



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

1  
2           **CHAIRMAN GRAHAM:** Okay. Next is Item Number  
3 12.

4           **MS. BRUCE:** Commissioners, Sonica Bruce on  
5 behalf of Commission staff.

6           Item Number 12 is an application for a  
7 staff-assisted rate case in Charlotte County by Little  
8 Gasparilla Water Utility. The utility is located on a  
9 bridgeless barrier island and serves 358 water  
10 customers. Staff is recommending a two-phase rate  
11 increase to address several pro forma requests from the  
12 utility.

13           The utility has a reverse osmosis water  
14 treatment plant that is at the end of its useful life  
15 and can no longer adequately remove the chlorides from  
16 the source water.

17           Staff agrees with the utility that the best  
18 solution for a quality water supply is a subaqueous  
19 pipeline to Charlotte County so that the utility can  
20 purchase water from the county. Staff recommends that  
21 this improvement and an extension of the utility's  
22 distribution system to the northern end of the island be  
23 included in Phase 1 pro forma additions.

24           Phase 2 pro forma consists of a request for a  
25 new utility buildings and a meter replacement program.

1 The recommended revenue requirement increase for  
2 Phase 1 is 25.56 percent, and an additional 13.4 percent  
3 once Phase 2 additions are completed.

4 The utility owners, Mr. and Mrs. Boyer, and  
5 his -- and their attorney, Mr. Marty Friedman, are  
6 present, as well as representatives from OPC, Steve  
7 Reilly and Denise Vandiver. Staff is prepared to answer  
8 any questions that you may have.

9 **CHAIRMAN GRAHAM:** Okay. Now I guess before we  
10 go to OPC, there are some residents -- is that you,  
11 sir -- that have a comment?

12 **MR. REILLY:** Well, basically we do have Frank  
13 Shields is here, who's driven from Charlotte County,  
14 Gasparilla Island, to be with you today. And I think we  
15 have one other customer who is participating by phone,  
16 who's calling from the island. So we just have two  
17 customers to speak.

18 **CHAIRMAN GRAHAM:** Okay. And do you want to go  
19 through the issues that you have or do you want to hear  
20 from your clients first?

21 **MR. REILLY:** Well, I guess our pleasure, if it  
22 is yours, is to let the customers speak first, and then  
23 we would identify the few remaining issues that OPC  
24 would like to address.

25 **CHAIRMAN GRAHAM:** Okay. Sir, if you would

1 give us your name and address and a few minutes for your  
2 comments.

3 **MR. SHIELDS:** I live on Gasparilla Island. My  
4 name is Frank Shields. I live in Unit J8 of Hideaway  
5 Bay Beach Club. It's a condo on the island. I drove up  
6 today because I've talked to a lot of my neighbors, and  
7 I just wanted to give you a little bit of flavor of what  
8 it's like down there, what the situation is.

9 Several years ago I retired after 30 years as  
10 a clergyman and accidentally got elected to the Oregon  
11 state legislature. My wife likewise retired about the  
12 same time I did. Our retirement was so I could follow  
13 my wife back home to the Gulf of Mexico where she wanted  
14 to find a place near the coast in the sun and get out of  
15 the rain of the northwest, I guess. I'm not sure.

16 When we got here, we really did find our dream  
17 on Little Gasparilla Island. But I found that it was a  
18 real misconception at first because everybody knows  
19 about Big Gasparilla where the average house sells for  
20 about \$1.8 million. And for a couple of clergy people,  
21 that's a little out of our range, you might say, and we  
22 literally found a place for about one-tenth of that on  
23 Little Gasparilla. And while we might not be the  
24 majority of the people on the island, we, I think,  
25 represent a good size group of people who are there

1 retired on fixed income. We live there full time. And  
2 for us, while we would really like to have better  
3 quality water than that described in the staff's report  
4 a few minutes ago, we are concerned about the cost. And  
5 we appreciate the reductions and the rate increases that  
6 we heard about at first. They seem to have come down.  
7 But even looking at a -- any of you, looking at a  
8 26 percent increase in your water rates, it'd probably  
9 make you stop for a minute and say, hey.

10 Then we stop and we think, yeah, well, maybe  
11 it's, maybe it's worth it because right now we have an  
12 aggressive kind of water that just corrodes everything.  
13 I mean, our refrigerators last for about five years.  
14 Our water softeners, dishwashers, and so on, you know,  
15 they wear out because of the water working on the  
16 innards of the machines.

17 So we come saying we appreciate what you've  
18 done, but please do all you can not to make those rate  
19 increases -- well, one of my neighbors said to me that  
20 she was afraid she couldn't stay, because paying \$200 or  
21 \$300 a month or whatever would be out of reach for us.  
22 And so I wanted to communicate that at least for one of  
23 my neighbor.

24 The other issue that I would ask about is, you  
25 know, the amount that we're spending for getting rid of

1 the tank that's there and the facility that's going to  
2 be built there. I've not had a chance to personally  
3 ever talk to Jack because I'm kind of new, but I think  
4 most of us on the island pay our bills through the  
5 internet or we pay them through the mail or with direct  
6 withdrawal or whatever. We don't really need an office  
7 on the island. I don't think so. A lot of the people  
8 don't live there full time anyway, so they're going to  
9 be paying their bills from Pennsylvania or Missouri or  
10 wherever.

11 So I'm just, I'm asking that you consider  
12 people who don't have the resources, that you might  
13 expect from a, what's often viewed as, you know, a  
14 well-to-do retirement island or whatever. Remember,  
15 we're the ones that didn't even have a bridge built to  
16 our island, you know. We're kind of out there.

17 And we do appreciate everything you've done.  
18 We appreciate the way you've -- I appreciated listening  
19 to the dialogue today. And I particularly appreciate  
20 the fact that one minute you can be talking about a  
21 \$1.5 billion project and the next minute you're willing  
22 to step down and really listen to some real people with  
23 a little company that, you know, has a very -- well, a  
24 six-figure, not a seven-, eight-, nine-, ten-figure  
25 budget, and we appreciate you taking the time to do

1 that.

2 **CHAIRMAN GRAHAM:** Thank you, Mr. Shields.

3 Commissioners, any questions of Mr. Shields?

4 Commissioner Brown.

5 **COMMISSIONER BROWN:** Thank you. And water is  
6 extremely important. And these cases, no matter the  
7 size, are very important to us, and we take ample time  
8 and consideration, and really appreciate you driving up  
9 from that area. And I will say Little Gasparilla is one  
10 of my favorite places in the entire world, so -- and I'm  
11 very familiar with it. And I think it's just a gem, one  
12 of the last few beautiful gems here. So thank you for  
13 coming.

14 Can I ask you a question about your quality of  
15 service with the utility?

16 **MR. SHIELDS:** Well, I'm always glad to have  
17 water to wash the clothes. I don't run the dishwasher.  
18 But the water that we presently have coming out of the  
19 tap I don't think is drinkable. I mean, well, I should  
20 have brought a glass for each of you to taste, I guess.

21 **COMMISSIONER BROWN:** We love that.

22 **MR. REILLY:** It's been done before.

23 (Laughter.)

24 **MR. SHIELDS:** We managed to buy a place that  
25 had a sophisticated water filtering system in the

1 kitchen. So any water that we use personally we put in  
2 the refrigerator and chill it and it's fairly good water  
3 at that point. But it's gone through a very serious  
4 process of cleaning.

5 You know, I'm concerned when I read the report  
6 about the heavy metals that we're pumping back into the  
7 ground from the desalinization plant, and you kind of  
8 wonder about the water you're drinking, you know, in  
9 that kind of situation.

10 **COMMISSIONER BROWN:** Yes. Well, I understand  
11 that the company is really taking very strong efforts to  
12 fix that.

13 **MR. SHIELDS:** Right.

14 **COMMISSIONER BROWN:** And -- which is kind of  
15 the reason why I'm asking with regard to the utility's  
16 attempt to address the customers' concerns. I think  
17 they are there. Would you agree?

18 **MR. SHIELDS:** I think, I think they are. And,  
19 honestly, some people on the island argue about the  
20 environmental impact of a subterranean, you know,  
21 pipeline from the rest of Charlotte County. But when  
22 you stop and think about it, that might be -- and I  
23 hesitate to say it that way -- that subterranean  
24 connection to Charlotte County water may be the lesser  
25 of two evils as compared to, you know, infusing heavy



1 metals back into the ground after you've pumped this  
2 water out and desalinated it and all that stuff.

3 And I don't know how well those plants operate  
4 on a small basis. I actually had the chance years ago  
5 because of my legislative role to talk to a professional  
6 from Israel, a country that is very good at this  
7 process. And I understand that if you can do it right,  
8 and it's difficult to do, you can get minerals back into  
9 the water again so that they don't actually eat up a  
10 water heater or a dishwasher or whatever. But at this  
11 point I do know one thing, and that is that we all look  
12 forward to replacing our hot water heaters about every  
13 five years with the kind of water we've got. So, you  
14 know, yeah. I won't argue that people are trying --  
15 Jack and his company are trying to address the problems,  
16 but they're very difficult to address. The better  
17 solution probably would be that pipeline, but the costs  
18 are still really of concern to us.

19 **COMMISSIONER BROWN:** Thank you.

20 **CHAIRMAN GRAHAM:** Commissioner Edgar.

21 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.

22 Mr. Shields, I would also like to say thank  
23 you for making the trip and coming to speak to us  
24 directly on behalf of you and your of wife and your  
25 neighbors.

1           About how long have you lived on Little  
2 Gasparilla?

3           **MR. SHIELDS:** We spent a lot of years finding  
4 this place, and so we didn't buy it until about  
5 six months ago. But I got immediately very involved.  
6 I've even started training as -- you might find this  
7 hard to believe -- but as a volunteer fireman on the  
8 island. One day I was late for the ferry and I actually  
9 sprinted from my condo down because I've run all my  
10 life. And the fire chief saw me sprinting by and he  
11 said, I want you as a volunteer. So I've gotten  
12 involved in that and several other things on the island.  
13 And I think you might know, I'm an extrovert, so I've  
14 just kind of stuck my nose in here, there, and  
15 everywhere, and gotten to know a lot of people in the  
16 time we've been there.

