

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060246-WS

In the Matter of:

APPLICATION FOR INCREASE IN WATER AND  
WASTEWATER RATES IN POLK COUNTY BY GOLD  
COAST UTILITY CORP.



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PROCEEDINGS:           AGENDA CONFERENCE  
ITEM NO. 16

BEFORE:               CHAIRMAN LISA POLAK EDGAR  
COMMISSIONER MATTHEW M. CARTER, II  
COMMISSIONER KATRINA J. McMURRIAN  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP

DATE:                 Tuesday, July 10, 2007

PLACE:                Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY:         JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6732

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FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 MARTIN S. FRIEDMAN, ESQUIRE, and FRANK SEIDMAN,  
3 representing Gold Coast Utility Corp.

4 KATHERINE FLEMING, ESQUIRE, TROY RENDELL,  
5 MARSHALL WILLIS, and JENNIE LINGO, representing the Florida  
6 Public Service Commission Staff.

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

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2 CHAIRMAN EDGAR: And we will be here in just a moment  
3 on Item 16. (Pause.)

4 Mr. Rendell, I think we're ready.

5 MR. RENDELL: Thank you.

6 Commissioners, Troy Rendell on behalf of staff.

7 Item Number 16 is staff's recommendation on the  
8 request for a rate increase for water and wastewater rates by  
9 Gold Coast Utility Corporation. Staff is recommending an  
10 increase of approximately 74 percent for water and 83 percent  
11 for wastewater.

12 Mr. Marty Friedman is here on behalf of the utility,  
13 and Mr. Steve Reilly is here on behalf of the Office of Public  
14 Counsel to address the Commission. Staff is prepared to answer  
15 any questions you may have.

16 CHAIRMAN EDGAR: Thank you very much.

17 Mr. Friedman.

18 MR. FRIEDMAN: Madam Chairman, Commissioners, my name  
19 is Martin Friedman of the law office of Rose Sundstrom &  
20 Bentley. We represent the utility, Gold Coast Utility Corp.  
21 With me also is Mr. Keith Berg (phonetic), who is the primary  
22 owner and utility director. And next to him is Mr. Frank  
23 Seidman, who you all know.

24 We believe that the staff recommendation has made a  
25 reasonable compromise between the positions that OPC and the

1 utility have. In general, they support the staff's  
2 recommendation, with one issue that I would like to address,  
3 and that is Issue Number 5 on the used and useful of the water  
4 and wastewater plants. And that's based on an investigation  
5 that the Commission did that culminated in 1999 with an order,  
6 and in that rate investigation, the Commission implicitly  
7 acknowledged that the water and wastewater plants were 100  
8 percent used and useful. There have been no significant  
9 changes in the plants since that rate investigation was  
10 complete, and thus we believe that you should follow that  
11 1999 order and find that the water and wastewater plants are  
12 100 percent used and useful.

13           The staff rejects that order on the basis that there  
14 was no specific finding in that 1999 order of 100 percent used  
15 and useful. However, that order made a number of adjustments  
16 to the books and records of the company, operating and  
17 maintenance types of adjustments. And had the staff and this  
18 Commission believed that adjustments were also appropriate to  
19 rate base by making used and useful adjustments, then those  
20 adjustments would have been made also. The absence of any  
21 adjustment leads you to the conclusion that the finding in  
22 1999 was that the plants were 100 percent used and useful.

23           As I pointed out, no significant modifications have  
24 been made to the plant, and we would suggest to you that a used  
25 and useful of 100 percent is the appropriate amount in this

1 case. Thank you.

2 CHAIRMAN EDGAR: Thank you, Mr. Friedman.

3 Mr. Reilly. And before you start, I'll note that OPC  
4 has distributed a copy to all of us, and I believe to the  
5 parties and our staff, titled Gold Coast Utility Corporation  
6 Water Treatment Plant, Used and Useful.

7 Mr. Reilly.

8 MR. REILLY: Thank you, Madam Chairman. I also wish  
9 to address Issue 5, used and useful of water treatment. I, of  
10 course, disagree with the company with regard to the staff's  
11 understanding of that prior order. I just don't think the  
12 order addressed it. It specifically made no finding concerning  
13 the used and usefulness of it. I think that that is really  
14 driven home clearly when you look -- and I do ask you to look,  
15 if you would, at the one-page handout that I had. Plus the  
16 other thing that you might look at to try to, you know,  
17 comprehend or maybe appreciate some of the arguments I'm about  
18 to make would be Page 46 of the recommendation. That is the  
19 schedule that really delineates staff's approach to the used  
20 and useful issue of the water treatment system, which, frankly,  
21 Public Counsel agrees with in large measure.

22 There's only two points that we do disagree with on  
23 Page 46, and the only reason why I handed out a separate  
24 handout was just to kind of take you through this whole issue  
25 of used and useful and kind of build up from the ground, shall

1 we say from the ground up going forward as to how we are  
2 getting these used and useful percentages. By the way, the two  
3 issues that we take exception with staff is how you  
4 appropriately determine the fire flow requirement, number one.  
5 And, number two, the staff's treatment of an interpretation of  
6 firm reliable capacity. Those are the two subcomponents that  
7 we kind of take exception with.

8           The reason why I handed out this little handout was  
9 just to -- from the ground up appreciate that although when we  
10 are trying do a used and useful analysis, you don't look at  
11 normal conditions, you don't look at average conditions, you  
12 really build into both the numerator, the demand-side, as well  
13 as the denominator, the capacity side, contingencies, unusual  
14 circumstances.

15           And what you try to do is, in effect -- first, let me  
16 just take you through the first line there. What that is  
17 looking at is just on an average daily flow basis of the test  
18 year. That's the kind of flows that we are looking at. It is  
19 116,244 gallons a day. That doesn't take into account fire  
20 flow, it doesn't take into account growth, it also doesn't take  
21 into account peak flows that are obviously happening in the  
22 system.

23           So I'm not suggesting that we use that as the  
24 numerator. No one is suggesting that. But it just gives you a  
25 base line to look at the reasonableness of a suggestion in

1 1999 this system was 100 percent used and useful. In reality,  
2 the real capacity, the gross capacity of this system is  
3 2,160,000 gallons a day. If you ran both pumps full tilt, you  
4 know, seven days a week, that is what you would have. That  
5 produces this 5.38 percent used and useful. Now, of course,  
6 that's not the number everyone uses. You have got to begin to  
7 appropriately create a peak demand which causes that numerator  
8 to go up, and you have got to also cause the denominator, in  
9 effect, to be reduced by having the firm reliable capacity to  
10 take contingencies.

