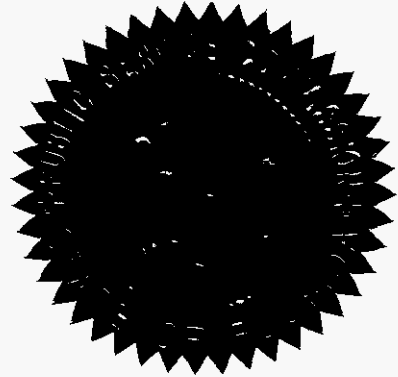


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: DOCKET NO. 090244-WU

APPLICATION FOR STAFF-ASSISTED
RATE CASE IN LAKE COUNTY BY TLP
WATER, INC.



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 9

COMMISSIONERS
PARTICIPATING: CHAIRMAN NANCY ARGENZIANO
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER NATHAN A. SKOP
COMMISSIONER DAVID E. KLEMENT
COMMISSIONER BEN A. "STEVE" STEVENS III

DATE: Tuesday, February 9, 2010

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

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

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FPSC-COMMISSION CLERK

P R O C E E D I N G S

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3 **CHAIRMAN ARGENZIANO:** Okay. Chris, do we
4 have -- okay. We can go to Issue 9. I believe we have
5 Mr. Hooten, are you with us?

6 **MR. HOOTEN:** I am with you.

7 **CHAIRMAN ARGENZIANO:** Okay. Great. Welcome.

8 **MR. HOOTEN:** Thank you.

9 **CHAIRMAN ARGENZIANO:** Let's just give staff a
10 minute to get settled and we will proceed with Issue 9.

11 **MS. HUDSON:** Commissioners, Shannon Hudson on
12 behalf of Commission staff.

13 Item Number 9 is an application for a
14 staff-assisted rate case in Lake County by TLP Water
15 Company. Joining us by teleconference is Mr. Buddy
16 Hooten. He is a customer of TLP, and he also represents
17 the customers that reside on Lakeside Lane and Canal
18 Street. It is staff's understanding that he's available
19 just to answer any questions, that he doesn't wish to
20 make a presentation, just to answer questions.

21 **CHAIRMAN ARGENZIANO:** Okay. Mr. Hooten, is
22 that correct? Are you here just to answer questions?

23 **MR. HOOTEN:** That, that is correct. We had a
24 meeting yesterday and went over all the questions, and
25 so we're satisfied.

1 **CHAIRMAN ARGENZIANO:** Okay. And if at any
2 time you do wish to say something, just please let me
3 know.

4 **MR. HOOTEN:** Okay. Thank you very much.

5 **CHAIRMAN ARGENZIANO:** Okay. Staff.

6 **MS. HUDSON:** Staff is prepared to answer any
7 questions that you may have.

8 **CHAIRMAN ARGENZIANO:** Oh, okay. Questions,
9 Commissioners, on Issue 9? Let's turn to Issue 9.

10 **MR. WALDEN:** Commissioners, Tom Walden on
11 behalf of staff. I wanted to make one clarifying
12 comment on Issue 1, if I could, quality of service.

13 **CHAIRMAN ARGENZIANO:** Please. Please go
14 ahead.

15 **MR. WALDEN:** On Page 5 of the recommendation I
16 summarized that there are no pending complaints on the
17 Commission's CATS system and the utility had no
18 complaints that were pending.

19 In talking with several of the customers, also
20 some e-mails I've had, I just wanted to point out that
21 in the one paragraph up from the bottom I had pointed
22 out that several complaints had been sent to the Lake
23 County Health Department and to the DEP for a number of
24 years by customers. And I just wanted to make sure that
25 it was clear to the Commission that while the company

1 had nothing pending, customers have been sending
2 complaints to the Lake County Health Department and to
3 the DEP. That was important to the customers to whom I
4 spoke.

5 **CHAIRMAN ARGENZIANO:** Thank you. Are the
6 customers getting any resolution or -- to their, the
7 health department or DEP, are they feeling satisfied or
8 have they gotten any response?