17           **COMMISSIONER EDGAR:** Well, I, again, I thank  
18 you for coming and sharing your comments with us  
19 directly.

20           And I was going to ask also about the quality  
21 of service, and you've responded to that to Commissioner  
22 Brown's question.

23           So just one final question. If you want to  
24 tell us -- and if you don't, I understand -- but  
25 approximately average how much a month is your water

1 bill for you and your wife?

2 **MR. SHIELDS:** Well, right now it's -- actually  
3 I happened to bring my water bill from last -- the last  
4 three months is \$177.25.

5 **COMMISSIONER EDGAR:** Per month?

6 **MR. SHIELDS:** No. That's for three months.

7 **COMMISSIONER EDGAR:** Oh, for the three months.  
8 Okay.

9 **MR. SHIELDS:** But if you double that --

10 **COMMISSIONER EDGAR:** Of course.

11 **MR. SHIELDS:** You know, that's what people are  
12 worrying about. And so we're so glad that some of that  
13 is already being addressed.

14 **COMMISSIONER EDGAR:** Right.

15 **MR. SHIELDS:** We're just not sure that we have  
16 got the best bang for our buck yet in the process. But  
17 I think there's others that will comment on that, so I  
18 won't.

19 **COMMISSIONER EDGAR:** Thank you.

20 **CHAIRMAN GRAHAM:** Okay. Thank you,  
21 Mr. Shields.

22 Mr. Reilly, your other client.

23 **MR. REILLY:** Yes. We have George Paskert on  
24 the telephone that would like to address the Commission.

25 **CHAIRMAN GRAHAM:** Mr. Paskert?

1           **MR. PASKERT:** Good morning, Commissioners.

2           George Paskert, P-A-S-K-E-R-T. My wife, Sue, and I have  
3           lived in Florida since early childhood, and obviously  
4           that's a long time ago for us. We've been on the  
5           island, this is our 27th year. We've been in the  
6           condominiums for 12 years, and for the last 14 years in  
7           a single family residence.

8                     Y'all can loosen your neckties and kick off  
9           your shoes because we're not talking millions and  
10          billions, but we are talking real dollars and we're  
11          talking real people. The -- I guess you'd describe us  
12          as full-time -- or year-round part-time residents.  
13          There's probably not a month since 1988 that we haven't  
14          been down here at least part of the month. So we've  
15          kind of been around a while to see some things happen.  
16          In the last couple of years we've been down here  
17          primarily.

18                    Career wise, I was a CPA -- am a CPA and was  
19          involved in public and private, in the private sector.  
20          Currently I have a real estate license and I help my  
21          wife a little bit who does real estate here, residential  
22          here and in South Tampa.

23                    The comment on the sequence of events, I  
24          realize there's two issues going on here. One is the  
25          issue of mandatory sign-up, which I understand is a

1 local legal issue and doesn't concern you. But there's  
2 a lot of residents, I sympathize with them and  
3 philosophically agree with them that have their own  
4 systems that they spent quite a bit of money for and may  
5 be forced to abandon those systems or at least sign up  
6 and pay for the water system. Many of those systems  
7 were in a place -- you know, they predate the water  
8 availability. I understand that we can't -- I'm told  
9 that we can't do anything about the sequence of events,  
10 so we have to live with it. But I'm going on the record  
11 as objecting to it.

12 The -- I just believe that to establish fair  
13 rates you need accurate costs, you need accurate basis  
14 and assets and capital, and you also need an accurate  
15 number of users. So for the record that's where I am on  
16 that.

17 Jack Boyer, and I guess I met Jack probably in  
18 the late '80s around midnight in a wet hole with water  
19 coming up all over the place. And he says, Who are you?  
20 And I said, I'm George. I'm in a condo and I don't have  
21 any water. I said, Who are you? He says, I'm Jack. I  
22 own the water company. So I said, Well -- he said, we  
23 said, Let's find the leak and fix it. So we go back a  
24 long ways. The water has improved during that period of  
25 time but, according to the official reports, it's still

1 marginal. So I think the increased water from the  
2 pipeline would be in the, in the long-term a good value  
3 for us, and that is probably something that may be, you  
4 know, is worth doing, paying for, you know, in the long  
5 run.

6 The water should be better, the quantity may  
7 be more reliable. And any increase that we can get in  
8 fire flow or fire availability of water would be, I  
9 think, a benefit. We had an unfortunate incident down  
10 here a couple of years ago. Five doors down from where  
11 I'm sitting right now four people were killed. A  
12 fire -- the building burnt down in the middle of the  
13 night. And so any water availability for fire is  
14 appreciated by those that are here.

15 The utility would change under this system and  
16 it would be rather a -- rather than a manufacturer and,  
17 you know, drilling and preparing the water, a resale  
18 situation, which seems to be simpler and simpler to  
19 operate, and that may be a good thing in the long run.

20 This rate case is, rate stuff is kind of like  
21 a tennis match, you know. You serve your first serve  
22 and give it everything you got and you hope you get it  
23 in, and sometimes you do and sometimes you don't.  
24 The -- some of the issues in the first report were maybe  
25 a little bit too aggressively asked for and were cut

1 back in the second report, and we appreciate that, those  
2 adjustments.

3           The thing that I guess I'd really like to  
4 address is the building issue and the -- that  
5 circumstance and phase. I guess that would be Phase 2.  
6 The building requirements that they asked for are for a  
7 workshop and a workbench, you know, to test the meters  
8 and all that thing, and that's fine. And a storage for  
9 parts and equipment, and obviously you need that sort of  
10 thing and that's fine. And you need a restroom and, you  
11 know, obviously they have to have that or should have  
12 had it all along. But they're talking about putting an  
13 office on the island. And I think the value to the  
14 consumers of an office on the island is zero. Most of  
15 the people don't live on the island and they don't  
16 conduct business on the island. Most of the business is  
17 conducted with the utility by telephone calls -- Jack  
18 says I've got his number on speed dial -- U.S. mail, and  
19 increasingly electronically. And for the record, there  
20 is no U.S. mail on the island. I don't know if you all  
21 have considered that.

22           But the case for putting the, leaving an  
23 office on the mainland, where mail is available, banking  
24 and other services are available, the rent is less, and  
25 the labor pool is greater. It just doesn't make sense.

1 I don't really see much critical thinking concerning the  
2 proposed building in this thing about on the rate case  
3 situation. There doesn't seem -- maybe there is in the  
4 background, but in what I read I didn't see much  
5 consideration of the business purpose.

6 The ratepayers really shouldn't be asked to --  
7 not asked, forced to pay for something like this when  
8 they don't need it. I urge you to drastically  
9 reevaluate that \$400,000 expenditure and downsize it to  
10 realistically what's best for the operation on the  
11 island.

12 I appreciate your time, your attention, and  
13 come down and see us on the island one time. Thank you.

14 **CHAIRMAN GRAHAM:** Thank you, Mr. Paskert, and  
15 we have a question for you.

16 Commissioner Balbis.

17 **MR. PASKERT:** Surely

18 **CHAIRMAN GRAHAM:** I'm sorry. I guess we don't  
19 have a question for you. But I do want to thank you for  
20 participating, and your comment when we started about  
21 real people or real money, trust me, it is always real  
22 people and real money. It's just different amounts, but  
23 it's always real people and real money. But we do  
24 appreciate your participation.

25 Mr. Reilly.



1           **MR. REILLY:** Thank you.

2           **MR. PASKERT:** Thank you very much.

3           **MR. REILLY:** As was alluded to by Mr. Paskert,  
4 in August, Public Counsel did file a fairly  
5 comprehensive critique of the initial staff  
6 recommendation, which the staff then was responding to  
7 all the information the company had provided the staff  
8 up to that point, and all this was done, of course,  
9 before the customer meeting.

10                   But I would like to, before we go into our  
11 issues, acknowledge that prior to issuing this  
12 recommendation which is before you today, staff did  
13 address the concerns we expressed in that August letter  
14 and, of course, in doing so, agreed with some our points  
15 and disagreed with some points. But we did want to  
16 acknowledge and express our appreciation that in  
17 considering these issues we believe it very much  
18 improved the recommendation that's in front of you  
19 today. And actually as a result of those improvements,  
20 it really has allowed us to limit our comments at this  
21 agenda conference to four issues.

22                   They would be Issue 2 regarding used and  
23 useful percentage of the interconnection with Charlotte  
24 County; Issue 6, operating expenses, and we're going to  
25 touch on the president's salary and the employee pension

1 and benefits issue; and then Issue 10, which involves  
2 the Phase 2 rates, that's the one I want to really focus  
3 on, which is the construction of the new utility  
4 building which the customers have talked about; and I  
5 think Ms. Vandiver wants to talk about the meter change  
6 out program; and the last issue is the service  
7 availability charge, Issue 12, and that's dealing with  
8 the meter and the tap-in fee. So we've kind of  
9 organized our presentation with me kind of hitting the  
10 building of the, the building in Phase 2 rates, and then  
11 Ms. Vandiver wanted to touch on those other issues. If  
12 it's your pleasure, I'll go right into it.

13 **CHAIRMAN GRAHAM:** Let's get right into it.

14 **MR. REILLY:** Okay. Well, first let me get a  
15 handout to you. And basically what this is, there's  
16 three items to this handout. I thought it would be  
17 helpful, if we're talking about this building, to  
18 visually see what's going on there. Basically what you  
19 have is an old concrete storage tank, it's probably  
20 50-foot by 44 feet in rectangular building, and then  
21 there's this older wooden structure, which is the old RO  
22 plant that's sitting on top of it.