11           And what we do there, in fact, everyone -- I say  
12 staff and OPC is in agreement, that we should use a peak flow.  
13 Normally, that peak flow would be the peak day. I believe the  
14 record reflected in this particular case an anomaly in the peak  
15 day. So what has been the practice is to look at the five peak  
16 days of the peak month and that produces that second line, the  
17 219,000, which as you can see is basically about double. So  
18 that obviously has a tremendous impact on that used and useful  
19 figure to the far right.

20           But the other thing that impacts it is we're going to  
21 more than double reduce the denominator. All the authorities,  
22 and even our engineer agrees, is that when there are two or  
23 more wells it's appropriate, when you are trying to create a  
24 sustainable daily capacity, that it's appropriate to build in  
25 from an engineering standpoint that reserve. And so, in this

1 case, there is a 730-gallon per minute and a 770-gallon per  
2 minute. So what we have recommended, staff has recommended, is  
3 that that biggest well be taken off. And when you do that,  
4 that greatly reduces the denominator and it brings it down to  
5 1,051,200. So now our used and useful is up to 20.83 percent.

6 The other thing, and I put a check by that, the other  
7 thing that staff has done that OPC agrees with is we have  
8 looked at the growth. And they calculated the growth. We have  
9 not taken exception with that figure. That's the 5,729 gallons  
10 per day, and we have added that figure to the 219, and that  
11 increases the numerator. And that's why it jumps up to  
12 21.38 percent.

13 Here is where we start differing, though. The next  
14 issue, we don't differ on what the county requirement is for  
15 fire flow, that is that figure I put down there. It's 500  
16 gallons per minute times four hours, which translates into  
17 120,000 gallons to be put into the numerator. That's what  
18 staff has done. They put the full fire flow and put it in  
19 treatment, they said. This fire flow requirement, we're going  
20 to give a credit for that in the numerator for the full  
21 gallons.

22 Our engineer says that that's not fair or  
23 appropriate. Our argument today, and it will be in the used  
24 and useful rule that you will later consider, we believe that  
25 if a company has storage, storage is there to provide for



1 instantaneous demands. The most important instantaneous  
2 demands there are, of course, is the emergency instantaneous  
3 demands, which are your fire instances. Which are not going to  
4 happen often, but they do happen. And when they happen,  
5 storage is there to immediately meet that.

6           And so what we have done and our approach has been is  
7 the first gallons out of storage should be there to meet  
8 emergency demands. Well, in this case there is, in fact, an  
9 elevated 100,000 gallons storage. And the customers want, I  
10 guess, appropriate credit for that storage. And we don't  
11 believe, and our argument to you today and will be later when  
12 the used and useful will come, is you should not make the  
13 customers pay for daily treatment capacity to provide for these  
14 instantaneous emergency demands.

15           Now, you will if there is no storage. The fire flow  
16 has got to come from somewhere. If there is no storage, we  
17 admit it has got to come from treatment, or if there is  
18 inadequate storage it has to come from treatment. So we will  
19 concede that if there is no storage or if there is inadequate  
20 storage, obviously the fire flow requirement must be met and it  
21 will have to necessarily be met by treatment. But, there is  
22 this mismatch between the making the requirement -- this is an  
23 everyday requirement that you only go to it as a last resort.  
24 So there is our difference. Staff has put in the whole 120,000  
25 in the numerator whereas we have put in just 20,000 because we

1 say storage has met part of that fire flow requirement.

2           Then you get to the next line which basically is our  
3 final OPC position. We've added -- what we have done is we  
4 have taken out of the numerator, and staff has also taken this  
5 number out, we removed excessive unaccounted for water. So  
6 that is how we arrived at our final figure of 243,830, which  
7 gives you full fire flow, it gives you peak flows and is an  
8 appropriate numerator. We stand firm on the denominator. We  
9 see it as we are kind of repeating ourselves on the right  
10 column. We really feel that that is more than adequate and  
11 fair to take the largest well off.

12           Now, you know, you may say, well, why does staff come  
13 along, and this is the other point of contention, why does  
14 staff come along and whack it, basically cut it right in half.  
15 After you have taken the largest well out, they come out back  
16 and take the remaining well and literally cut it in half. We  
17 feel that that is not fair to the customers. Not only in this  
18 case, but it's going to be in, perhaps, some of the these other  
19 cases where we have serious affordability issues. That is  
20 just -- it does not meet, I think, in our view, the  
21 Commission's duty of trying to balance affordability and  
22 compensatory.

23           You might have said, well, why does staff take a  
24 position? And I asked staff, why do you take the position of  
25 cutting this in half? And they said, well, refer yourself to

1 Mr. Redemann's testimony in an earlier Utilities, Inc. docket.  
2 And these are, at least, the arguments that staff gave me when  
3 I asked this question. And I'm basically reading from this  
4 testimony, and I assume that this will be the same argument  
5 that staff makes today.

6 CHAIRMAN EDGAR: Mr. Reilly, actually I would prefer  
7 to ask staff to --

8 MR. REILLY: To make its own.

9 CHAIRMAN EDGAR: I really would, yes.

10 MR. REILLY: Okay.

11 CHAIRMAN EDGAR: And then if you have comments to  
12 respond to that, we will certainly allow that, too.

13 MR. REILLY: All right. Well, I believe that staff  
14 in its reason for cutting it, I don't know how I can articulate  
15 our position of why it should be, so I guess I will wait now  
16 and let staff address why it thinks it's appropriate to cut it  
17 in half, and then I will reserve argument as to why I think it  
18 is not appropriate.

19 CHAIRMAN EDGAR: Let's try it that way and see where  
20 it takes us.

21 Mr. Rendell, could you please speak to some of the  
22 points that have been raised?

23 MR. RENDELL: Sure.

24 Commissioners, staff acknowledges that the proposed  
25 used and useful has been protested. Until the docket is

1 resolved on the rule, we believe we must be consistent with  
2 past Commission practice as well as our position in that rule.  
3 Obviously, we are going to have disagreements with the Office  
4 of Public Counsel on the fire flow as well as the pumping  
5 capacity of the well. We believe that 12 hours a day is  
6 adequate for the firm reliability, based on the wells operating  
7 for the water drawdowns, and consistent with past Commission  
8 practice as well as testimony provided in other dockets. As I  
9 indicated, we are following past Commission practice as well as  
10 the rule, which will be decided in an upcoming hearing based on  
11 a protest filed by OPC.

