

1 BEFORE THE  
2 FLORIDA PUBLIC SERVICE COMMISSION  
3  
4

5 In the Matter of:  
6 DOCKET NO. 20190118-WU

7 Application for increase in water rates  
8 in Gulf County by Lighthouse Utilities  
9 Company, Inc.

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10  
11 PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
12 ITEM NO. 4  
13 COMMISSIONERS  
14 PARTICIPATING: CHAIRMAN GARY F. CLARK  
15 COMMISSIONER ART GRAHAM  
COMMISSIONER JULIE I. BROWN  
COMMISSIONER DONALD J. POLMANN  
COMMISSIONER ANDREW GILES FAY  
16 DATE: Tuesday, May 5, 2020  
17 PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida  
18  
19 REPORTED BY: DEBRA R. KRICK  
20 Court Reporter and  
21 Notary Public in and for  
the State of Florida at Large  
22  
23 PREMIER REPORTING  
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25

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

2 CHAIRMAN CLARK: Moving to Item No. 4, Mr.  
3 Futrell.

4 MR. FUTRELL: Item 4 is the staff's  
5 recommendation on Lighthouse Utilities' request to  
6 increase rates through a file and suspend rate  
7 case.

8 Lighthouse is a Class B utility providing  
9 water service to approximately 1,900 customers in  
10 Gulf County. Rates were last established in 2011.

11 A customer meeting was held in the service  
12 territory on January 23rd, 2020. Approximately 15  
13 customers attended, and seven spoke during the  
14 meeting.

15 The majority of customers commented on low  
16 water pressure issues and inquired about the  
17 infrastructure improvements that are the subject of  
18 this case.

19 A substantial portion of the expenses and  
20 investment that are part of this rate case are  
21 environmental compliance costs that have been or  
22 will be incurred by the utility in order to comply  
23 with a consent order with the Florida Department of  
24 Environmental Protection.

25 Other expenses and investment are related to

1           storm restoration and repair costs that the utility  
2           incurred and will continue to incur as a result of  
3           Hurricane Michael.

4           Representatives of Lighthouse Utilities would  
5           like to address the Commission. The Office of  
6           Public Counsel is available to respond to comments  
7           and questions. And staff is available to answer  
8           questions.

9           CHAIRMAN CLARK: Thank you, Mr. Futrell.

10          Mr. May, are you on the line?

11          MR. MAY: I am.

12          CHAIRMAN CLARK: You are recognized.

13          MR. MAY: Thank you, and good morning. Thank  
14          you. Good morning, Mr. Chairman and Commissioners,  
15          I am Bruce May with the law firm of Holland &  
16          Knight appearing on behalf of the Lighthouse  
17          Utilities this morning.

18          I -- I really am here just to answer any  
19          questions that you may have. I have been  
20          authorized to let you know, and let the parties  
21          know, that if the recommendation is approved, this  
22          is a PAA process and the utility does not intend to  
23          protest.

24          There is one issue I just want to briefly  
25          touch on, and it's concerning Issue No. 10. It's

1           the -- which is found on page 19 of the  
2         recommendation. And staff is recommending that  
3         revenues in the test year be increased by  
4         \$57,000 -- or \$57,722 based on staff's projections  
5         that usage going forward should replicate the usage  
6         in 2019.

7           We certainly hope that's the case, but  
8         Commissioners, no one really has a crystal ball  
9         here, and no one knows what impact the COVID-19  
10        situation is going to have on usage. I think this  
11        is an issue you will be dealing with on much larger  
12        cases going forward.

13           But while we -- we don't have a crystal ball,  
14        we do know this, the Governor's executive order,  
15        which took effect yesterday, reopens part of the  
16        State for business, but it does not reopen vacation  
17        rentals. And as noted in Issue 17 on page 31 of  
18        the recommendation, the utility does have vacation  
19        rentals as part of its customer base.