23 So this is, of course, what we're talking  
24 about is on Issue 10. It's discussed at pages 28 and  
25 29. And on these pages, this is where staff recommends

1 that the Commission authorize the utility to spend  
2 \$403,500 to do two things: One, to demolish and barge  
3 off the island the one-story 1,192 square foot existing  
4 wooden utility structure which you can see in that  
5 structure, which is on top of that concrete storage  
6 facility; and, secondly, replace that old building with  
7 a new two-story 1,964 square foot wooden structure also  
8 located on top of the old concrete water storage.

9 According to staff's recommendation, the new  
10 utility building will be used, one, as a workshop and  
11 storage facility to repair parts and other equipment;  
12 house meters, allowing for bench testing of equipment to  
13 test the meters; it'll include a bathroom; and here's  
14 the more contentious point, include additional space for  
15 office.

16 And I'll quote from the staff recommendation  
17 on page 30 where the staff says, "At some point in the  
18 future the utility will move its office from the  
19 mainland to the new utility building." And this is a  
20 point of great, great importance -- not only for money,  
21 but even the future operation of this utility. The  
22 customers strongly believe that eventually moving all of  
23 the utility's operations, including administration and  
24 billing, is unnecessary and imprudent. The current  
25 leased facilities on the mainland located next to the

1 family that the family owns and operates the utility  
2 serves the customers well and should not be moved to the  
3 island.

4 The customers do not object to demolishing the  
5 existing wooden utility structure. We do not object to  
6 constructing in its place a new structure to support  
7 field operations on the island. We think this structure  
8 should really be nothing more than maybe a one-story  
9 structure, certainly no more than 1,000 square feet, to  
10 meet all of the utility's needs identified by staff  
11 except for the administration and billing office needs.

12 The building should serve the needs of a much  
13 more simplified operation of reselling purchased water  
14 rather than providing reverse osmosis treated water to  
15 its customers. This one-story wooden workshop and  
16 storage building with bathroom that will be built on a  
17 concrete foundation that's already there, so you don't  
18 have that cost, should be constructed, we respectfully  
19 argue, for no less than -- or no more than \$170,000.  
20 And we get this figure by basically taking one-half of  
21 the cost of this much larger two-story structure that is  
22 designed by DMK Associates, which is the second part of  
23 the handout. That's actually the engineering firm  
24 that's done all the work for the utility, and it's based  
25 on that design of the building and everything that the

1 company is proceeding on. And you'll see that that  
2 structure is much larger, two-story, and its estimated  
3 cost is \$344,000. We are -- so you get that number by  
4 adding one or two items on that second handout.

5 Now, OPC and the customers recommend that the  
6 Commission authorize the utility to demolish and barge  
7 off the island the existing wooden structure at a cost  
8 of \$30,000, which is in the DMK report, and authorize  
9 the utility to construct a new building to support  
10 island field operations and to leave at no greater cost  
11 than \$170,000. So what we're recommending is basically  
12 keep that cost of that new building to \$200,000 as  
13 opposed to what is in the staff recommendation of  
14 \$403,000.

15 We do honestly believe this \$200,000 total  
16 cost does consider the added cost, the extra cost of  
17 doing business on the island because, no question, when  
18 you're building, you have to barge things to the island.  
19 But we're taking that into effect because of the much  
20 simpler and less appointed structure and certainly with  
21 the much less size and one story.

22 Now the staff's initial report that I referred  
23 to earlier had recommended the construction of the new  
24 building at 374,000 rather than the 403,000 that we're  
25 now dealing with. And this figure, we argue, was

1 erroneously increased by staff in the recommendation.  
2 Because what I -- what we understood they did is they  
3 added the 42,500, which is in the handout, which really  
4 has nothing to do, you know, with the building of the  
5 building but had to do with extending the costs and the  
6 lines to serve customers north of the service territory.

7           So on page 29 of the first paragraph of the  
8 recommendation staff states, and I'll quote on page 29,  
9 it says, "The utility submitted three bids for the  
10 estimated cost to demolish the old water treatment plant  
11 building, that's 1,192 squared feet, including removal  
12 of debris by barge and building the new structure,  
13 1,964 squared feet, that ranged from \$404,500 to  
14 \$416,000. Staff has included the lowest bid of  
15 \$403,500 to our calculations."

16           The lowest bid for the new building submitted  
17 by New Panel Homes was actually \$361,000, together with  
18 the erroneous \$42,500, that's what produced staff's  
19 figure of \$403,500. If we just correct that one error,  
20 the cost of demolition and even this very expensive  
21 two-story building would be \$361,000, not the \$403,500.  
22 So that's, you know, what we're comparing our \$200,000.  
23 And I believe staff has looked at this and I think  
24 they'll comment at the appropriate time.

25           But, nevertheless, setting aside that \$42,500

1 erroneous addition, we really still strongly want to  
2 hold the line, and all the interest of the utility can  
3 be served if we just, you know, build the building that  
4 we're suggesting.

5 Let me say another final important reason why  
6 the new building was so controversial to the customers  
7 was their belief that this larger, very expensive  
8 utility building was being constructed in part to  
9 provide an island apartment for the family that owns the  
10 utility. And I would refer now again to the last page  
11 of the little handout. When they, when they -- well,  
12 actually look at the DMK estimate. When the utility  
13 [sic] saw the DMK Associates plans in that second --  
14 with the building with the separate 403 square foot  
15 second floor with its windows providing better island  
16 views and segregated from the first floor utilitarian  
17 spaces, that further fueled their suspicion when they  
18 looked at the design of this building is what's going on  
19 here, why are we building this new building, why does  
20 have this unique architectural feature up above, and it  
21 just, you know, fueled the concerns of the customers.

22 But when we discovered the actual written  
23 documentation of the company's intentions buried in the  
24 detail of 208 pages of documentation supplied to staff  
25 that the new building should be designed to accommodate,

1 quote, the manager's apartment on the ROWTP storage  
2 tank, you know, their suspicions were really basically  
3 confirmed in writing by documentation supplied by the  
4 company.

5 So, you know, based on their concerns, based  
6 on the feeling that this is way too much money to spend  
7 to replace this much, much smaller little wooden  
8 structure that served as a full service RO plant, we  
9 strongly believe that they should not be made to pay for  
10 any island apartment for the owners of the utility.  
11 They should only be made to pay for prudent, reasonable  
12 utility facilities, which we strongly urge should not  
13 exceed \$200,000 to do both the demolition and the new  
14 building.

15 I would point out that we're talking about  
16 very, very high rates in a community that's not,  
17 certainly not as affluent as the neighbor islands. I  
18 mean, you're talking about \$60 to \$70 base facility  
19 charges and water only of, like, \$90 and \$100 a month.  
20 So every way we can make this a little more efficient  
21 and really provide them with facilities no more than  
22 what is necessary, that's what we would ask you to do.

23 Finally, just a few housekeeping measures.  
24 Staff has recommended that once you resolve these issues  
25 and decide what the appropriate rates are, that those



1 rates not go into effect until after the invoices and  
2 the canceled checks have all been verified that the  
3 work's been finished. I would only urge you to please  
4 add to your order in addition to that requirement the  
5 kind of standard language that says upon the pro forma  
6 plant being completed and placed into service, then the  
7 rates go into effect. Because, you know, I just think  
8 that would make it a little stronger that it is actually  
9 finished rather than you just, you know, followed the  
10 documentation.

11 The last issue, and it doesn't have to do with  
12 money but it has to do with the future of the island, is  
13 there's been some emails we received just very recently,  
14 and the company can talk about this, as to what their  
15 plans are underneath whichever structure you approve,  
16 and that's the concrete water storage facility. The  
17 latest information we're getting in the last few days is  
18 that the intention is perhaps to actually cut a  
19 rectangular entrance into that concrete structure to  
20 form as a kind of a garage to put vehicles and equipment  
21 in, which, frankly, if the storage facility is no longer  
22 useable as a storage facility, that's a great idea and  
23 we certainly support it. But I think the staff and the  
24 Commission and the utility really needs to explain to  
25 the customers that, in fact, that storage facility is no

1 longer usable for storage. Because if it is, and we've  
2 not seen anything to indicate that it is not usable for  
3 storage, that is a thing of great value to a barrier  
4 island. And I think that really the utility should be  
5 remiss to destroy what is on-island water storage which  
6 could be used for emergency storage, could be used for  
7 fire storage, that is a thing of great value to a  
8 utility that should not be turned into a garage  
9 basically if it is still serviceable.

10 So we would recommend against the utility  
11 being told by this Commission to do that, particularly  
12 since the vehicles could perhaps be, and we've looked at  
13 the size of the structure, could be more accommodated by  
14 a lean or a carport type structure where you could have  
15 the office on top, the carport to the side or the back,  
16 and retain the value of this concrete structure for  
17 storage purposes. But that concludes my comments on  
18 that one issue. If it's your pleasure, Ms. Vandiver can  
19 just hit those other issues.

20 **CHAIRMAN GRAHAM:** Let's just go ahead and  
21 address Issue Number 10.

22 **MR. REILLY:** Okay.

23 **CHAIRMAN GRAHAM:** And then we'll come back to  
24 Ms. Vandiver.

25 Mr. Friedman.

1           **MR. FRIEDMAN:** Thank you, Mr. Chairman,  
2           Commissioners. Marty Friedman on behalf of Little  
3           Gasparilla Water Utility. With me is Mr. Boyer, who's  
4           been referred to numerous times. He's one of the  
5           owners, along with his wife, and also the vice president  
6           of the company. And I'm going to let him deal with most  
7           of the issues that were discussed because they deal --  
8           factually he has more up-to-date knowledge than I,  
9           although I want to address a couple of things.

10                   This statement about the property being used  
11           for a home. You know, the property is not zoned -- it's  
12           zoned utility property. It's not zoned residential.  
13           They couldn't use it for a home now if they wanted to.  
14           It sounds like they're complaining because they're  
15           building an aesthetically attractive building, something  
16           that matches the island decor rather than just putting  
17           up a four-sided concrete building, which probably then  
18           everybody would complain about was ugly and didn't match  
19           the beautiful island lifestyle.