12 CHAIRMAN EDGAR: Thank you.

13 Mr. Reilly.

14 MR. REILLY: As I understand the staff's position,  
15 they believe that the well should have some down time to allow  
16 aquifer recharge. And this is the previously stated -- this is  
17 the genesis of the staff's position that was taken in a staff  
18 recommendation that was voted out by this Commission. We do  
19 have a number of cases that the Commission has voted out and  
20 says that we will accept this 12 hours, we will cut this figure  
21 in half. We have, respectfully, disagreed with that past  
22 position of the Commission. We will continue to advocate that  
23 position.

24 Today I make it because -- and it goes on to say --  
25 it's environmentally responsible and prudent to rest a well for

1 12 hours per day so the groundwater can recharge. And they go  
2 on to say what happens with excessive pumping. Excessive  
3 pumping has caused wells to draw air, sand, and gravel into the  
4 water system and has caused saltwater intrusion, land  
5 subsistence, and well collapse. The use of 12 hours per day  
6 pumping also reflects general usage patterns.

7 My argument to you would be that I think the  
8 Commission should defer to the proper agency. The proper  
9 agency with the proper expertise to make judgments concerning  
10 aquifers, well drawdowns, requirements of pumping, rate of  
11 pumping requirements. I think when the Commission and its  
12 engineering section goes in and begins to dictate pumping  
13 requirements based on what's good for the environment, I think  
14 this agency begins to move in a direction beyond its expertise.

15 I think it is a better policy of this Commission to  
16 defer to the Water Management Districts, and the consumptive  
17 use permits, and the unique aquifer conditions of any  
18 particular system. Because there are some systems where all of  
19 these things are true. Some of the systems near the coast, if  
20 you have excessive drawdowns will cause saltwater institution.  
21 Under other situations, and totally unique aquifer conditions,  
22 will cause sand -- we ran into that earlier today. But I think  
23 it's the agency that has expertise in this area that this  
24 agency should defer to is the Water Management District. They  
25 are very qualified and very capable. And to the extent that

1 they say that your permit, you should only pump this quantity,  
2 and you should only do it over this well, they have the  
3 expertise to do that.

4 CHAIRMAN EDGAR: Mr. Reilly, I think we have heard  
5 that point now several times. What I would like to do, and I'm  
6 sorry to interrupt you, but I want to make sure that we move  
7 through some things, and it has been a long morning, and we do  
8 have one further item, so --

9 MR. REILLY: Do you want me to conclude? One minute  
10 to conclude?

11 CHAIRMAN EDGAR: What I would like to do -- yes, but  
12 I know that our staff wanted to jump in on a couple of points,  
13 and just so we keep the points sort of together, and I was  
14 fully expecting that Mr. Friedman would like to jump in, as  
15 well. So what I would like to do -- I do believe that our  
16 staff wanted to make some comments. I would like to give them  
17 the opportunity do that, then, Mr. Reilly, I will come back to  
18 you for a minute or so. And then, Mr. Friedman, I will  
19 recognize you for some comments, and then what I would like to  
20 do is see if the Commissioners have questions.

21 And, Mr. Rendell, do --

22 MR. RENDELL: Commissioners, there is not a lot more  
23 to add. We will be working with the agencies as well as Office  
24 of Public Counsel during the hearing process and on the used  
25 and useful rule, and this will be thoroughly addressed during

1 that hearing process. As I indicated earlier, we're striving  
2 to remain consistent with Commission practice as well as  
3 testimony provided in an earlier docket, which has been voted  
4 out by the Commission, as Mr. Reilly has indicated. So we are  
5 basically -- as I indicated many times, we are remaining  
6 consistent pending the rule challenge hearing.

7 CHAIRMAN EDGAR: Thank you.

8 Give me a minute and I'll come back to you.

9 Yes, sir.

10 MR. EDWARDS: Staff engineer, Gerald Edwards.

11 We are and have been working with the Office of DEP  
12 and also Water Management District concerning the water  
13 rulemaking. We have considered their input. So it's not like  
14 this is just something that the PSC engineers are doing.

15 CHAIRMAN EDGAR: Thank you.

16 Mr. Reilly.

17 MR. REILLY: Very quickly.

18 It's not only that it's not supported by the  
19 environmental science, and I don't think it is supported by the  
20 proper agency, but the argument I had not made that I will make  
21 in close is from an engineering standpoint. Our engineers say  
22 that just arbitrarily putting 12 hours is just that, it is  
23 absolutely arbitrary. Those pumps -- according to our  
24 engineers, those pumps are designed to pump, pump, pump. They  
25 go 24 hours a day, 7 days a week, 52 weeks out of the year. It

1 may be that when we get into this rule you may look into the  
2 issue of adjusting that 24 to 22, you know, whatever, to  
3 consider some other factors, but just making it 50 percent is  
4 just way beyond the pale. And we feel like it creates an  
5 overstatement of the used and useful for these customers in  
6 this case, and that's why I'm here talking about it. It is not  
7 supported by engineering basis nor environmental, and it's  
8 excessive, and that's why we are bringing it up.

9 CHAIRMAN EDGAR: Thank you, Mr. Reilly.

10 Mr. Friedman.

11 MR. FRIEDMAN: Very briefly.

12 Mr. Reilly is making the same arguments that he will  
13 be making in this new rule proceeding that OPC has challenged.  
14 But I think that until this Commission makes a change based  
15 upon evidence that you should follow what you have done in  
16 other cases, as Mr. Rendell mentioned, which is the methodology  
17 applied in this case.

18 And I'm going to ask Mr. Siedman, who is the  
19 company's expert on used and useful, to make a couple of brief  
20 comments.

21 Thank you.

22 CHAIRMAN EDGAR: Mr. Seidman.

23 MR. SEIDMAN: Thank you, Commissioners. I'll be very  
24 brief.

25 First, I would like to support the position of both



1 Mr. Friedman and staff with regard to the used and useful  
2 rulemaking. I think you have to realize that that rule,  
3 although it's being challenged, and being challenged only by  
4 the Office of Public Counsel, is your rule. You passed it out  
5 and you agreed with what staff said in that rule, and that rule  
6 would be standing now if it were not challenged by the Office  
7 of Public Counsel. So I think it behooves you to support your  
8 staff in that position.

