thing I would
18 probably just, again, add that staff will have
19 administrative authority to make the fallout issues
20 to amend any of that that is necessary, because I
21 understand it's a little complicated.

22 Do we -- did that -- are we okay here, Mary
23 Anne? Did we cover everything? Even if it was
24 bifurcated in different ways.

25 MS. HELTON: I think so, but I still am a

1 little bit unclear with respect to whether you all
2 want to do the -- require their recordkeeping and
3 customer communications outlined within 30 days of
4 the order becoming final?

5 CHAIRMAN SMITH: I am going to say yes. Yes.

6 COMMISSIONER LA ROSA: That's correct.

7 CHAIRMAN SMITH: Yeah. Yeah, because that
8 will be -- that will be much more -- that will be
9 much quicker than as we wait for the management
10 audit to conclude.

11 Okay. So I have heard -- we have that motion.
12 We have a second.

13 All those in favor, please say aye.

14 (Chorus of ayes.)

15 CHAIRMAN SMITH: Any opposed?

16 (No response.)

17 CHAIRMAN SMITH: So see that the staff's
18 recommendation is approved with all of those
19 modifications. Thank you.

20 (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;
and that this transcript constitutes a true
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I FURTHER CERTIFY that I am not a relative,
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financially interested in the action.

DATED this 11th day of August, 2026.


DEBRA R. KRICK
NOTARY PUBLIC
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