20                   It's imperative that the, particularly the  
21           Phase 1 rates, it's imperative that they go into affect  
22           along with the order because it's -- financing of this  
23           construction by a small company like this, they need  
24           that cash flow. They can't wait six or eight months or  
25           however long it would take to do an evaluation after

1 it's built to get the implementation of those rates. So  
2 it's imperative at least on the Phase 1 that they do  
3 that. Phase 2, if you want to wait on Phase 2 and do --  
4 they're not going to be implemented any way until after  
5 the construction is complete. And if you wanted to do a  
6 true-up on that, then that's fine.

7 I think that some of the comments that Public  
8 Counsel is making about the use of the building are  
9 micromanaging. I mean -- and I'll let Mr. Boyer, he's  
10 been running this thing forever and keeping it together.  
11 And if you know an island environment, it's not easy to  
12 run a utility company on a barrier island. And he has  
13 done a heck of a job even through the hurricanes that we  
14 had probably a hundred years ago now -- it seems like  
15 only yesterday. But I'll let Mr. Boyer address the  
16 other comments that Mr. Reilly made.

17 **CHAIRMAN GRAHAM:** Thank you.

18 **MR. BOYER:** Commissioners, thank you for  
19 allowing me to speak today. I need to introduce myself  
20 to Frank, a new customer. I plan on making him happy.

21 I truthfully pride myself, and most every  
22 customer I have out there that are existing customers, I  
23 think you will find that will say that I have addressed  
24 every issue that's ever been presented. If they call  
25 with a complaint, I take care of it that day, if not

1 sooner.

2 Mr. Paskert, a great friend, he's concerned  
3 about the cost. His wife is in the real estate  
4 business. I'm concerned about the cost. We're trying  
5 to keep the cost as low as possible. That's one of the  
6 reasons we're moving our office to the island. We rent  
7 that house that they're talking about where the  
8 facilities are now, and that's a \$3,000 rental check  
9 that goes to offset some of the structures that we  
10 temporarily set up a shed on the property for this  
11 office. No, people do not solicit this office. It's a  
12 place for the computer to sit, the files to sit. And I  
13 didn't realize I needed 13 years of files till we  
14 started this audit, and I was only missing one box. I'm  
15 amazed. But it will be a cost savings to have the  
16 office on the island.

17 And eventually my wife and I will be running  
18 this. Once we get into the remote reads and we tie that  
19 together with the QuickBooks it even will allow somebody  
20 like myself that is not a bookkeeper to maintain the  
21 books in an adequate, very easy system, especially when  
22 we go to a lockbox with a bank, which we're in the  
23 process of doing that as well.

24 The office itself will consist of about three  
25 things. And we sat with the engineer and we went

1 through this in and out in every possible variation that  
2 could ever be used on the island and where it might end  
3 up. We're not destroying the tank entirely. The tank  
4 is made up of three sections, a total of 180,000  
5 gallons, 143,000 gallons of concrete storage, of which  
6 we're going to maintain a 40,000-gallon storage tank  
7 that will not be in operation. The reason it won't be  
8 in operation is once you open your water on a resale  
9 type system like we have, then it requires the DEP to  
10 take a whole different set of books in the way that we  
11 store water and repump it. If we can keep a closed  
12 system, that's great, and that's what our intentions  
13 are.

14 We will keep the storage tank in case there is  
15 an emergency, in case Charlotte County calls up and  
16 says, hey, you need to fill your tank up because we've  
17 got a hurricane coming and we do not know exactly how  
18 that's going to affect us, and it would be smart for you  
19 to keep some storage on the island. Generally when a  
20 hurricane comes, everybody on the island disappears  
21 anyway. So our flows drop down to 10,000 gallons a day.  
22 This is not a large operation. If we've got  
23 40,000 gallons, we've got a four- or five-day easy  
24 storage. Right now we can -- what triggered this whole  
25 expense was about five years ago when they spoke about

1 the fire. We had our first catastrophic breakdown. You  
2 know, gentlemen and ladies, this is the first  
3 desalinization plant in the U.S. that has ever been used  
4 for potable service. Okay? The difference between a  
5 reverse osmosis and a desalinization plant is I'm taking  
6 39,000 TDS salt water, okay, and bringing it into  
7 potable. Yes, you're removing a lot of the minerals,  
8 okay, and it's a very costly process.

9 The staff has reported in their staff -- that  
10 it was about a \$900,000 expansion for where the DEP  
11 would like us to be. We've met our maximum flows, and  
12 they're saying, Jack, you need to be expanding. You  
13 need to be doing something. You can't wait till you run  
14 out of water. And so that's the reason this process has  
15 been going on for five years. Okay?

16 It was \$2.2 million to properly expand this  
17 plant in place. Okay? So tying into Charlotte County  
18 is a very cost-effective way. If I were forced and  
19 could not get this interconnect to Charlotte County, the  
20 DEP is going to play my hand and say you have to expand  
21 your plant. Once I expand that plant, I'm going to be  
22 up here asking you for \$300 a month. This is the most  
23 cost-effective way to do it.

24 Now back to the building, it has been  
25 determined that we are going to have fire flow on the

1 island, something we've never had. When we built the  
2 plant we didn't have a fire department. Okay? And that  
3 was in 2000 we expanded plant where we added nine fire  
4 hydrants. Okay? Nine fire hydrants because the code  
5 says whenever you expand you have to add fire hydrants.  
6 No fire department but you've got to have fire hydrants.  
7 You also have to flush those and it gets expensive on a  
8 small system with low flows. You're constantly keeping  
9 the big lines clear

10 We ran a flow test with Charlotte County on  
11 our interconnect. It's 840 gallons per minute, a 62 psi  
12 residual pressure. This is going to give us 800 gallons  
13 a minute on three quarters of the island. The older,  
14 existing island on the south end where we would run four  
15 and three inches, we've yet to determine what we might  
16 be able to do to improve this.

17 Now those lines that I'm talking about that  
18 run to the south of the island, they start at the  
19 existing plant. Where we're tying in to the  
20 interconnect with the county is much further to the  
21 north end. So the water will be coming into the plant,  
22 okay, and there are three lines that leave there, two  
23 4-inches and a 2-inch. Okay? And this might be where  
24 we're required to put a Pony Pump system and also an  
25 automatic chlorination system. We'll be monitoring the



1 water at that point. But this is yet to be determined a  
2 possibility, and also a possibility in years to build  
3 out.

4 They mentioned the mandatory water hookup.  
5 This is a county deal. But if so, then we're going to  
6 have an additional amount of homes that we'll be tying  
7 into this and flows will need to be monitored at that  
8 time. So we've got, in one part of it we've got the  
9 pumps, the generators, the chlorination systems. Then  
10 we turn around and we have the main workshop itself that  
11 will also include a lab and samplings. And then we're  
12 going to have a small portion that is the office. It  
13 makes sense to have the office there because I won't  
14 have to rent a place on the mainland. If I don't, the  
15 costs offset each other. It's a very easy thing.

16 When they continue to talk about a second  
17 story building, all I've done is add a cupola there to  
18 make it look like an island house. Okay? The houses on  
19 all four directions have little cupolas. I'm just  
20 trying to make it fit in. We're doing the Hardie Board  
21 with a strip plank. It's going to be an attractive  
22 building. I'm going to landscape it. The people have  
23 been very patient next to us. And I probably made the  
24 mistake and started the rumor in saying, hey, I want it  
25 to look like a house. Okay? I don't want it to look

1 like a water plant like it has for years. Okay?

2 I think you will find that 369 of my existing  
3 customers out of 371 are excited about what's taking  
4 place. My pressures are going to go from 50 psi to 70  
5 psi. Okay? We're going to be a first-class system.  
6 Every utility in the State of Florida generally has an  
7 interconnect with another utility. This utility has  
8 never had that, and if we break down, it's a mad house.  
9 We live off of storage. There are times that I've been  
10 a nervous wreck and worked down there 24 hours a day  
11 three days straight to get this plant up and running. A  
12 positive displacement pump, which we're going to be able  
13 to get rid of -- when that water starts coming out of  
14 that Charlotte County interconnect, it's going to be  
15 relaxing to me, it's going to be exciting, and I think  
16 that you will find that every customer has.

17 I think I've addressed now -- we do not own  
18 the house where the existing office is. We're renting  
19 that property and we're fixing to move probably to the  
20 island, okay, where we are looking at a house.

21 The three tanks, one will stay online, and we  
22 intend to cut the other one so that we can protect a  
23 newly purchased backhoe, a golf cart, and an existing  
24 truck that we have just to get it out of the saltwater.  
25 And the saltwater is what eats up a lot of this stuff.

1 Any questions?

2 **CHAIRMAN GRAHAM:** No. That's it.

3 **MR. BOYER:** Sorry.

4 (Laughter.)

5 **CHAIRMAN GRAHAM:** Commissioners, do you have  
6 any questions, questions of either side for Issue Number  
7 10?

8 Commissioner Brown.

9 **COMMISSIONER BROWN:** Thank you, Mr. Chairman.  
10 Yes. Thank you for welcoming the questions. First I  
11 just wanted to thank our staff for really doing such a  
12 fine job on the overall recommendation and incorporating  
13 a lot of the smart suggestions that Office of Public  
14 Counsel raised. I think it's a great recommendation  
15 overall. So I just wanted to make that point. Getting  
16 to Issue 10 though regarding the building, how -- I  
17 understand that the building that you're renting in  
18 Englewood right now is, what, \$3,500 annually; right?

19 **MR. BOYER:** Yes, ma'am.

20 **COMMISSIONER BROWN:** The annual rent is  
21 \$3,500?

22 **MR. BOYER:** Yes, ma'am.

23 **COMMISSIONER BROWN:** How many employees  
24 actually utilize that building?

25 **MR. BOYER:** Three, and four sometimes.

1                   **COMMISSIONER BROWN:** How frequently?

2                   **MR. BOYER:** We only have a lady in there one  
3 day a week regularly, but then my wife and I respond to  
4 the calls daily.