9 We did not agree with staff when we presented our  
10 minimum filing requirements. We did ask for 100 percent used  
11 and useful, but we have not taken an issue in this case with  
12 the recommendation, rather let it go out as it is. But one of  
13 the major points is the reason that we did not agree with staff  
14 in this particular case, although they are following what they  
15 have proposed, what you have proposed in the rule, is that in  
16 this case following Mr. Reilly's suggestion, we deferred to the  
17 Water Management District permit which specifically has a  
18 limitation and says the maximum daily allocations shall not  
19 exceed 230,000 gallons a day, and that's what we used as a  
20 basis for capacity rather than the capacity of the pump. On  
21 that basis, the plant is 100 percent used and useful. So I  
22 don't think you can have it both ways on this.

23 CHAIRMAN EDGAR: Thank you all. I appreciate all of  
24 your comments and the discussion.

25 Commissioners, let's open it up for questions from

1 the bench, if there are any.

2 Commissioner McMurrin.

3 COMMISSIONER McMURRIAN: Thank you.

4 I guess I'll start off with something that  
5 Mr. Edwards talked about, how he was working with DEP and the  
6 Water Management Districts on the rule. And I guess one of the  
7 questions I was going to ask that I guess is more specific is  
8 are those entities involved in the hearing process that we are  
9 now in, and when is that hearing coming before us, too?

10 MR. RENDELL: It has not been scheduled yet. We just  
11 received the protest. The hearing has not been scheduled.  
12 Once the order establishing procedure will be issued, which  
13 delineates when the different testimony will be due, we will be  
14 working with the various agencies to provide testimony. Also  
15 possibly meeting with Office of Public Counsel to see if there  
16 is some type of compromise or settlement so we can avoid any  
17 type of hearing. But, as I indicated, that recently did occur,  
18 and we are still working on that.

19 COMMISSIONER McMURRIAN: So is there some possibility  
20 that the Water Management District and DEP also might give some  
21 sort of testimony with respect to the points that Mr. Reilly  
22 has raised?

23 MR. RENDELL: It's possible.

24 We did workshop the rule. DEP was there, they did  
25 provide testimony on our proposed rule. Mr. Reilly did

1 participate in that workshop, as well, with a different  
2 consultant. Granted, he has hired a new consultant which did  
3 not provide comments to our rule prior to going to agenda, so  
4 we have not seen what his new consultant's comments are on it.  
5 I'm assuming that's going to be articulated through the  
6 testimony provided by OPC. So we are kind of at a loss right  
7 now to even look at where OPC is coming from on their protest.

8 COMMISSIONER McMURRIAN: But it is fair to say that  
9 we expect that the Water Management District would be able to  
10 review any testimony that's put forward and might even testify  
11 in this case as to these issues so that we might have, I guess,  
12 for our purposes, the benefit of their expertise with respect  
13 to these issues.

14 MR. RENDELL: Yes. We will work closely with them  
15 through the memorandum of understanding to provide testimony on  
16 behalf of staff. I do want to point out in this particular  
17 case this utility has gone to the Water Management District to  
18 increase their consumptive use permit. They are expecting a  
19 very large area of growth in the future. It's questionable  
20 when that growth will occur, but they have actually taken a  
21 proactive step to go before the Water Management District to  
22 increase their consumption use permit.

23 COMMISSIONER McMURRIAN: And I do have a couple of  
24 other questions. I think, Mr. Rendell, you spoke to this  
25 earlier, but I guess -- I don't know, we have discussed this

1 several times before with Mr. Reilly, but about adding the  
2 100,000 gallons per day for fire flow, and his comments about  
3 there is no storage or inadequate storage, it must come from  
4 treatment. And it sounds like we have addressed that through  
5 our rule which has been protested, but help me understand  
6 staff's thinking on that point.

7 MR. RENDELL: Well, originally we looked at -- when  
8 we first started the process of the rule is we were combining  
9 the storage and the treatment. Based on the comments in the  
10 workshop, we agreed with the utility consultants and the  
11 comments with DEP that you should separate them, they should be  
12 separate components. Then the point of where does fire flow  
13 come from came about. Should it come from just the treatment  
14 plant or should it come from just the storage. Originally we  
15 looked at OPC's position that it should only come from storage,  
16 if it's adequately provided, then anything over that should be  
17 added to the treatment.

18 Upon further reflection and reviewing the comments of  
19 the parties provided during the rulemaking process, we then  
20 agreed that the fire flow should be added to the storage as  
21 well as to treatment plant so that if there is a fire on that  
22 day that while the fire flow is coming from the tank it also  
23 has to be provided elsewhere through the treatment plant, and  
24 that's what the rule reflected that was protested.

25 COMMISSIONER McMURRIAN: And I'm assuming that that

1 issue along with the issue of the 12 hours per day are the  
2 subjects of the protest, and we will be looking into that in  
3 detail, also getting additional testimony perhaps from the  
4 other agencies.

5 MR. RENDELL: That's correct.

6 COMMISSIONER McMURRIAN: Okay. That's all.

7 CHAIRMAN EDGAR: Commissioner Skop.

8 COMMISSIONER SKOP: Thank you, Madam Chair. Just a  
9 question for Mr. Rendell.

10 With respect Mr. Reilly's comment about the running  
11 times of the pump, usually I read these pretty diligently, but  
12 I don't believe that is contained in the staff recommendation  
13 at all. Is that an external document?

14 MR. RENDELL: It is in the calculation itself where  
15 we consider the pump running 12 hours. If you look on Page 19  
16 under plant capacity, it is inherent in the calculation of the  
17 firm reliability of the treatment system. Where we differ is  
18 we have used 12 hours pumping for the well, whereas Mr. Reilly  
19 would indicate that it should be 24 hours pumping of the well.

20 COMMISSIONER SKOP: Thank you.

21 CHAIRMAN EDGAR: Commissioner Argenziano.

22 COMMISSIONER ARGENZIANO: To the issue of the 12  
23 hours, the Water Management District when issuing a consumption  
24 use permit has a three-prong test, and then they have all these  
25 particulars, and I don't know how you would come up with the 12

1 hours for an environmental purpose. As Mr. Reilly stated  
2 before, many times in many different areas you have wells, well  
3 fields in the Ocala Ridge area you can pump forever without --  
4 I mean, you're talking a very large capacity of water versus a  
5 well that's -- well, not on the coast, because there is no  
6 fresh water on the coast anymore anyway in the potable zones,  
7 there's no potable zone, but closer to the influence of the  
8 salinity, you can't. So I don't know how if you have kept --  
9 how do you come to that conclusion? Did the Water Management  
10 District advise staff that the 12 hours would be an  
11 environmental concern that they have that they don't currently  
12 use?