20           Hopefully that segment of our economy will be  
21        reopened in the near future, but if vacation  
22        rentals remain on the lockdown, there is no  
23        guarantee or assurance that 2020 revenues will, and  
24        usage, will mirror usage in 2019. At this stage,  
25        we just don't know. Those issues are for another

1           day.

2           And this is not to disparage or to criticize  
3        staff's recommendation at all. I think staff took  
4        known and measurable information, and that's 2019  
5        usage, and did the best they could with it.

6           So I just wanted to go on record to note that  
7        that is an uncertainty. I think that's an  
8        uncertainty in all rate cases, but I did want to  
9        mention that. And that's all I really have to say,  
10      other than to answer any questions that any of you  
11      may have.

12          CHAIRMAN CLARK: All right. Thank you,  
13          Mr. May.

14          Ms. Christensen, are you available? Any  
15          comments?

16          MS. CHRISTENSEN: No, we have reviewed the  
17        recommendation, and we do not have any comments. I  
18        just wanted to briefly respond to what Mr. May just  
19        presented.

20          And we do recognize that COVID has created  
21        some usage issues across industry, however, we are  
22        setting rates going forward for the future, and so  
23        I think the best information that we have available  
24        on normal usage is 2019, and that usage would  
25        reflect a similar usage of 2017 before Hurricane

1           Michael.

2           So that's probably the most reflective of  
3           where the company will be when things return to  
4           normal, and I think that's what we need to set  
5           rates on at this point, is what we would expect  
6           normal to be going forward so that the rates are  
7           designed to capture their normal usage going  
8           forward.

9           And with that, I will end my comments. Thank  
10          you.

11          CHAIRMAN CLARK: Thank you, Ms. Christensen.

12          All right, Commissioners, any questions?

13          COMMISSIONER POLMANN: Yes, Mr. Chairman.

14          CHAIRMAN CLARK: Commissioner Polmann.

15          COMMISSIONER POLMANN: Thank you, Mr.  
16          Chairman.

17          I appreciate the comments from the utility and  
18          also from OPC. I wanted to just make an over -- an  
19          overall comment.

20          I reviewed this item in briefing with staff.  
21          We had a fairly broad discussion. And in  
22          particular in reference to a comment that we just  
23          heard, we did discuss with staff the uncertainty  
24          issues. And I wanted to acknowledge the comments  
25          that we heard, and the fact that I think that staff

1 did address that very well. I discussed that, and  
2 I am very satisfied with the way that was -- that  
3 was dealt with.

4 I want to recognize the uncertainty issue. I  
5 think staff did a good job. I am satisfied with  
6 the response to the questions that I had with  
7 staff, and I -- I think it's been appropriately  
8 addressed.

9 There were a number of other items of  
10 questions I had with staff. They addressed that.  
11 I am satisfied with all of the issues here.

12 I believe the recommendations do appropriately  
13 address this and that this item has been dealt with  
14 in the public interest. And, Mr. Chairman, I would  
15 move approval of all the issues as staff  
16 recommended.

17 CHAIRMAN CLARK: I have a motion. Do I have a  
18 second?

19 COMMISSIONER GRAHAM: Second.

20 CHAIRMAN CLARK: I have a second.

21 Any --

22 COMMISSIONER BROWN: I will second.

23 CHAIRMAN CLARK: We have a motion and a  
24 second.

25 Any discussion or any other questions from any

1 other Commissioners?

2 Commissioner Brown?

3 COMMISSIONER BROWN: Thank you.

4 I do feel compelled to ask just a few minor  
5 questions on the item, and also appreciate what the  
6 utility has been through since Hurricane Michael.

7 And it's been a long journey to get to this limited  
8 proceeding, so I -- I do acknowledge that.

9 One thing, though, I want to ask is one of the  
10 customers raised the issue about noticing boil  
11 water notices electronically, and this is more of a  
12 question for staff. I know DEP does not require  
13 that. It could be a more convenient, more  
14 streamlined process.