5                   **COMMISSIONER BROWN:** How many square footage?

6                   **MR. BOYER:** How many square feet is that  
7 office?

8                   **COMMISSIONER BROWN:** Uh-huh.

9                   **COMMISSIONER EDGAR:** It is a 10x10 inside. We  
10 use an overhang on the outside for boat repair, and then  
11 we have storage on the other end. The whole building is  
12 like 12x40.

13                   **COMMISSIONER BROWN:** Okay. And then the  
14 office that you're proposing is about 400 roughly.

15                   **MR. BOYER:** It's about the same size.

16                   **COMMISSIONER BROWN:** Okay. And then are there  
17 transportation costs associated when you need to get to  
18 the island from the office, from Englewood, are there  
19 transportation costs?

20                   **MR. BOYER:** No. We already -- we're out there  
21 daily anyway and we're required to be there daily. And  
22 that's what's going to be so nice now. What might  
23 postpone this a year is we have a lovely lady that has  
24 been taking care of us for ten years. She's pushing 80  
25 years old, okay, and she worked for Englewood Water

1 District and retired from there. So we're sort of  
2 balancing our transfer along with her is when we  
3 actually move the office. But that'll also depend on  
4 when we move out of the house.

5 **COMMISSIONER BROWN:** I mean, in general I  
6 don't have a problem having an office on the island if  
7 it will benefit and provide better quality of service.

8 **MR. BOYER:** We have nobody that comes to the  
9 office. It's all pick it up at the post office box, put  
10 it in a computer. Okay? And pretty soon it's going to  
11 be mainly computer order because it'll all be sent to  
12 the lockbox for the bank.

13 **COMMISSIONER BROWN:** That building, the  
14 proposed building, it is something that I raised to  
15 staff. It was one of the big items of issue that I had  
16 with the recommendation.

17 You know, I understand that there are  
18 transportation costs associated on transporting the  
19 construction materials to the island, so I inquired to  
20 staff. But it really wasn't -- I think it was about  
21 20,000, 30,000. Just to get that confirmed here.

22 **MR. BOYER:** I think that's to demolish the old  
23 building.

24 **COMMISSIONER BROWN:** The 30,000 is to  
25 demolish. I was asking specifically about why a

1 building costs \$370,000 that's under 2,000 square feet  
2 to build. I feel that that's a little high.

3 **MR. BOYER:** And it might be. We received  
4 three bids. Okay? And what, I believe what we're  
5 asking is you are not going to raise our, or adjust our  
6 rates until we actually spend the money. And I hope to  
7 have a considerable savings as we go through this  
8 process. Okay?

9 Now I can't act as the contractor, so I went  
10 to three contractors. I sat down with the criteria. A  
11 large part of that also is the electrical. Okay? And  
12 also going to be cutting into the tanks. That's going  
13 to be a considerable cost as well as the stairs that  
14 we're doing, and our main power pole for the building  
15 is, the electrical is pretty intricate.

16 **COMMISSIONER BROWN:** Have you calculated how  
17 much that is per square foot? And, again, I'd like to  
18 take out the transportation costs. How much are the  
19 transportation costs?

20 **MS. GOLDEN:** It was 18,000.

21 **COMMISSIONER BROWN:** 18,000. Okay. So  
22 370 because we're going -- raising the building is 30.

23 **MR. BOYER:** Yes, ma'am. And that includes the  
24 tear down and the electrical modification. Okay. So  
25 you're really talking about 340,000. Would that be

1 right?

2 **COMMISSIONER BROWN:** I thought the -- is that  
3 correct? I thought that the staff recommendation was  
4 \$400,000 roughly, and of that --

5 **MR. BOYER:** And I think they included an  
6 engineering fee that I think that we have established is  
7 somewhere else or should be. That \$40,000 increase went  
8 to the subaqueous crossing. Okay? And I want to make  
9 sure that that's --

10 **COMMISSIONER BROWN:** If you don't mind just  
11 holding one second.

12 **MS. GOLDEN:** That is correct. All of the  
13 projects together, the engineering work was done for all  
14 three projects -- for the subaqueous line, for the north  
15 line connection, and also for the building  
16 construction -- and that comes up to about \$90,000  
17 total. A portion of that would be allocated to the  
18 building. We mistakenly put in \$42,500, which was  
19 included in the original \$90,000. So we are agreeable  
20 that that number should come out.

21 In addition to that, regarding the demolition  
22 cost, there is a different accounting treatment that can  
23 be applied to that. That can also be pulled out of  
24 plant. It would be added to accumulated depreciation.  
25 That brings your cost down to \$331,000.

1           **COMMISSIONER BROWN:** Okay. 331. So how much  
2 per square foot? It's a 1,964 square foot building.  
3 How much is that in terms of price? And I'm --

4           **MR. BOYER:** I'd have to calculate.

5           **COMMISSIONER BROWN:** Do you have that on the,  
6 on the contract renderings on the proposal?

7           **MR. BOYER:** No, ma'am, I don't. And it's  
8 not -- it's -- there are still -- there's still room in  
9 the contract, okay, that now we're going to get on each  
10 specific item. We budgeted items. Okay? The  
11 subcontractors, for instance, the electrical, we have no  
12 idea what's that's going to consist of.

13           **COMMISSIONER BROWN:** I understand. I'm  
14 familiar --

15           **MR. BOYER:** But how much is that per square  
16 foot?

17           **COMMISSIONER BROWN:** Yeah.

18           **MR. BOYER:** Your math of the 15 divided by  
19 340?

20           **COMMISSIONER BROWN:** 330 divided by 1,964.

21           **MR. BOYER:** 330? I've got Marty's calculator.

22           **COMMISSIONER BROWN:** I'm not relying on a  
23 lawyer.

24           **MR. BOYER:** I left my calculator in the car.

25           **MS. GOLDEN:** Commissioner Brown, staff has



1 calculated that to be \$168 per square foot.

2 **COMMISSIONER BROWN:** Okay.

3 **MR. BOYER:** The average house out there right  
4 now is around \$400 a square foot for new construction.

5 **COMMISSIONER BROWN:** Okay. Thank you for  
6 those responses.

7 **CHAIRMAN GRAHAM:** Quick question. I want to  
8 make sure I understand. Your current office space is  
9 \$3,510 a year?

10 **MR. BOYER:** Yes, sir. That's \$450, I think, a  
11 month, and that includes a both slip.

12 **CHAIRMAN GRAHAM:** Where can I get that office?

13 **MR. BOYER:** We have -- we've been very  
14 reasonable, sir. I promise you.

15 **CHAIRMAN GRAHAM:** Good Lord.

16 Commissioner Balbis.

17 **COMMISSIONER BALBIS:** There's been a lot of  
18 discussion on Issue 10, or some discussion on the  
19 aesthetics on whether it looks like a house, doesn't  
20 look like a house, and I'm not sure that's something  
21 that this Commission gets involved with. But where are  
22 you in the stage of permitting as far as any local land  
23 development codes or planning and zoning? I assume it  
24 goes through Charlotte County?

25 **MR. BOYER:** Yes, sir. That will be through

1 Charlotte County. We have not started anything.

2 **COMMISSIONER BALBIS:** And any construction  
3 would be in accordance with the permitting requirements  
4 of Charlotte County?

5 **MR. BOYER:** Yes, sir. And that's the reason  
6 we can't do the side things that they were talking about  
7 for additional parking. We covered that lot entirely.  
8 We've already received a variance on the front setback.  
9 Okay? So there's not enough property. I can barely get  
10 the truck beside the building now, much less having an  
11 overhang. I'd exceed my setbacks.

12 **COMMISSIONER BALBIS:** Okay. And the  
13 preliminary design documents that the bidders bid on,  
14 was that -- were those prepared in accordance with  
15 Charlotte County requirements?

16 **MR. BOYER:** Yes, sir.

17 **COMMISSIONER BALBIS:** Okay. Thank you.  
18 That's all I have.

19 **CHAIRMAN GRAHAM:** Okay. Ms. Vandiver, let's  
20 take up your issues.

21 **MS. VANDIVER:** Thank you, Commissioners. As  
22 Mr. Reilly said, I have four issues I'd like to address  
23 very quickly.

24 One is on the interconnect pipeline in Issue  
25 2. This is included in Phase 1 rates and is considered

1 100 percent used and useful. And staff referenced a  
2 Commission rule to determine that 100 percent used and  
3 useful. We don't believe that that rule applies, and we  
4 believe the Commission should consider the number of  
5 customers that that pipeline will serve.

6 In a 2007 Commission order for Utilities, Inc.  
7 of Sandalhaven, the Commission found an interconnection  
8 to be 17.65 percent used and useful based on anticipated  
9 growth. We believe that there's been a precedent. We  
10 believe that the purpose of used and useful is not to  
11 put the entire cost of a capital addition on the current  
12 customers but to spread it over the customers that it  
13 will ultimately serve.

14 In order to calculate something, my review of  
15 the contract with Charlotte County didn't indicate a  
16 specific reserve capacity like some interconnects do. I  
17 did see a term that was used, potential demand of  
18 175,000 gallons per day. I think the Commission has two  
19 options in picking a used and useful. I think it could  
20 be using the used and useful that was used for the  
21 transmission and distribution lines, which totaled  
22 57 percent, or I think you could use that potential  
23 demand of 175 compared to what staff used in their  
24 initial staff report, and that would come up with about  
25 a 79 percent used and useful. I think this impact would

1 be about \$17,000 on the revenue requirement.

2 I have two quick items on operating expenses.  
3 I believe that there may be an error in the hours per  
4 month that was used to calculate the president's salary.  
5 The staff recommendation used 37 hours per month, but in  
6 the documentation provided in the audit it was labeled  
7 32 hours a month with 16 hours per quarter for meter  
8 reading. And since meter reading was already moved out  
9 into another expense category for employees, I believe  
10 that 32 hours a month is what should be used to  
11 calculate the president's salary, and that results in a  
12 reduction to officer salaries of \$1,285.