13 MR. RENDELL: It was based on testimony provided in a  
14 previous docket by Staff Witness Redemann, Rich Redemann in the  
15 Utilities Inc. docket. Mr. Siedman had provided testimony as  
16 well as Office of Public Counsel, and so it was based on that  
17 testimony and that set the precedent. We started using the 12  
18 hours in subsequent cases based on the testimony provided in  
19 that docket.

20 COMMISSIONER ARGENZIANO: So for environmental  
21 purposes, but wouldn't it be different in different  
22 geographical areas?

23 MR. RENDELL: It is possible, depending on the  
24 aquifer and the draw-down times, but when we are looking at  
25 ratesetting we look at globally how we set rates throughout the

1 state of Florida. If a utility or the Office of Public Counsel  
2 wants to come forward and offer additional documentation that  
3 the 12 hours may not be established for that utility, it might  
4 be something different, then we would consider that. That has  
5 not occurred in this case there has been no documentation to  
6 recant staff's methodology.

7 COMMISSIONER ARGENZIANO: But, once again, it's  
8 only -- the 12 hours is only really geared for environmental  
9 purposes, that is your purpose of using the 12 hours.

10 MR. RENDELL: It was for water drawdowns as well as  
11 letting the pumps rest for a certain period of time so that you  
12 are not always running the pump and basically burning them up.  
13 You don't want to run them for 24 hours straight. That was at  
14 issue in that case where there is staff testimony.

15 COMMISSIONER ARGENZIANO: Thank you.

16 CHAIRMAN EDGAR: Commissioners, any further  
17 questions?

18 Commissioner Skop.

19 COMMISSIONER SKOP: Thank you, Madam Chair.

20 Just as a follow up to Commissioner Argenziano's  
21 comment to Mr. Rendell. With respect to the pump start up and  
22 starting or running continuously, it would seem to me, or I'm  
23 not aware of the prior staff testimony since I'm new to the  
24 Commission, but it just seems as a matter of engineering  
25 principle that the starting and stopping a pump, or that

1 assumption, would be more detrimental to the pump itself, which  
2 would be designed to run continuously. I mean, i.e., nuclear  
3 reactor plants and such, feed water pumps, et cetera, et  
4 cetera, et cetera.

5 But the starting and stopping, I mean, that is  
6 substantial wear on pump components when you do that. So is  
7 there some testimony that you are relying on to the extent that  
8 you're supporting the assumption that it is detrimental to the  
9 pump by running it continuously versus it would be more  
10 detrimental to start and stop?

11 MR. RENDELL: Not that I'm aware of. I think it is  
12 based on the analysis of the comments provided during the  
13 workshop on the rule. I believe that could be an area for  
14 additional discussion with the Office of Public Counsel during  
15 the protest of the rule. That definitely will be an area topic  
16 to discuss.

17 COMMISSIONER SKOP: Thank you.

18 CHAIRMAN EDGAR: Commissioner Carter.

19 COMMISSIONER CARTER: Thank you, Madam Chair.

20 Was there any discussion from any of the expert  
21 witnesses or the testimony in the rule proceeding that lead to  
22 the resolution of coming to the 12 hours versus 14 hours versus  
23 16 hours versus 20 hours?

24 MR. RENDELL: Well, the rule hearing has not been  
25 scheduled. There has been testimony provided. The specific



1 docket I was referring to was Utilities, Inc. of Florida, not  
2 the one that just went before the Commission, but the prior one  
3 which went to hearing. There was testimony provided by the  
4 utility, DEP, as well as staff on the appropriate amount of  
5 hours, the drawdowns, should it be 24 hours, 16 hours, 12  
6 hours. And that was weighed by the Commission, and they agreed  
7 with the staff witness at that time, and that's what we are  
8 basing our decision on here is precedent in prior cases, rate  
9 cases.

10 COMMISSIONER CARTER: Madam Chair.

11 So if I hear you correctly, you're saying that based  
12 upon the current iteration of cases pursuant to the rule is you  
13 are trying to stay consistent with that because that is the  
14 number that you have come up with based upon prior Commission  
15 rulings?

16 MR. RENDELL: Prior cases that were before the  
17 Commission, and that is what we were attempting to do in the  
18 rule was to codify those past decisions based on testimony  
19 provided in rate cases, and that will be a subject matter of  
20 the rule proceeding. But unless there is some outweighing  
21 evidence to do otherwise, we believe we should be consistent  
22 with past Commission practice.

23 Commissioner, just a follow up before I lose --

24 CHAIRMAN EDGAR: Commissioner Carter.

25 COMMISSIONER CARTER: -- one of my over-50 moments

1 here.

2           You talked about there would have to be some reason.  
3 What would you enunciate those reasons to be to come up with  
4 something other than the 12 hours?

5           MR. RENDELL: Well, we will be considering carefully  
6 the testimony provided by OPC's consultant in the rule hearing,  
7 and we will look at those points brought forward by the  
8 different parties during that proceeding that may differ from  
9 what was in the past rate case before the Commission, and we  
10 would carefully consider those based on the new testimony in  
11 the new proceeding.

12           CHAIRMAN EDGAR: Commissioner Argenziano.

13           COMMISSIONER ARGENZIANO: I want to go back to the  
14 issue again. Because while I appreciate the concern in trying  
15 to be consistent, sometimes things do change. And I'm not sure  
16 that this is not really -- what I'm hearing is more of a cone  
17 of influence issue in regards to drawdown, and that is what I  
18 thought the Water Management Districts do, and make sure that  
19 they are doing properly, so that there is not an over drawdown  
20 in one particular area. So I don't know how we establish the  
21 number. I haven't been here in the past, so I don't know about  
22 the other cases that were established, but I would not beg to  
23 differ, but add that to me that that would be ever changing  
24 depending on where the well was and the determination of, I  
25 think, the Water Management Districts, and that is a cone of

1 influence issue more than, I think, a PSC issue.

2 MR. RENDELL: Mr. Willis may --

3 MR. WILLIS: Commissioner Argenziano, if I could just  
4 add to that. I really agree with you, there is a cone of  
5 influence issue here. And it really, in the past, through the  
6 hearings I have participated in has come down with mostly  
7 testimony from DEP. And I wish Mr. Van Hoofnagle was still  
8 here. The issue gets down to not only recharging of the  
9 aquifer, but the quality of water you are going to be  
10 withdrawing from the well.