15 Is this something that we could consider in  
16 the future, and maybe participating with a more  
17 in-depth discussion with DEP about how to handle --  
18 for certain utilities. This is a Class B, a larger  
19 Class B. We have several Class B water cases  
20 before us today. This one happens to be a larger  
21 one. Is this something that we can talk with DEP  
22 about more in the future?

23 CHAIRMAN CLARK: I will ask Mr. Futrell to  
24 answer it or direct it to staff.

25 MR. FUTRELL: Commissioner Brown, I am going

1           to direct this first to Ms. Knoblauch, who handled  
2           this particular issue, and give her first chance to  
3           respond.

4           CHAIRMAN CLARK: Ms. Knoblauch, you are  
5           recognized.

6           MS. KNOBLAUCH: Thank you. This is Emily  
7           Knoblauch.

8           Yes. So as Commissioner Brown pointed out,  
9           this is covered under a DEP rule. So as you said,  
10          the utility is issuing notices according to the  
11          rule, so they have to be issued either by mail, or  
12          they can be hand-delivered. They also have to be I  
13          issued in a newspaper, but the rule does not  
14          specify that they cannot be issued in a different  
15          method in addition to those two methods as well.  
16          So I don't think the rule excludes issuing them  
17          through electronic means, via text or email. But I  
18          will just point out that, as far as the utility,  
19          that would be additional costs that would be passed  
20          along to the customers.

21           COMMISSIONER BROWN: And I do recognize that.  
22          I think this is something, though, that we could  
23          maybe explore down the road and see how this could  
24          streamline the process for the utility, quite  
25          frankly, and save them costs hand-delivering boil

1           water notices to almost 2,000 customers, versus  
2           text messaging, e-mailing, doing something more  
3           convenient.

4           But I would ask our Deputy Executive Director  
5           or our Executive Director to maybe just put this  
6           idea in the back burner for us to -- to look at as  
7           we move forward during the year. This is a large  
8           utility. It could probably save a lot of time,  
9           energy and costs, as well as complying with the  
10          safety and health and welfare of the public.

11          Mr. Chairman, I have two additional questions  
12          for staff. One -- another one deals with the  
13          excessive unaccountable water on page 13, Issue 5.  
14          We've got almost 20 percent unaccounted --  
15          excessive unaccounted for water, it's at 16.8. I  
16          just want a little bit of background for the group  
17          and how we can remedy that, and if the -- any --  
18          any improvements are remedying that.

19          MR. FUTRELL: And I believe, Mr. Chairman,  
20          that's Ms. Knoblauch.

21          MS. KNOBLAUCH: This is Emily Knoblauch again.  
22          Yeah, actually the excessive unaccounted for  
23          water, the utility indicated that that was mainly  
24          due to the aerators that are in place at the  
25          moment, and the new proforma project that they are

1       requesting in this rate case should help to remedy  
2       that.

3                 It's basically the aerator, they are losing  
4       water from that, so the new proforma project is  
5       replacing it. The current aerators that are used  
6       is a spray aerator. That should hopefully address  
7       the unaccounted for water that was calculated in  
8       this rate case.

9                 COMMISSIONER BROWN: Would we have any  
10      assurances from that within a year, per se?

11                MS. KNOBLAUCH: So the -- the new aerator  
12      system, the sprayer and mixer, that is supposed to  
13      go into effect at the end of 2020. So we probably  
14      wouldn't actually see the adjustment in the  
15      unaccounted for water until probably 2021.

16                COMMISSIONER BROWN: Is there any type of  
17      report that we have currently in place, though,  
18      that can address -- again, it's a pretty high  
19      amount. One of the highest I have seen. Is there  
20      any type of report that could provide us that since  
21      this limited proceeding is dealing directly with  
22      that issue?