13 Also with operating expenses, our review of  
14 the employee pension plan, staff recommended \$11,672.  
15 While we're not sure that the utility has provided  
16 sufficient evidence that the plan has been established  
17 and will be adequately funded, we would only ask that  
18 the Commission clarify certain language in the staff  
19 recommendation.

20 Staff has said that in Phase 2 they'll review  
21 the documentation. We would just like to make sure that  
22 it's clarified that if the utility has not begun to  
23 fully fund the pension accounts, that the reductions  
24 will be made in the Phase 2 rates.

25 On Issues 10 and 12, they are fairly similar

1 concerns that I have. When staff calculated the amount  
2 for the meters to be included in Phase 2 rates, they  
3 calculated 24,000 for materials and 5,000 for the labor  
4 costs. We're concerned that the labor cost is  
5 overstated and that it might double count some salaries  
6 that have already been included in expenses. In  
7 response to staff's data request, Mr. Boyer has said  
8 that he and his son will be installing the meters. His  
9 salary is fully included in expenses, and so I don't  
10 believe that the meters should include his salary again  
11 for installing the meters. And also there was  
12 adjustments made for the operations training. I believe  
13 that some adjustments should be made to lower it from  
14 the \$50 to install a meter to the actual cost that might  
15 actually be incurred over and above what's included in  
16 the operating expenses. And the same issue on service  
17 availability charges. For the tap-in fee and the meter  
18 fee, there was \$150 for labor on the tap-in fee and  
19 \$50 for the meter fee, and we believe that those should  
20 be reduced to remove salaries that may already be  
21 included and lowered to a reasonable rate. And those  
22 are my only issues. Thank you.

23 **CHAIRMAN GRAHAM:** Ms. Vandiver, I have a quick  
24 question before I go to Mr. Friedman. You said that  
25 your -- you said that the president should, he's working

1 for 32 hours a month. Was that correct?

2 **MS. VANDIVER:** That's what was given to the  
3 auditors. There was a, there was documentation that  
4 that's what the president spent on the utility.

5 **CHAIRMAN GRAHAM:** And you said that he and his  
6 son were going to put in the meters, but you're not  
7 going to allow any more time than that 32 --

8 **MS. VANDIVER:** Mr. Boyer is listed as the vice  
9 president. He's put in at a full-time salary.

10 **CHAIRMAN GRAHAM:** Okay. Okay. I  
11 misunderstood. That's why I wanted to find out.

12 **MS. VANDIVER:** Sorry. Okay. Sorry about  
13 that.

14 **CHAIRMAN GRAHAM:** Okay. Mr. Friedman.

15 **MR. FRIEDMAN:** Thank you again, Mr. Chairman,  
16 Commissioners. I'm going to let Mr. Boyer address again  
17 most of the issues.

18 I have two comments, one obviously on the used  
19 and useful. This case is different than Sandalhaven.  
20 Sandalhaven, the company didn't just have the  
21 interconnect line. In Sandalhaven they also had a  
22 separate wastewater treatment plant that was currently  
23 being used. So it wasn't that the interconnection with  
24 Englewood Water District was the only source of service.  
25 And if it was, I think this Commission would have

1 probably had a different result -- or maybe it was the  
2 county who dealt with it -- would have had a different  
3 result in addressing the used and usefulness of that  
4 line if it were the only source of getting rid of the  
5 effluent from that service area. But it wasn't because  
6 they had their own sewer plant, and that's why that case  
7 shouldn't be and can't be used as precedence for any  
8 decision that you may make regarding used and usefulness  
9 of that system on this plant. And I think that  
10 that's -- 100 percent used and useful is exactly the  
11 reason. I mean, think about a subaqueous main. What is  
12 he going to do? Put in a line that just serves what  
13 he's got now because that's all you're going to give him  
14 an opportunity to earn a return on? And then when he  
15 has to expand it, he goes in and puts another subaqueous  
16 line and then a third subaqueous lines as demand  
17 increases? You know, you can imagine the exponential  
18 increase in cost. If you're not putting one line in,  
19 you're putting in three or four or five every time you  
20 have an expansion of customers. And that's why the  
21 rule, we believe, is intended for this exact purpose,  
22 which is in a situation like this where this is going to  
23 be your sole source either of obtaining water or getting  
24 rid of wastewater, that that line is 100 percent used  
25 and useful. And I think that's consistent with prior

1 Commission precedence.

2 I want to comment on the, on something  
3 different than what Ms. Vandiver talked about on the  
4 officer salary. And I haven't mentioned it. I told  
5 Jack I was going to talk about this, but the staff has  
6 used American Waterworks Association salary information  
7 as, you know, as a guideline, and they -- well, not as a  
8 guideline. They've used it as a, as a hard line rule.  
9 And I think that, I think that's bad policy, and I know  
10 y'all have done it before, but I think it advocates your  
11 responsibility to make an informed judgment about what  
12 is reasonable expense. If you just look at a  
13 countrywide standard of not just private utilities but  
14 public utilities of all kinds and sizes and then you  
15 just say it's average, so this is what you get as the  
16 argue. I just don't think that's good policy and good  
17 rate making.

18 And I'm sitting here next to a guy that I  
19 think is way above average in operating his system, and  
20 to give him a salary that says this is, you know, he's  
21 an average guy, we'll give him an average salary, I  
22 think is just wrong. And I think that -- I mean, if  
23 they had analyzed it and looked at it and said, well,  
24 you know, this guy doesn't do a very good job so he  
25 shouldn't even get average, I understand that. But if



1 you've got a salary range that's one side to the other  
2 and you've got somebody that the staff looks at and  
3 says, you know, this guy is really doing a good job, the  
4 customers, you know, really know he's out there. He's  
5 out digging, you know, he's out in a hole worrying about  
6 this first guy, you know, fixing the leak, that you  
7 have, that you have somebody that's not average. And if  
8 you go with an average, then eventually everybody is  
9 going to have the same salary, and that's not, that's  
10 not good ratemaking policy. And so I would suggest to  
11 you that the salary range that the staff has recommended  
12 in here went to a high of, when you add -- they used  
13 last year's numbers, so when you add the 2 percent, the  
14 high in that range was \$76,293, and Mr. Boyer, they're  
15 approving him at \$61,405.

16 Now somebody will say, well, that's what he  
17 got during the test year. You know, the thing about  
18 owning and running a company is you're the last guy to  
19 get paid. And if there's not enough money in the till  
20 at the end of the day, you don't have enough money to  
21 give yourself a salary that you think you may really be  
22 entitled to. You have to just get what's left over, and  
23 that's why he's been drawing less salary than what he's  
24 been, what he really is entitled to because the money is  
25 not there. But that doesn't mean that this Commission

1 ought to say, well, you didn't get it in the test year,  
2 so you're not -- you know, and the number comes out to  
3 be average, that's all you're going to get. That's not  
4 fair and it's not -- I don't think it's good policy or  
5 good ratemaking. And so I would, I would ask that you  
6 allow his salary to be increased, if not all the way to  
7 the 76, at least somewhere between the 61 that the staff  
8 has recommended is the average number up to the high  
9 number of 76 and maybe pick a number in between. Pick,  
10 you know, 69 or 70, pick the middle number, but  
11 something that shows that you're just not saying, no,  
12 there's the average, let's take the average, let's move  
13 on to the next issue. And I'm going to let Mr. Boyer  
14 address other, any of those other issues you wanted to  
15 address.

16 **MR. BOYER:** I don't know. I'm still shook up  
17 somebody likes me. It's -- I forgot the issues.

18 **MR. FRIEDMAN:** The other -- one of the issues  
19 was --

20 **MR. BOYER:** I really, I didn't paid the first  
21 20 years. I apologize.

22 **CHAIRMAN GRAHAM:** The mistake --

23 **MR. FRIEDMAN:** One of the issues --

24 **CHAIRMAN GRAHAM:** Excuse me. The mistake you  
25 made was you pay him by the hour, not by the job.

1           **MR. BOYER:** Sometimes I didn't get paid.

2           **MR. FRIEDMAN:** One of the comments was the  
3 present, the difference between 37 versus 32 hours I  
4 think was one of the differences. Something submitted  
5 to the Commission at some point said 32 and something  
6 said 37, so.

7           **MR. BOYER:** Truthfully, if we really took into  
8 effect all the hours that we do put in, okay, it depends  
9 on how much of that time you take out of the day. If  
10 you just take the 15 minutes that we walk out to answer  
11 one phone call or turn a computer on and respond to a  
12 customer, we might do that ten times a day. Okay? 37  
13 hours would be a minimal. I think that we were very  
14 conservative in addressing what my wife does. My wife  
15 is on call 24 hours a day too, and they wouldn't allow  
16 her phone to be part of the cost basis. Okay? Because  
17 when I get a call and I go down and I go to work, I tell  
18 her to call Florida Power & Light, I tell her to call  
19 Ferguson Supplies, I ask her to call the person that's  
20 going to help me dig that hole. Okay? She's on call  
21 the whole time I'm on call down there. So 37 would be  
22 very conservative.

23           **CHAIRMAN GRAHAM:** Okay. Commissioner Brown.

24           **COMMISSIONER BROWN:** Thank you. And,  
25 Mr. Friedman, I have to respond to your comments

1 regarding bad regulatory policy. Yes, we have reviewed,  
2 when we have used it in other prior water cases, as a  
3 benchmark for comparing something -- let me just  
4 finish -- as a benchmark for comparing salaries. And  
5 I'm sure staff can opine on this, they base it on --  
6 this particular recommendation though is based on the  
7 facts and circumstances and comparison as a benchmark.  
8 They don't completely rely on the AWWA in setting the  
9 salaries. The AWWA -- they base it on many other  
10 factors including the size of the facility, the type of  
11 work involved, and the number of hours that are put in.  
12 So I just had to respond to it. I knew you were going  
13 to say something about that. And I think staff did a  
14 very fine job putting a lot of time and thought into  
15 putting some type of benchmark on that with regard to  
16 this utility size.