11 If you don't allow that cone of influence, it is kind  
12 of like when you over pump a well you are going to have the  
13 water being down in sort of a cone, that's why we get the cone  
14 of influence. When you rest it, it comes back up to the normal  
15 water level. If you over pump, you can get back to the sand  
16 issue. You can get an excessive amount or quantity of sand  
17 being pulled into a well because of overpumping. And, of  
18 course, utilities that don't have the capacity available to  
19 serve the customers do tend to overpump. They will pump their  
20 wells past 12 hours.

21 But in the past the testimony that we have heard from  
22 the environmental agencies is that there is a need to rest.  
23 Now, what that is can vary from system to system, but we have  
24 tried in the past to come up with consistent rules for  
25 companies to follow, that is where the 12 hours came from.

1 CHAIRMAN EDGAR: Commissioner.

2 COMMISSIONER ARGENZIANO: I understand that. But  
3 when you talk about recharge, really in Florida below, I guess,  
4 New Smyrna and Cedar Key, everything that is really recharge is  
5 rain, because you can't take out more than what Mother Nature  
6 puts back in without recharging the aquifer.

7 But then if that is what you are telling me, then you  
8 have to have a rule that says the wastewater, or whatever you  
9 are recharging with artificially has to be when those wells are  
10 resting, then you would need to be recharging in an artificial  
11 way. Is that happening? Are we saying, okay, if you rest your  
12 wells now your wastewater has to be pumped into a pond so that  
13 it can recharge? Are we doing any recharging?

14 MR. WILLIS: No, that's not exactly what I'm talking  
15 about when I'm talking about recharging. I'm not really  
16 specifically saying it needs to be recharged by means of  
17 rainwater, or stormwater, or reuse being applied. What I am  
18 talking about there is an actual drawdown of the water table  
19 several feet out from the well head.

20 COMMISSIONER ARGENZIANO: Right.

21 MR. WILLIS: And if you allow a well to rest, that  
22 water level will come back up to the water level in the ground  
23 for a period of time. But it's going to take a little period  
24 of time for that water level to come back up. I'm not an  
25 expert in the area of engineering and drawdown, but this is

1 just the testimony I have heard from professional engineers in  
2 the past over the need to have that.

3 COMMISSIONER ARGENZIANO: I understand.

4 And, Madam Chair, I'm not going to belabor the point.  
5 I know what you are saying, but if you are in a confined  
6 aquifer area, or it's not permeable, you are not going to get  
7 recharge if you have taken it out. The only thing that is  
8 going to recharge it is if you have artificially recharge by  
9 putting water in a pond and letting it go down or rain comes.

10 Unless you are in a larger aquifer zone that  
11 horizontally the water will move in, then you really don't have  
12 the concern of drawdown unless you are really in a very low  
13 state to begin with in the aquifer. That's what I'm saying.  
14 So I'm trying to think, if you are saying that you are going to  
15 recharge, then you would have to have a rule that says, well,  
16 while your pumps are down you need to be recharging unless it  
17 is raining profusely. Do you follow what I'm saying?

18 In a karst area, if you are in a separate watershed,  
19 a smaller watershed, you are not going to get that recharge  
20 that you are indicating unless something happens. Hence the  
21 water overdrawing and cone of influence then is greater. And I  
22 will talk with you some other time, but I'm just having a hard  
23 time understanding how you recharge it --

24 CHAIRMAN EDGAR: Let me go ahead. I think there were  
25 some questions to my left, so let's go ahead and take those.

1 Commissioner Skop.

2 COMMISSIONER SKOP: Thank you, Madam Chair.

3 I guess, you know, building upon what Commissioner  
4 Argenziano just mentioned, and more focussing on the crux of  
5 the matter, it seems to me that Mr. Reilly is trying to  
6 challenge an historical assumption that was based on past  
7 Commission precedent that may be subject to change, but  
8 effectively what I think he is trying to do is to capture a  
9 financial benefit for the consumers just to the extent that  
10 that number represents the denominator and has a influence on  
11 used and usefulness. So in that regard I'm just wondering  
12 whether staff -- I know that OPC provided this handout at the  
13 hearing today, but if staff had any time or would know what the  
14 financial impact of just switching that used and useful number  
15 would be in terms of the rate increase that the consumer would  
16 either experience or would that reduce the overall rate  
17 increase based on the usefulness?

18 MR. RENDELL: We just received this, as well, so we  
19 would not have the impact. I assume it would be quite  
20 substantial, between the 65 and the 23 percent.

21 COMMISSIONER SKOP: And as a follow up, Madam Chair,  
22 on Page 48, am I looking at that correctly that staff would  
23 have adjusted the non-used and useful components, or where  
24 would be the proper page in terms of the total expense that  
25 would reflect if you applied that percentage to a physical

1 number.

2 MR. RENDELL: I'm sorry, the adjustments are  
3 reflected on Schedule 1C, which is on Page 50, and that is the  
4 adjustment to the plant items. And that's net of depreciation.  
5 There would also be an adjustment to the depreciation expense.

6 COMMISSIONER SKOP: So those adjustments would go up  
7 if you adopted the OPC position.

8 MR. RENDELL: That's correct. On Schedule 3-C under  
9 depreciation expense there are two adjustments for non-used and  
10 useful, as well, as well as a property tax non-used and useful  
11 under taxes and other income on Schedule 3-C, Page 54. So  
12 there are different areas that will impact the rate base as  
13 well as different expenses.

14 COMMISSIONER SKOP: Thank you.

15 CHAIRMAN EDGAR: Commissioners, are there further  
16 questions?

17 Commissioner Carter.

18 COMMISSIONER CARTER: Is there a way for us to maybe  
19 take a quick break and allow staff to run some numbers on this  
20 just to kind of give us a warm and fuzzy? Is that possible?

21 CHAIRMAN EDGAR: We can always take a short break. I  
22 always try to honor those requests, but what I would ask you to  
23 do is maybe give our staff a little more direction as to what  
24 you're looking to, and then let's see how we can accomplish it.