23                MS. KNOBLAUCH: For Issue 5, we do not have  
24      any reporting requirements. I do not know of any  
25      prior proceedings where we required the utility to

1 report back on the excessive unaccounted for water.  
2 I don't know if -- if you guys want to add that  
3 requirement. I don't know if there is anything  
4 that would exclude that from being added.

5 COMMISSIONER BROWN: Thank you, Emily.

6 You know, Commissioners, we have a very  
7 sophisticated limited proceeding here, rate case,  
8 pardon me, with -- with significant time, legal  
9 fees, accounting fees, engineering fees, a lot of  
10 time has been put into this to address some of  
11 these issues like unaccounted for excessive water.  
12 I think it would make sense for us, since we are  
13 putting the onus on the utility here, to come back,  
14 at least -- I mean, I think we should have that  
15 information to make sure that the proforma costs  
16 are actually working. There has been a lot of  
17 money that is being requested here today for this  
18 size of utility, and I think it would be beneficial  
19 for the customers to at least know that maybe in a  
20 year, 2021, at least we have some type of report  
21 that shows that 20 percent almost is -- is  
22 diminishing.

23 MR. BALLINGER: Commissioner Brown, this is  
24 Tom Ballinger, can I speak a second?

25 COMMISSIONER BROWN: No. Just joking.

1                   MR. BALLINGER: One other thing to consider,  
2                   part of the unaccounted for water was based on an  
3                   estimate of extinguishing four fires. So that flow  
4                   was an estimate to conclude how much was  
5                   unaccounted for. There could have been a lot more  
6                   water associated with extinguishing those fires,  
7                   and not necessarily leaks and just the overflow of  
8                   these filters. So the number we have now is based  
9                   on estimates of other uses, which I think have a  
10                  big impact.

11                  COMMISSIONER BROWN: Tom, is there anything we  
12                  can do, though, I mean, since the proforma costs  
13                  are supposed to mitigate that -- that any excessive  
14                  unaccounted for amount? And this seems to be a lot  
15                  for this utility. Is there anything that we can  
16                  do, some type of measure?

17                  MR. BALLINGER: It's really -- the amount is  
18                  really not out of line with what we've seen in  
19                  other utilities, and the proforma is not being  
20                  installed just for unaccounted for water. The  
21                  proforma is being installed for other purposes. It  
22                  has a side benefit of reducing the unaccounted for  
23                  water.

24                  I have no problem with getting reporting back.  
25                  That's fine. I just wanted you to be aware that

1           the amount is based on several factors.

2           COMMISSIONER BROWN: Thank you.

3           Yeah, I so would like -- I mean, given the  
4       size of this case, I think that it would be  
5       beneficial. I think a report at the end of 2021  
6       would not -- at least some type of filing would be  
7       beneficial to the Commission as well as to the  
8       customers, irrespective of the fires.

9           Mr. Chairman, the other issue I have -- not  
10       issue I have, but question I have for Issue 13, on  
11       page 22, it's regarding the directors. And I  
12       understand that the staff is recommending a  
13       reduction from what the utility has requested.  
14       This is a minor question -- minor issue. I just  
15       kind of wanted clarification for the record.

16           Again, we are dealing with a Class B utility.  
17       We have two other cases today before us that are  
18       also similarly situated Class B utilities that  
19       don't happen to have directors.

20           Why is staff saying in this statement the  
21       duties have not changed for either the president or  
22       the director since the last rate case, yet they are  
23       asking -- they are giving the directors each \$3,000  
24       increases? I am just curious what the directors'  
25       responsibility to warrant that \$3,000 increase,

1           which is in excess of the CPI index since the last  
2           rate case.

3           MR. FUTRELL: Mr. Chairman, Mr. Andrews is on  
4           the phone that can answer that question from AFD.

5           CHAIRMAN CLARK: Okay.

6           MR. ANDREWS: Yes, this is Dylan Andrews.

7           When we looked at the directors' fees for this  
8           case, we have data requests with the utility and  
9           they indicated that the present salary is well  
10          below the average of a manager of a utility of this  
11          size, according to the AWWA survey.