17 **MR. FRIEDMAN:** And I agree that's what it  
18 ought to be used for is a benchmark, not as a bright  
19 line.

20 **CHAIRMAN GRAHAM:** Any other Commissioners have  
21 any questions or comments on Ms. Vandiver's issues?

22 Mr. Friedman, do you have any other issues in  
23 the staff recommendation?

24 **MR. FRIEDMAN:** We do not. Thank you.

25 **CHAIRMAN GRAHAM:** Okay. Commissioners?

1 Commissioner Balbis.

2 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman,  
3 I have a couple of questions pertaining to Issue Number  
4 1, if that's appropriate.

5 **CHAIRMAN GRAHAM:** Sure.

6 **COMMISSIONER BALBIS:** Now that we've gone  
7 through the Intervenor comments.

8 Question for the utility, when is it, when is  
9 the subaqueous crossing scheduled to be completed?

10 **MR. BOYER:** That depends on your vote today.  
11 Okay? We are in a two-week notice. We're making a  
12 public notice in the newspaper for our final requirement  
13 on our DEP permit. Okay? And the bank financing is  
14 again waiting on y'all. So it's a matter of tying the  
15 three together. We're ready to go. I hope to have  
16 construction started by the end of this month.

17 **COMMISSIONER BALBIS:** Okay. And in the  
18 previous DEP inspections they found several  
19 deficiencies, and one of them was associated with the  
20 safety equipment for the chlorine system.

21 **MR. BOYER:** Yes, sir.

22 **COMMISSIONER BALBIS:** Do you use liquid or  
23 gaseous chlorine?

24 **MR. BOYER:** We used to use gas. Now we use  
25 granular, okay, which is much safer. But the DEP still

1 requires that safety equipment, and I told them that  
2 upon next inspection I would bring it from the house and  
3 set it there. Because if I set it there, it just  
4 destroys it every year. But it's not, it's not -- it's  
5 hydrochloric granular.

6 **COMMISSIONER BALBIS:** Okay. And then -- I  
7 might jump around a little bit, but following up with  
8 staff on the discussion of used and useful for the  
9 interconnection pipeline, Ms. Vandiver mentioned  
10 previous cases where we looked at an interconnection  
11 pipeline and reduced the used and useful.

12 My question is in this case if the  
13 interconnecting pipeline can provide 840 gallons per  
14 minute of flow, which is still below the Florida  
15 Building Code guideline for fire flow of 1,000 gallons  
16 per minute for, I believe, one to two hours, did we ever  
17 take into account fire flow on interconnection pipelines  
18 in determining used and useful or just potential for  
19 expansion of the utility's service territory or  
20 development?

21 **MR. BALLINGER:** I think the number we used for  
22 fire flow is 500 gallons per minute for a two-hour  
23 window. But, no, on this one we did not. We looked at  
24 it as a sole source of supply much like a single well  
25 like the rule applies. This is also consistent with how

1 the Commission treated WMSI over on St. George Island,  
2 which is a barrier island which fortunately has a bridge  
3 to it. You have to think about this. If this  
4 subaqueous line were interrupted in any way, they'd have  
5 to shuttle water on ships over to the island or  
6 something of that nature. Well, at least St. George has  
7 a road that you can truck water in if you have a break  
8 in that. So that was staff's thinking of it, that this  
9 is -- since it's being a sole source, that's why we went  
10 to the 100 percent used and useful.

11 **COMMISSIONER BALBIS:** Okay. And that's why I  
12 stated what the Florida Building Code uses as a  
13 guideline for structures and not what the Commission  
14 does.

15 **MR. BALLINGER:** That I'm not aware.

16 **COMMISSIONER BALBIS:** Okay. I appreciate that  
17 answer. And those are the only questions I have at this  
18 point, Mr. Chairman.

19 **CHAIRMAN GRAHAM:** Okay. Well, Mr. Boyer, I  
20 have to tell you, I commend the fact that both  
21 Mr. Shields and Mr. Paskert commented on your customer  
22 service. That's one of the things that we definitely do  
23 have control over, and the fact that -- of course,  
24 nobody wants a rate increase, but the fact that they're  
25 both complimentary of how responsive you are and the job

1 that you do, trust me, it's always good to hear that and  
2 not hear the contrary, because we do hear the contrary  
3 and it tends to be problematic.

4 **MR. BOYER:** Thank you, sir.

5 **CHAIRMAN GRAHAM:** Commissioner Brown.

6 **COMMISSIONER BROWN:** And I'm going to  
7 piggyback on that. That was really the only question  
8 that I have remaining is the marginal quality of  
9 service. I understand how staff got there. Quite  
10 frankly, Commissioners, I don't know if we're here on  
11 marginal and what affect that would actually have.  
12 Since there's no ROE reduction, it really does appear  
13 that the only issue of the finding for marginal was the  
14 leaky well issue and the lack of safety equipment of  
15 which will be corrected and rectified by the  
16 interconnection. So I just wasn't really completely on  
17 board with the marginal. I didn't think it was there.  
18 And I was kind of wondering -- I guess the question to  
19 staff would be what affect that marginal quality of  
20 service would have.

21 **MS. BUYS:** Well, we're not recommending any  
22 reduction in the ROE because of their --

23 **COMMISSIONER BROWN:** Could you put your mike  
24 on, please?

25 **MS. BUYS:** We're not recommending any



1 reduction in the ROE because he is taking a proactive  
2 approach for the interconnection to approve the water  
3 quality for his current customers.

4 **COMMISSIONER BROWN:** Okay. So what affect  
5 would it have?

6 **MS. BUYS:** No affect.

7 **COMMISSIONER BROWN:** Commissioners, I'm just  
8 not sure we're really at the marginal part, and I was  
9 kind of looking to your guidance to see if you agreed  
10 with that. I'm kind of split on it, quite frankly,  
11 because I think the utility is taking valiant steps to  
12 move forward in addressing the concerns.

13 **CHAIRMAN GRAHAM:** Commissioner Balbis.

14 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.  
15 And I had similar thoughts or concerns about the quality  
16 of service, but I did like the fact that staff did not  
17 reduce the ROE based on it because the utility is taking  
18 steps to improve it with the interconnection and they  
19 do, they do attempt to deal with customer issues.

20 I think the concern I do have though, in  
21 previous cases we've reduced the quality of service  
22 based on a utility's attempt to address customer  
23 satisfaction and issues in dealing with the customers  
24 even though their water quality was within DEP  
25 parameters. I think what's unique to this case is that

1 the water quality is not in compliance with the  
2 secondary water quality standards, especially for  
3 chloride. I think it'll be resolved with the  
4 interconnection once you get off of the saline waters.  
5 So I'm glad to see -- I don't think a reduction in ROE  
6 is warranted, but I think maintaining the quality of  
7 service being marginal is warranted at this time, and  
8 perhaps giving, like we've done in the past with other  
9 utilities, once certain things happen, we can improve it  
10 or adjust the ROE back to where it was. Perhaps we can  
11 give staff authority that once these improvements are  
12 made and the water quality testing results and chloride  
13 levels that are appropriate, that it can return to  
14 satisfactory. But I do feel that those test results do  
15 warrant a marginal level.

16 **CHAIRMAN GRAHAM:** Commissioner Brisé.

17 **COMMISSIONER BRISÉ:** Thank you, Mr. Chairman.  
18 Simply on the issue of the marginal quality, I think  
19 it's a reflection of what is currently, and so it's a  
20 fair assessment of what is. And I think the assessment  
21 that staff has made that there is no penalty associated  
22 with it is appropriate since there is work that is  
23 planned to address that issue.

24 **CHAIRMAN GRAHAM:** Commissioner Edgar.

25 **COMMISSIONER EDGAR:** Commissioner Brisé

1 basically took the words right out of my mouth. In  
2 response, Commissioner Brown, to your question, and  
3 Commissioner Balbis hit on this as well, I was going to  
4 say I do believe the marginal is a reflection from the  
5 information we have and also from hearing from the  
6 customers about the secondary water quality regarding  
7 appearance, odor, et cetera.

8 Generally on this issue there are two  
9 components, one being water quality and the second being  
10 customer service. I do believe that the discussion of  
11 the issue and, in particular, the summary statement  
12 gives full recognition that there are some water quality  
13 issues, that the utility is addressing them, but that  
14 the customer service aspect appears to be very positive.

15 And if I may, just around that, I also have  
16 made statements here on prior cases that a finding of  
17 marginal or unsatisfactory should carry weight and quite  
18 possibly have repercussions. So I stand by that down  
19 the road. But, again, I believe that this is a slightly  
20 different circumstance.

21 **CHAIRMAN GRAHAM:** You say that so when  
22 Mr. Friedman requotes you next time, that you were  
23 specific.

24 (Laughter.)

25 Okay. Any further discussion, questions?

1 Staff, did you have anything you had to add before I  
2 start seeking motions?

3 **MS. GOLDEN:** Would you like us to finish  
4 addressing Ms. Vandiver's comments, the changes they  
5 requested?

6 **CHAIRMAN GRAHAM:** Sure. Yes.

7 **MS. GOLDEN:** Okay. Regarding the 32 hours  
8 versus the 37 hours, the reason we used the 37, that's  
9 what she actually worked during the year. She did not  
10 do the meter reading during the test year, and so the 37  
11 was reflective of her administrative work, and that's  
12 why we used that in the calculation to come up with the  
13 hourly rate for the administrative work. So going  
14 forward, she will be doing the meter reading, but she  
15 did not during the test year. So we stand by that  
16 calculation. We don't agree with making that reduction.

17 Regarding clarification of the language on the  
18 pensions and benefits, that we would reduce the  
19 Phase 2 rates if that's not implemented, I think we  
20 would be agreeable to that.