25 COMMISSIONER CARTER: I think what we are asking --

1 and, of course, Commissioner Argenziano and Commissioner Skop  
2 and Commissioner McMurrian and you, as well, can speak for  
3 yourself, but I think what we are asking here is what's the  
4 impact of going from 12 hours versus 24 hours. I mean, I think  
5 that is what I thought we were discussing. And, of course, in  
6 all fairness to staff, they had not had an opportunity to look  
7 at this document that Mr. Reilly gave. And, of course, I say a  
8 few minutes. Not being a math major, it may take a lot longer  
9 than that, but I certainly would like to look at that and see  
10 what the impact of that would be, because I think Commissioner  
11 Skop is correct, is that if you look at what impact this has on  
12 the customers, we want to see what that number is, but by the  
13 same token we want to balance that with making sure that we are  
14 fair.

15 CHAIRMAN EDGAR: Mr. Rendell or Ms. Lingo, can you  
16 speak to Commissioner Carter.

17 MR. RENDELL: Sure. We would actually have to  
18 calculate it ourselves, because OPC's position also does not  
19 allow fire flow in the treatment plant, so I'm assuming you  
20 only want us to look at the pumping of the well itself from 12  
21 to 24, and we would need about, maybe 30 minutes. I would have  
22 to go back and do it on the computer.

23 CHAIRMAN EDGAR: Commissioners, is there an interest?  
24 Commissioner Carter, would that be useful to you?

25 COMMISSIONER CARTER: I hate to impose upon my



1 colleagues, but that would be very helpful.

2 CHAIRMAN EDGAR: Okay. Let me suggest this, perhaps.  
3 We have one remaining item. It is a panel, and it is, of  
4 course, coming on lunch time, as well. And I'm open to  
5 discussion on this. Here is one proposal, that we table this  
6 item for a short period of time, and we will discuss that in a  
7 moment with the request to our staff, and I will give you the  
8 opportunity to ask clarifying questions so we all know what it  
9 is that we are asking.

10 But what about we have that discussion, we will then  
11 table this item with direction to our staff, move into -- if  
12 the two Commissioners sitting closest to me are ready to keep  
13 going -- and we can move into our last remaining item, and we  
14 will set a time certain to come back and take up Item 16.

15 Does that sound --

16 COMMISSIONER ARGENZIANO: Yes.

17 CHAIRMAN EDGAR: Does it sound like that will work?  
18 Okay.

19 Commissioner Skop.

20 COMMISSIONER SKOP: Madam Chair, just one quick point  
21 of information. I just want to emphasize that in asking staff  
22 to look at that, we are just merely questioning a financial  
23 assumption, it has no environmental impact, because it is not  
24 saying that the pumps are going to run 24 hours or anything  
25 like that, it's simply looking at what is the best assumptions

1 to benefit the consumer and be fair to everyone concerned.

2 Thank you.

3 CHAIRMAN EDGAR: Thank you.

4 MR. SEIDMAN: Commissioner.

5 Mr. Seidman.

6 MR. SEIDMAN: I just want to reiterate that  
7 regardless of what calculation comes out, if they pump more  
8 than 230,000 gallons a day they are going to be in violation of  
9 their permit.

10 CHAIRMAN EDGAR: Ms. Lingo.

11 MS. LINGO: Thank you, Madam Chairman.

12 Good afternoon, Commissioners. I'm Jennie Lingo with  
13 Commission staff. I have reviewed the Water Management  
14 District permit for this utility, and they are allowed about  
15 150 (sic) gallons per day of withdrawal. I'm not an engineer,  
16 and I don't profess to know anything about the used and useful  
17 rule, but if we just look at what's going on in this case, if  
18 they are allowed about 150,000 gallons per day of withdrawal,  
19 and the peak five day average is 219,000, then we are  
20 approaching 50 percent greater than what the Water Management  
21 District would anticipate a typical day would be.

22 So at that point it probably would be prudent to  
23 begin to look at some sort of well pumping reduction other than  
24 24 hours, since the peak day is already greater than the  
25 average that the Water Management District had anticipated. So

1 I just wanted to throw that out there for your edification.

2 Thank you.

3 CHAIRMAN EDGAR: Thank you. Okay. What I think I  
4 would like to propose is that we table this item. We will plan  
5 to take it up, Commissioners -- 1:30, does that work? That we  
6 would come back, that also gives OPC and the company and our  
7 staff some time to maybe regroup, and us, as well.

8 So, we will table this item for now. We will come  
9 back to it at 1:30, and we will move into our remaining item,  
10 which is a panel of Commissioners Edgar, Carter, and McMurrin.  
11 And, Commissioners Skop and Argenziano, we are jealous of the  
12 lunch time that you get.

13 Okay. I'm going to have to ask everybody to sit  
14 down, please, sorry. Commissioner McMurrin has a further  
15 comment.

16 COMMISSIONER McMURRIAN: I'm sorry, I just wanted to  
17 also -- because I think we might get into this eventually  
18 anyway, so during the break if staff could also consider, and I  
19 think this is probably more legal staff. If we do change this  
20 somehow here and we also have the rule going on that is  
21 protested, and this decision ultimately gets protested perhaps  
22 by the company, what kind of posture are we in with respect to  
23 these dockets going on at the same time? I'm just trying to  
24 foresee that perhaps coming up and wanted that to be considered  
25 during the break, also.

1 CHAIRMAN EDGAR: Thank you.

2 \* \* \* \* \*

3 CHAIRMAN EDGAR: We are back on the record. We are  
4 back from break, and we are going to, I hope, finish our  
5 discussions and deliberations on our one remaining item, which  
6 is Item 16.

7 Before we went on break, we have asked our staff to  
8 put together some additional information for us from the  
9 information that they had and is in the item before us, and  
10 also to get with the parties, as well.

11 And so, Mr. Rendell, if you can start us off.

12 MR. RENDELL: Commissioners, I believe Ms. Fleming  
13 would like to address Commissioner McMurrian's comments and  
14 then I will proceed with Commissioner Carter's concerns.

15 CHAIRMAN EDGAR: Okay. Ms. Fleming.

16 MS. FLEMING: Katherine Fleming for Commission legal  
17 staff.

18 Before the break, Commissioner McMurrian asked about  
19 the legal posture of this docket with the legal posture of the  
20 rulemaking docket. If this were to be voted out and Gold Coast  
21 would protest it in the future, the Gold Coast docket would  
22 continue on its own hearing track as would the rulemaking  
23 docket.

24 There is currently no rule in effect so, therefore,  
25 the Gold Coast docket would operate and the Commission would

1 look at the record and the evidence on the record, and the  
2 Commission could look at past Commission practice, because  
3 that's what Gold Coast is operating under. Once there is a  
4 rule in effect, the proposed rule, if it is approved by the  
5 Commission, it would apply prospectively. So, therefore, any  
6 applications that would come in after the rule is in effect  
7 would use whatever the Commission approves as far as the rule.