12          COMMISSIONER BROWN: I'm not talking about the  
13          president. I'm not talking about the president.

14          MR. ANDREWS: Yes, ma'am. The utility  
15          requested that we include the president with the  
16          directors' fees together for their director -- or  
17          for their management salary in this case. So in  
18          looking at the fee for all of them together, we  
19          found a way to put those altogether to find them  
20          within the range with AWWA. Their increase from  
21          6,000 in the last case to 9,000, what we are  
22          recommending in this case, is more than the --  
23          what -- it's -- I guess -- you said it's more than  
24          the CPI index, but it is not a significant increase  
25          that we found, and they have had more experience in

1           managing and dealing, and then the utility also  
2           indicated that the directors have increased  
3           responsibilities due to the hurricanes that have  
4           come in recently, storm hardening and those sorts  
5           of things.

6           COMMISSIONER BROWN: Thank you.

7           So you combined the president's salary, which  
8           you think is below the AWWA benchmark, with the  
9           directors to give you a fair kind of market value  
10          of the overall salaries; is that right?

11          MR. ANDREWS: Yes, Commissioner. Yes,  
12          Commissioner.

13          COMMISSIONER BROWN: I don't have a problem  
14          with that. I am just curious why this particular,  
15          not publicly traded utility, has directors and we  
16          don't have a description of what those directors  
17          actually do, and then the utility was requesting  
18          additional bonuses and an increase in their  
19          compensation. Just it's not clear. And I am not  
20          saying I have a -- again, I seconded the motion. I  
21          don't have a problem with it. I just want more  
22          clarification about why this is justified when the  
23          other Class B utilities that are before us today do  
24          not even have directors.

25          MR. ANDREWS: These directors, as far as a

1           data request in this case, they have directors  
2           meetings a couple times a year, I can't remember,  
3           and they are on-call, as far as what their duties  
4           are, and they answer emails throughout the year,  
5           and are on-call to the president to provide  
6           guidance, I guess, to figure out the course of  
7           action for this utility, as far as what's their  
8           actual duties are. As far as comparing this to the  
9           other utilities, there may be --

10           MR. FUTRELL: Mr. Chairman --

11           MR. ANDREWS: -- rate case, I can't really  
12           speak to those personally.

13           COMMISSIONER BROWN: I am sorry, are they  
14           directly affiliated with the affiliate real estate  
15           company? Have you looked into that?

16           CHAIRMAN CLARK: Commissioner Brown, Mr.  
17           Futrell is wanting to answer a couple of these  
18           questions. Let's give him --

19           MR. FUTRELL: Perhaps some of these questions  
20           maybe could be directed by Mr. May, perhaps --

21           CHAIRMAN CLARK: I am going to get to Mr. May.

22           MR. FUTRELL: -- unless someone else from AFD  
23           would have a little more insight into the larger  
24           picture that Commissioner Brown is raising.

25           CHAIRMAN CLARK: Mr. May, we will go ahead --

1       we will go ahead and turn you to real quick, if you  
2       don't mind, if you could address Commissioner  
3       Brown's concern regarding the president's salary  
4       and the directors' salaries. And also I would like  
5       to ask you to address her request regarding a  
6       follow-up report maybe by the end of 2021 on  
7       excessive loss of water. Would you address both of  
8       those issues and give us a company position,  
9       please?

10                    MR. MAY: Yes, Mr. Chairman and Commissioner  
11                    Brown, those are excellent questions.

12                    With respect to the president's salary and the  
13                    four directors that were allowed in staff's  
14                    recommendation, you are correct that if you combine  
15                    all of those, the combined salaries are still below  
16                    the AWWA benchmarking numbers.