9 **MR. WALDEN:** The customers want to make sure
10 that they have safe water. They have concerns about the
11 improvements that have been made to the plant and to the
12 distribution system. And while those improvements are
13 good, there are two outstanding issues. There was a
14 line that was installed to replace an older line that
15 was leaking and that still needs clearance from the DEP.
16 And then there's also a canal crossing that's discussed
17 on Page 4 of the recommendation, 4 and 5. And that
18 canal crossing needs to be replaced because it is not to
19 code. The utility has plans to replace that, both of
20 those -- well, to replace the line and also to get
21 clearance on the two-inch line that needs a professional
22 engineer review.

23 **CHAIRMAN ARGENZIANO:** So then what we're
24 looking at is the company, some of the health concerns
25 or some of the quality concerns may be alleviated by the

1 company's move forward on adding the new line and making
2 improvements?

3 **MR. WALDEN:** It's getting the line cleared for
4 service. It needs to be excavated and reviewed. It's
5 already installed and being used. There are -- those
6 two pending outstanding violations with the DEP are the
7 reason that staff is recommending that the quality of
8 service overall is marginal because there are two
9 outstanding violations that are yet to be resolved.

10 The utility is in the process of applying for
11 a loan from the United States Department of Agriculture,
12 and they are anticipating obtaining a loan, having that
13 loan processed and getting some money in late summer or
14 early fall. And these are two priority items that will
15 be taken care of once that money is in hand and they
16 have money to spend.

17 **CHAIRMAN ARGENZIANO:** Okay. There's -- am I
18 correct, there's no consent order by DEP, is there?

19 **MR. WALDEN:** There's nothing pending.
20 Correct. There, there have been consent orders, but to
21 my knowledge there's nothing pending.

22 **CHAIRMAN ARGENZIANO:** Okay.

23 **MR. WALDEN:** DEP is focused on getting these
24 two issues resolved, as is the utility. There's a
25 shortage of funds.

1 **CHAIRMAN ARGENZIANO:** And what is the impact?
2 Can you go over the impact to the ratepayer?

3 **MS. HUDSON:** In regards to the DEP violations
4 being corrected?

5 **CHAIRMAN ARGENZIANO:** Well, the changes. What
6 will, what will the customers be looking at on their
7 bills? Is the increase 39.93 percent?

8 **MS. HUDSON:** That's, that's correct. But that
9 doesn't include them upgrading -- I'm sorry -- taking
10 care of those violations, the last two. That's just
11 what we have currently that he's already done.

12 **CHAIRMAN ARGENZIANO:** Okay. Tell me what that
13 means to the customer's bill, the average usage.

14 **MR. WALDEN:** Well, we have pro -- we have not
15 pro formaed any money in this case to fix the
16 violations.

17 **CHAIRMAN ARGENZIANO:** Okay.

18 **MR. WALDEN:** The rates to the customers are
19 shown on Page 31. The system is unmetered, so the staff
20 is projecting flat rates. Ms. Bruce can answer with
21 more detail.

22 **MS. BRUCE:** Commissioners, I'm Sonica --

23 **CHAIRMAN ARGENZIANO:** You're going -- what I'd
24 like to hear is I can see it and I read it, but I'd like
25 to have it on record is you're going from, what, \$39 to

1 \$70 in a company that has marginal quality?

2 **MR. WILLIS:** Commissioners, if I could just
3 jump in here real quick.

4 **CHAIRMAN ARGENZIANO:** Please.

5 **MR. WILLIS:** We're not going from \$30 to --
6 \$39 to \$70. We're going from \$39 to the forty --

7 **CHAIRMAN ARGENZIANO:** \$59?

8 **MR. WILLIS:** Well, to the \$59.80. The \$70 was
9 an --

10 **CHAIRMAN ARGENZIANO:** The interim rate. Got
11 it.

12 **MR. WILLIS:** -- interim rate which the company
13 did not implement because they couldn't get security to
14 implement that rate.

15 **CHAIRMAN ARGENZIANO:** So we're going 39 to
16 59.80.

17 **MR. WILLIS:** Yes.

18 **CHAIRMAN ARGENZIANO:** And that is, that was
19 for the improvements that have already taken place, and
20 then there are still two outstanding problems. Will
21 that be, will those be corrected or will there be
22 another increase needed before they can be corrected?