8           The Commission could change the 12 hours to 24 hours.  
9 However, pursuant to the Administrative Procedures Act the  
10 Commission would need to proceed a basis for deviating from  
11 past Commission policy. And that's the only thing that we  
12 would caution.

13           With that, Mr. Rendell.

14           MR. RENDELL: Commissioners, staff was asked to  
15 recalculate used and useful based on 24 hours pumping of the  
16 wells. We have done so, and handed out the end result which  
17 lowers the used and useful down to 31.84 percent, and lowers  
18 the overall revenue requirement \$12,888.

19           However, I believe the parties have talked and they  
20 have reached an agreement and would like to present a proposed  
21 settlement. And I will let Mr. Reilly present that to you.

22           MR. REILLY: The proposal that I think seems to be  
23 acceptable to OPC and the utility, and I think even with staff,  
24 is for the Commission to vote out today the PAA with the  
25 current rates and revenue requirements, but leave the docket

1 open, and base that on the existing policy that you have. But  
2 that leave the docket open, and upon the conclusion, upon the  
3 issuing of a final order on your used and useful rule, that the  
4 issue would be reopened.

5 And to the extent that the rule was different than  
6 the policy adopted here under the used and useful, that they  
7 would prospectively change the rates for these particular  
8 customers. So these customers would receive the benefit of the  
9 final judgment of the Commission on the used and useful docket.

10 CHAIRMAN EDGAR: Whether it changes or not.

11 MR. REILLY: Whether it changes or not. If it  
12 doesn't change, obviously nothing changes. To the extent that  
13 24 become 20, or a portion, or whatever of the storage would be  
14 articulated in that policy, and that policy as voted out  
15 finally, the final order issued by this Commission would apply  
16 to these customers prospectively. This means there won't be --  
17 given the dollars we are talking about, there will not be a  
18 refund or recalculation of that, that is one thing I kind of  
19 gave up in the negotiations. But these customers would benefit  
20 by any final pronouncement by this Commission at the conclusion  
21 of the used and useful rule. So that allows you -- but, I  
22 guess the docket technically would be held open just for the  
23 purpose of revisiting the used and useful of water treatment  
24 upon the conclusion of the used and useful rule.

25 CHAIRMAN EDGAR: Thank you.

1 Mr. Friedman, can you speak to that?

2 MR. FRIEDMAN: Mr. Reilly articulated our settlement,  
3 if it is acceptable to the Commission.

4 CHAIRMAN EDGAR: I'm not sure that settlement seems  
5 like the right term, but if we are getting close to all singing  
6 kumbiya, that may be a good thing.

7 Commissioner Carter, you have raised some questions,  
8 so let me look to you next.

9 COMMISSIONER CARTER: Madam Chairman, thank you for  
10 this opportunity. And to my colleagues, thank you for your  
11 indulgence.

12 I raised an issue about these numbers, and upon  
13 further reflection, I think that the perspective that we should  
14 be based upon here is we have this 12 hours in place based upon  
15 precedent. We are moving forward with the rule. In order to  
16 change that, I think we would have to have something more than  
17 just speculation, because we don't have anything in the record  
18 to change it to unless we want to say by policy edict we  
19 declare, or based upon evidence as presented.

20 So I appreciate staff's hard work, as always. It is  
21 excellent, answered all the questions, but I think that -- and  
22 I do apologize to my colleagues of my exuberance, it was  
23 probably because I was, you know, lusting after a peanut butter  
24 and jelly sandwich. But I think that I have been talking about  
25 all morning about precedence, about structure, about

1 accountability, and I think I would do grave disservice to the  
2 process if we were to change this based upon speculation not  
3 having the information. When you consider that we have the  
4 rule process going through, and I think that 12 is as good a  
5 number as any based upon precedent until we get to the  
6 conclusion of the rule, and then we can base that upon  
7 something other than speculation.

8 CHAIRMAN EDGAR: Thank you, Commissioner Carter.

9 Commissioners, other questions or comment? Any this  
10 way? Any this way? No. Okay.

11 Then, Ms. Fleming, if you could speak to us briefly  
12 about the point that was raised about do we leave the docket  
13 open, do we not, how do we address procedurally, or how is the  
14 best way to address procedurally what has been presented to us  
15 about moving forward with the staff recommendation as it is,  
16 but then after we go through the rule process, perhaps  
17 reevaluating where we stand at that point is, I think, kind of  
18 what I'm hearing.

19 MS. FLEMING: I believe that the Commission can  
20 approve staff's recommendations on Issues 1 through 23.

21 On Issue 24, it is just should the docket be closed,  
22 we should say no, and just strike the remaining language and  
23 state that the docket should remain open. And at the point in  
24 time once the rule becomes final, if there is any change into  
25 the effect of the rates, I think at that time staff can get



1 together with the utility and OPC and staff can bring a  
2 recommendation to the Commission.

3 COMMISSIONER CARTER: Madam Chairman.

4 CHAIRMAN EDGAR: Commissioner Carter.

5 COMMISSIONER CARTER: With that recommendation, I so  
6 move.

7 CHAIRMAN EDGAR: Okay. So I have a motion to approve  
8 the staff recommendation for Issues 1 through 23, to amend  
9 Issue 24 to leave the docket open with the direction to our  
10 staff to evaluate after the used and useful rule has become  
11 effective. And is there a second?

12 COMMISSIONER SKOP: Second.

13 CHAIRMAN EDGAR: Okay. I have a motion and a second.  
14 We have had full discussion. All in favor say aye.

15 (Unanimous affirmative vote.)

16 CHAIRMAN EDGAR: Opposed?

17 Show it adopted.

18 That is our last item for the day. Thank you,  
19 Commissioners, for all of your participation and patience, and  
20 we are adjourned.

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STATE OF FLORIDA )

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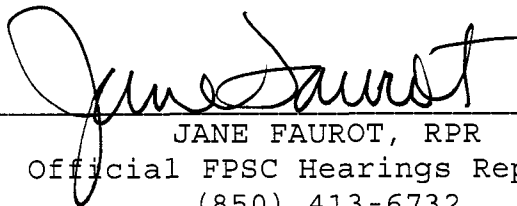
COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 16th day of July, 2007.



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JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
(850) 413-6732