17                    In addition, the actual directors, this is a  
18                    unique -- this is a unique utility. It's a utility  
19                    that has -- it has one of the largest geographic  
20                    service areas of any Class B utility in the state.  
21                    It has about 1,800 customers, which is about twice  
22                    the size of the utility that you will be addressing  
23                    later today.

24                    In addition, it's -- this utility is uniquely  
25                    situated geographically along a coastline that was

1           devastated by Hurricane Michael. As a result, the  
2           not only the president, but the board of directors  
3           themselves had to take an active hand to get this  
4           utility back on its feet.

5           To complicate matters further, funding and  
6           financing for this particular project froze as a  
7           result of Hurricane Michael, it froze even harder  
8           as a result of COVID. These directors have been  
9           working diligently trying to find financing to move  
10          this project along. And again, this is a unique  
11          situation.

12          That's kind of the Reader's Digest answer to  
13          your question on that. If you have -- if you have  
14          other issues, I can -- I will try to explain  
15          further. But again, I think this is a unique  
16          situation. The directors are actively involved  
17          hands-on with this utility, particularly in light  
18          of the hurricane. And when you combine the  
19          directors' fees with it, with the salary of the  
20          president, the officer salaries will still fall  
21          below the AWWA benchmark.

22          With respect to your first question on the  
23          excessive unaccounted for water. The excessive  
24          unaccounted for water under this -- in this case is  
25          around 16.8 percent. I agree with Mr. Ballinger,

1           this is not out of -- outside of the parameters of  
2           what you see in other rate cases.

3           In addition, the way the rule works for  
4           excessive unaccounted for water, there is a penalty  
5           provision if excessive unaccounted for water  
6           exceeds 10 percent. So the utility is getting  
7           penalized by 6.8 percent. There is 6.8 percent  
8           reduction in purchase power costs and chemical  
9           costs in this rate case.

10          As far as the report at the end of 2021, we --  
11         I don't -- I think I can speak for the utility. We  
12         don't have a problem in providing that report at  
13         all. We would simply ask that if -- if it does  
14         show that excessive unaccounted for water is  
15         alleviated or reduced as a result of these for  
16         proforma projects, that the Commission consider at  
17         that point in time reducing the penalty that's  
18         embedded in this -- in this rate case.

19          COMMISSIONER BROWN: I agree. I think that  
20         makes adequate sense, and maybe we need to look at  
21         that moving forward for other utilities who have  
22         those penalties associated with excessive  
23         unaccounted for water as well as proforma that  
24         fixes that.

25          Thank you, Mr. May. I think you resolved any

1           potential concerns I had. I think the utility is  
2           unique dealing with these issues and appreciate the  
3           providing the clarification on all the issues.

4           MR. MAY: Thank you, Commissioner Brown.

5           I will be glad to answer any other questions.  
6           I will go on mute.

7           CHAIRMAN CLARK: All right. Thank you,  
8           Commissioner Brown.

9           Any other questions from any Commissioners?

10          COMMISSIONER POLMANN: Mr. Chairman --

11          CHAIRMAN CLARK: Commissioner Graham. One  
12          second, Commissioner Polmann.

13          COMMISSIONER GRAHAM: I just want to make sure  
14          that we are -- where we at. We have a motion on  
15          the floor by Doc Polmann and duly seconded?

16          CHAIRMAN CLARK: Yes.

17          COMMISSIONER GRAHAM: Maybe make an amendment  
18          to add Commissioner Brown's concerns?

19          CHAIRMAN CLARK: If Commissioner Brown would  
20          like to require that, or just take the utility's,  
21          just an agreement that they are going to provide  
22          this. It's your call.

23          COMMISSIONER BROWN: I would love to require  
24          it, if we could, because I think Mr. May brings up  
25          a good point. If we have a report, then we can

1       look at whether the proforma costs are remedying  
2       the excessive unaccounted for water. So I would  
3       ask that the utility -- a friendly amendment to  
4       have a report by the end of 2021 to indicate any  
5       excessive unaccounted for water, and see if this  
6       gives us the ability to address that at a later  
7       date.