21 And regarding the labor that was included in  
22 the meter replacement program, it is true that the  
23 employees do have meter replacements listed in their job  
24 descriptions, but we viewed this as an additional  
25 project in addition to the work that they're already

1 doing. However, if you, if you agree with Ms. Vandiver,  
2 we could reduce that amount or eliminate the labor and  
3 just view that as part of their salaries. But we did  
4 view that as being additional work in addition to what  
5 they're already being paid for.

6 **CHAIRMAN GRAHAM:** Okay. Commissioners, I  
7 think -- if there's any tweaks or maybe minor tweaks, so  
8 if you have an amendment to staff recommendation on any  
9 of these, let's address those amendments and then just  
10 take it all as a block. So I guess the question I'm  
11 asking for, if there's any amendment to the staff  
12 recommendation as it reads? Commissioner Brisé.

13 **COMMISSIONER BRISÉ:** On the pension issue, if  
14 staff would adopt the language of OPC on that, I would  
15 be agreeable with that.

16 **MR. MURPHY:** Mr. Chair, is that sufficient for  
17 the -- if that's going to be a modification, is the  
18 Clerk -- is that language sufficient for the Clerk?

19 **CHAIRMAN GRAHAM:** I was going to say I think  
20 we need to restate that to make sure that we have the  
21 Brisé amendment correctly stated.

22 **COMMISSIONER BRISÉ:** So if we can have staff  
23 restate what they stated prior with respect to the  
24 pension that they, what they would be agreeable to.

25 **MS. GOLDEN:** That the Phase 2 rates would be

1 reduced if the utility does not implement the pensions  
2 and benefits program. Technically it's simplified  
3 employee pension plan. So if they do not implement  
4 that, then the Phase 2 rates would be reduced to remove  
5 the pension benefit that's been included in the  
6 recommendation.

7 **CHAIRMAN GRAHAM:** That was a recommendation  
8 that was seconded. Is there any further discussion on  
9 the Brisé amendment?

10 **COMMISSIONER BROWN:** Could you -- for the  
11 benefit of the Clerk, who I just made eye contact with,  
12 could you repeat that clearly for her?

13 **MS. GOLDEN:** I'm sorry. I feel like that's  
14 not quite as articulately worded as it should be.

15 In the event that the simplified employee  
16 pension plan is not implemented, the Phase 2 rates will  
17 be reduced to remove that expense.

18 **CHAIRMAN GRAHAM:** Any further discussion on  
19 the Brisé amendment? Seeing none, all in favor, say  
20 aye.

21 (Vote taken.)

22 Any opposed? By your actions, you've approved  
23 the Brisé amendment.

24 Any further amendments to the staff  
25 recommendation?

1 Mr. Reilly.

2 **MR. REILLY:** There was an oral modification on  
3 Issue 10 as to the cost of the new building. Is that  
4 being incorporated in the order?

5 **CHAIRMAN GRAHAM:** That was the, taking out the  
6 \$43,500?

7 **MR. REILLY:** \$42,500.

8 **CHAIRMAN GRAHAM:** \$42,500.

9 **MR. MAUREY:** Commissioners, if it's your  
10 pleasure, staff would like -- would suggest to modify  
11 the staff recommendation on Issue 10, given the  
12 discussion that's taken place today related to the pro  
13 forma projects in the Phase 2 rates. In lieu of  
14 establishing Phase 2 rates today, instruct staff to  
15 bring back a recommendation regarding Phase 2 rates once  
16 all pro forma projects are completed and evaluated. All  
17 other requirements stated in Issue 10 would remain the  
18 same, namely that the project must be completed within  
19 12 months. If the utility is unable to, he will notify  
20 the Commission in writing that the documentation  
21 associated with the project is submitted and reviewed,  
22 that the documentation associated with the SEP plan, the  
23 pension plan is filed. And at that point we could bring  
24 back a recommendation and take into account all the  
25 considerations that were brought up today.

1           **CHAIRMAN GRAHAM:** You completely confused me.

2           **MR. MAUREY:** Oh, that was not my intent.

3           (Laughter.)

4           **CHAIRMAN GRAHAM:** So we still, if we approve  
5 the Brisé amendment as far as those Phase 2 rates, now  
6 you're talking about in addition to that amendment  
7 that's been done; correct?

8           **MR. MAUREY:** Yes. This does not affect the  
9 Brisé amendment.

10          **CHAIRMAN GRAHAM:** Okay. Now I need for you to  
11 rearticulate that so I understand it. Dumb it down or  
12 slow it down.

13          (Laughter.)

14          **MR. MAUREY:** I apologize for that pace.

15                 We're speaking about Issue 10, the pro forma  
16 projects and the Phase 2 rates. The suggestion is to  
17 modify the staff recommendation. In lieu of  
18 establishing Phase 2 rates in this today, we would bring  
19 back a recommendation once all pro forma projects are  
20 completed and evaluated. All other requirements in the  
21 Issue 10 would still hold true; namely, the utility  
22 would be required to submit all documentation regarding  
23 pro forma projects. The utility would complete the pro  
24 forma projects within 12 months of the consummating  
25 order. If it can't meet that timeline, that it would



1 notify the Commission in writing. And it would  
2 continue -- be required to submit documentation  
3 regarding the pension plan discussed in Issue 6. The  
4 Brisé amendment would still hold with respect to the  
5 implementation or the -- of the pension plan.

6 **CHAIRMAN GRAHAM:** Let's go to Mr. Friedman  
7 first, and then we'll come back to the Commissioners.  
8 Did you understand that?

9 **MR. FRIEDMAN:** I think so. I mean, I think  
10 what Mr. Maurey is saying is basically they'll complete  
11 what's called Phase 2 work pro forma, they'll complete  
12 that work. And once the work is done, we'll bring the  
13 documentation for what that work is and the rate  
14 increase will take affect based upon whatever that  
15 documentation shows. I hope that's what he's saying.

16 **MR. MAUREY:** Yes.

17 **CHAIRMAN GRAHAM:** Okay. I just want to make  
18 sure that you guys were in sync before I brought it back  
19 up here to discuss that.

20 **MR. FRIEDMAN:** Thank you very much. Yes. And  
21 we're agreeable to that process.

22 **CHAIRMAN GRAHAM:** Commissioner Edgar.

23 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.  
24 I would just point out that my understanding is that  
25 that means that the Phase 2 rates would, that would go

1 into effect at a later point would be after staff has  
2 reviewed all of that documentation, we have analyzed it  
3 and made a decision.

4 And I also would point out that I believe that  
5 that addresses one of the issues that Mr. Reilly raised  
6 as far as the rates not going into effect until the work  
7 is complete and all is in service. So I believe I  
8 understand it, and I am supportive of the amended  
9 recommendation to Issue 10 that Mr. Maurey has proposed.

10 **CHAIRMAN GRAHAM:** So is that the Edgar  
11 amendment?

12 **COMMISSIONER EDGAR:** Yes, sir.

13 **CHAIRMAN GRAHAM:** Now, is that to be done  
14 administratively or is that something that has to come  
15 back before us?

16 **MR. MAUREY:** Staff will bring back another  
17 recommendation to the Commission.

18 **CHAIRMAN GRAHAM:** Okay. So the Edgar  
19 amendment has been moved and seconded. Any further  
20 discussion on the Edgar amendment?

21 Commissioner Balbis.

22 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.  
23 And I fully support the Edgar amendment. I just wanted  
24 to make the comment and hope that the utility will  
25 continue to work with their architects and bidders to

1 try and see if we can save some costs of that building,  
2 knowing that any rate impact is important to the  
3 customers.

4 **MR. BOYER:** Yes, sir.

5 **CHAIRMAN GRAHAM:** Okay. We're on the Edgar  
6 amendment. All in favor, say aye.

7 (Vote taken.)

8 Any opposed? By your actions, you've approved  
9 the Edgar amendment.

10 Okay. We are still on any other amendment to  
11 Item Number 12, all issues.

12 **MR. MURPHY:** Could we make sure that the Clerk  
13 has got the Edgar amendment?

14 **CHAIRMAN GRAHAM:** Madam Clerk, do you have the  
15 Edgar amendment?

16 **MS. STAUFFER:** Yes.

17 **CHAIRMAN GRAHAM:** Okay. Okay. So then I'm  
18 looking for a motion on all issues staff recommendation  
19 as twice amended. Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.  
21 Again, my thanks to the customers for their  
22 participation, and to OPC and our staff and to the  
23 company for all the cooperation and discussion that we  
24 have had.

25 I would move approval at this time of all

1 items in Issue 12, incorporating the amendments that we  
2 have adopted.

3 **COMMISSIONER BROWN:** Second.

4 **CHAIRMAN GRAHAM:** It's been moved and  
5 seconded, staff recommendation including the two  
6 amendments as stated. Any further discussion?

7 **MR. MURPHY:** Mr. Chairman, could we make  
8 sure that Issue 15 is modified to remain open for the  
9 Phase 2 rates, for consideration of them?

10 **COMMISSIONER EDGAR:** That would be my intent.

11 **COMMISSIONER BROWN:** Second.

12 **CHAIRMAN GRAHAM:** We consider that a friendly  
13 amendment or correction and duly seconded. If no  
14 further discussion, all in favor, say aye.

15 (Vote taken.)

16 Any opposed? By your action, you've approved  
17 Staff recommendation as twice amended -- or three times  
18 amended on Item Number 12.

19 Just to let everybody know, we are going to  
20 start the Special Agenda in this room in the next three  
21 minutes, allowing people to move around seats. And then  
22 IA is going to start ten minutes following that in the  
23 IA room. Thank you very much and travel safe.

24 (Agenda item concluded.)

25

1 STATE OF FLORIDA )  
 :  
2 COUNTY OF LEON ) CERTIFICATE OF REPORTER

3  
4 I, LINDA BOLES, CRR, RPR, Official Commission  
5 Reporter, do hereby certify that the foregoing  
6 proceeding was heard at the time and place herein  
7 stated.

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

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

18 DATED THIS 15th day of October, 2014.

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LINDA BOLES, CRR, RPR  
FPSC Official Hearings Reporter  
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