23 **MR. WALDEN:** We don't anticipate another
24 increase before those issues are corrected. The utility
25 is planning to get a loan, as I mentioned, and with that

1 money they will make those two improvements and some
2 other improvements.

3 **CHAIRMAN ARGENZIANO:** And that -- and I'm
4 sorry.

5 **MR. WALDEN:** The utility does not mention
6 anything about applying for another increase in rates.

7 **CHAIRMAN ARGENZIANO:** Okay. And I just would
8 like to know the customers -- I understand that some
9 customers are not satisfied with the quality. They
10 understand that, that this is to upgrade the utility.
11 And where are they, where are the customers with the
12 increase from 39 to 59.80? Are there many objections?

13 **MR. WALDEN:** As a result of the conference
14 call we had yesterday, I believe that the customers are,
15 are satisfied with the rates as proposed. A number of
16 customers have read the staff recommendation thoroughly.
17 We had a conference call for about an hour yesterday
18 answering their questions. And I think, as Mr. Hooten
19 explained at the beginning of this issue, that he's here
20 to answer questions because the questions have been
21 answered.

22 **CHAIRMAN ARGENZIANO:** Okay. Well, let -- I'm
23 glad that you've spent the time with the customers. I
24 think that helps a lot.

25 And, Mr. Hooten, are -- and I know it's a hard

1 thing to say, are most of the customers who are involved
2 in the issue understanding that the rates are going to
3 go up but will improve or they were for improvements to
4 the system?

5 **MR. HOOTEN:** Yes. Basically, and to the
6 credit of the people involved in the meeting yesterday,
7 many questions that were actually creating most of the
8 complaints from our people were resolved or answered,
9 and more importantly the issues as they deal with the
10 USDA loan and the time spans that were involved in that
11 put to rest, I think, the pending complaints. And we
12 were satisfied that the rate increase was fair and it
13 was a compromise, and everybody that was at that meeting
14 yesterday, which was a consensus of the people involved,
15 were quite satisfied that the answers that they were
16 given satisfied them to allow this proceeding to go
17 forth without us coming in making gigantic complaints.

18 **CHAIRMAN ARGENZIANO:** Great. Great.

19 Commissioner Stevens.

20 Thank you, Mr. Hooten.

21 **COMMISSIONER STEVENS:** Madam Chair, I think
22 this is a major step in the right direction for this
23 utility, and I appreciate staff working through this.

24 **CHAIRMAN ARGENZIANO:** Absolutely.

25 **COMMISSIONER STEVENS:** And it's a good

1 recommendation.

2 **CHAIRMAN ARGENZIANO:** Do I have a motion?
3 Wait. We have -- it looks like, Commissioner Klement,
4 do you have --

5 **COMMISSIONER KLEMENT:** I'm prepared to make a
6 motion.

7 **CHAIRMAN ARGENZIANO:** Okay.

8 **COMMISSIONER KLEMENT:** I think, I would just
9 like to say this is a rare occasion when the customers
10 agree with a rate increase that the staff has given
11 approval to. So I would move to accept the staff
12 recommendations in this issue.

13 **CHAIRMAN ARGENZIANO:** Do I have a second?

14 **COMMISSIONER SKOP:** Second.

15 **CHAIRMAN ARGENZIANO:** All in favor, say aye.

16 (Simultaneous vote.)

17 Opposed, same sign. Thank you.

18 And I say the same thing: Thank you, staff.
19 Because there's a lot of questions sometimes, and just
20 being able to go through those with ratepayers and
21 customers out there, I think that's --

22 **COMMISSIONER STEVENS:** And thanks, Mr. Hooten.

23 **CHAIRMAN ARGENZIANO:** -- so important. And,
24 yes, of course, Mr. Hooten, thank you very much for
25 facilitating that, and hopefully things will turn out

1 better for all the customers and the utility.

2 **MR. HOOTEN:** Thank you very much for your
3 cooperation.

4 **CHAIRMAN ARGENZIANO:** And thank you for
5 participating. Thank you.

6 (Agenda item concluded.)

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STATE OF FLORIDA)
 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, 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' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 22nd day of February, 2010.

Linda Boles
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