8           CHAIRMAN CLARK: All right. We are going to  
9       consider that a friendly amendment, unless I see  
10       any objections. No objections --

11           COMMISSIONER GRAHAM: Question.

12           COMMISSIONER POLMANN: Mr. Chairman.

13           CHAIRMAN CLARK: Commissioner Polmann, one  
14       more comment.

15           COMMISSIONER POLMANN: Thank you.

16           CHAIRMAN CLARK: Commissioner Polmann.

17           COMMISSIONER POLMANN: I would suggest,  
18       Commissioner Brown, based on the comments from Ms.  
19       Knoblauch, what we are looking for, I think, since  
20       there is uncertainty in how the excessive  
21       unaccounted for water was calculated, that what --  
22       the one particular item where there is a direct  
23       evidence of loss of water was the aeration  
24       treatment system, as compared to, for example, the  
25       fire flow, which is a gross estimate, we have a

1 proforma project to operate the treatment work, and  
2 that is on a schedule, if you will, with an  
3 anticipated completion date, but that's, you know,  
4 calendar-based.

5 So my suggestion, if you will, is that we --  
6 we use that as a point of reference rather than  
7 picking 2021, and perhaps you would accept a future  
8 period of time as, for example, 12 months following  
9 completion of a proforma project as a due date for  
10 a report, and then consideration, if you wish, as a  
11 review of the penalty, which is what the utility  
12 asked for. I was not inclined to go that way, but  
13 if that's the Commission's desire, I am just  
14 suggesting that we use a reference point as a  
15 proforma completion date as 12 months.

16 COMMISSIONER BROWN: I think that's fair, Mr.  
17 Chairman.

18 CHAIRMAN CLARK: Okay. All right. So your  
19 point is that the reporting requirement will come  
20 at specific intervals during the next upcoming year  
21 when things are accomplished, is that my  
22 understanding?

23 COMMISSIONER POLMANN: Yes. I would simply  
24 ask Ms. Knoblauch if she thought that was  
25 reasonable, 12 months following completion of the

1 aeration project.

2 CHAIRMAN CLARK: Ms. Knoblauch, would you like  
3 to respond?

4 MS. KNOBLAUCH: Yes. That sounds good,  
5 especially, as Commissioner Polmann pointed out,  
6 these are estimates of when the project will be  
7 completed, so that seems reasonable.

8 CHAIRMAN CLARK: Okay.

9 COMMISSIONER POLMANN: Mr. Chairman, do you  
10 need anything else to clarify that motion or --

11 CHAIRMAN CLARK: No, sir, we are considering  
12 that -- we are considering that a friendly  
13 amendment to it. We are all on the same page here.

14 Are we all in agreement? Commissioner Brown,  
15 that satisfies your concerns?

16 COMMISSIONER BROWN: It does, I do want the  
17 ability, though, for the Commission to look at  
18 whether the proforma projects are working for the  
19 issue of the un -- you know, excessive unaccounted  
20 for water. I think that is a very smart issue to  
21 raise by the utility to look at because they are  
22 being penalized for that amount.

23 CHAIRMAN CLARK: All right.

24 COMMISSIONER BROWN: I think we should have  
25 that added to the friendly amendment, at least the

1           Commission shall address any issues associated with  
2       the un -- excessive unaccounted for water.

3           CHAIRMAN CLARK: So right now, the -- the  
4       current motion would read as the -- we are  
5       approving the staff recommendation with a  
6       modification that the utility report back 12 months  
7       after completion of the project with a report on  
8       how that has affected excessive water usage; is  
9       that correct?

10          Commissioner Brown, did you have any other  
11       point on that? Did I miss something?

12          COMMISSIONER BROWN: No thank you.

13          CHAIRMAN CLARK: All right. Commissioner  
14       Graham?

15          COMMISSIONER GRAHAM: I just want to make sure  
16       I have this correct.

17          So they will get back to us with a report  
18       explaining if they still have the excessive water  
19       use. If they do not have the excessive water use,  
20       are we going to eliminate that penalty and make  
21       that a staff function, that financial -- that  
22       financial penalty?

23          CHAIRMAN CLARK: Director Baez, you want to  
24       address that?

25          MR. BAEZ: To Commissioner Graham's question,

1           it's my -- it's our general understanding that, you  
2       know, though -- though Mr. May makes a good point,  
3       right, that the onus is on the utility to file  
4       for -- for that adjustment.

5           CHAIRMAN CLARK: Right.

6           MR. BAEZ: I mean, nothing -- at least as we  
7       sit here now, nothing about this motion puts the  
8       Commission in an affirmative position to have to  
9       address it upon filing of the report.

10          COMMISSIONER GRAHAM: Okay. So it's -- it's  
11       not going to automatically -- no, they are going to  
12       file the report, and then the burden is upon them  
13       to come back after that report.

14          MR. BAEZ: And make their case.

15          CHAIRMAN CLARK: A limited proceeding or --

16          MR. BAEZ: Something of the sort.

17          COMMISSIONER GRAHAM: Do we need to go through  
18       all that? I mean, if the report shows that the  
19       problem is fixed, why do we force them to come back  
20       again? Why don't we tie all of that together?

21          MR. BAEZ: My -- my reaction to that is that  
22       we are dealing -- we are dealing with dollars and  
23       math and percentages, and so I don't know how they  
24       all work together after that proforma project comes  
25       in. That's -- that's something that has to get

1           established. I mean, we know that there is  
2           nominally at least a six-percent -- Mr. May called  
3           it a penalty. It's an adjustment. We can quibble  
4           with the words, but if that's what they want to  
5           address, that should be substantiated at the time,  
6           and not in advance, I guess.

7           COMMISSIONER GRAHAM: Fair enough. I am just  
8           trying to understand.

9           MR. BAEZ: So that's not -- that -- that whole  
10          process that we've kind of -- that's not part of  
11          the motion.

12          CHAIRMAN CLARK: Correct.

13          All right. Is everyone clear on what we are  
14          voting on?

15          Okay. With that said, we will call for the  
16          vote.

17          Commissioner Graham?

18          COMMISSIONER GRAHAM: Aye.

19          CHAIRMAN CLARK: Commissioner Polmann?

20          COMMISSIONER POLMANN: Aye.

21          CHAIRMAN CLARK: Commissioner Brown?

22          COMMISSIONER BROWN: Aye.

23          CHAIRMAN CLARK: Commissioner Fay?

24          COMMISSIONER FAY: Aye.

25          CHAIRMAN CLARK: By your vote, the motion is

1           approved.

2           Thank you very much. Okay --

3           MR. MAY: Mr. Chairman, I will be signing off.

4           CHAIRMAN CLARK: Thank you, Mr. May. I

5           appreciate your participation.

6           (Agenda item concluded.)

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## 1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA )  
3 COUNTY OF LEON )

4

5 I, DEBRA KRICK, Court Reporter, do hereby  
6 certify that the foregoing proceeding was heard at the  
7 time and place herein stated.8 IT IS FURTHER CERTIFIED that I  
9 stenographically reported the said proceedings; that the  
10 same has been transcribed under my direct supervision;  
11 and that this transcript constitutes a true  
12 transcription of my notes of said proceedings.13 I FURTHER CERTIFY that I am not a relative,  
14 employee, attorney or counsel of any of the parties, nor  
15 am I a relative or employee of any of the parties'  
16 attorney or counsel connected with the action, nor am I  
17 financially interested in the action.

18 DATED this 15th day of May, 2020.

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DEBRA R. KRICK  
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