

P R O C E E D I N G S

1
2 **MR. MOURING:** It's 6:00 now, so if
3 everyone could go ahead and settle down, we'll go
4 ahead and get started.

5 All right. I want to start -- can
6 everybody hear me okay? I wanted to thank everybody
7 for coming tonight. We're here for Crestridge
8 Utilities, LLC's customer meeting for their
9 staff-assisted rate case in Docket No. 140175-WU.

10 My name is Curt Mouring. I'm a Public
11 Utilities Supervisor at the Florida Public Service
12 Commission in the Division of Accounting and
13 Finance. Amber Norris is a Public Utility
14 Supervisor also with the Florida Public Service
15 Commission and also in the Division of Accounting
16 and Finance. And the gentleman that greeted you at
17 the door with the sign-in sheet is Mr. Dick Durbin.
18 He's with our Office of Consumer Outreach.

19 Just kind of a brief overview of what this
20 meeting is about. I'm going to go ahead and
21 describe kind of the Commission's process during a
22 rate case. We will also receive customer comments
23 from you guys tonight. Just a reminder that you'll
24 be called in the order in which you signed up to
25 speak and that your comments will be recorded

1 tonight.

2 Again, just kind of the process of a
3 staff-assisted rate case, what it is. We'll go
4 through the preliminary rates that have been
5 generated based on staff's preliminary investigation
6 of the utility's request, and we'll go through what
7 you can do to participate in the process.

8 On September 10th, a year ago today,
9 Crestridge filed the application for a
10 staff-assisted rate case or SARC. The utility also
11 filed for a transfer, a certificate transfer
12 application concurrently with its SARC. And the
13 rates were last established for this utility in
14 1992. I think in the Special Report you're looking
15 at it says 1993. It was a 1992 docket, but the
16 rates didn't actually go into effect until '93. I
17 just wanted to clear that up.

18 Okay. The staff-assisted rate case is a
19 process where the Commission staff assists smaller
20 Class C water and wastewater utilities with rate
21 relief requests. Staff assistance generally
22 mitigates the need for a utility to hire outside
23 consultants, being like accountants or engineers,
24 and that reduces the amount of rate case expense,
25 which is also -- it can be eligible for rate

1 recovery. So it puts downward pressure on the
2 amount of a rate increase.

3 Kind of the steps in the SARC process.
4 Again, the application was filed, the application
5 for relief was filed on September 10th, 2014. A
6 staff auditor goes out and conducts an examination
7 of the utility's books and records. A staff
8 engineer will do an examination of the utility's
9 operations as well as contact DEP to work towards
10 the quality of service aspect of the staff-assisted
11 rate case. Sorry. A staff report is prepared with
12 staff's preliminary findings and the preliminary
13 rate increase.

14 And that takes us to where we are now in
15 the process of the customer meeting will be held to
16 receive input from customers. After this customer
17 meeting, staff will prepare and file a written
18 recommendation that details staff's proposed rates,
19 and the Commission -- the recommendation will be
20 heard by the Commissioners. Staff can also consider
21 customer input received today and subsequent to this
22 meeting before it actually drafts its final
23 recommendation to the Commissioners.

24 Once staff has completed its written
25 recommendation and filed it, there will be a

1 Commission Conference, and at that Commission
2 Conference the Commissioners may ask questions of
3 staff prior to voting on the recommendation. The
4 utility and customers may also speak at this
5 Commission Conference, and the Commission can vote
6 to either approve, deny, or modify staff's
7 recommendation.

8 We do ask if you do plan on traveling up
9 to Tallahassee to speak at the Commission
10 Conference, that you make sure that someone from
11 Commission staff knows that you're there so that we
12 can make accommodations for you and make sure that
13 you get heard.

14 After the agenda -- after the Commission
15 votes, a PAA order will be issued within 21 days --
16 within 20 days of the vote. Once that PAA order is
17 issued, that'll start a 21-day protest period where
18 any substantially affected party other than the
19 utility can protest the order and request a formal
20 hearing under Section 120.57. It's any
21 substantially affected party other than the utility
22 because the utility must agree to accept final rates
23 and charges set by the Commission in a SARC unless
24 they produce less revenue than the existing rates
25 and charges.

1 Now if a timely protest is filed, a
2 hearing will be held in the service territory or as
3 close as reasonably possible. The hearing will be
4 before at least three Commissioners. The utility
5 and protesting parties will litigate the issues, and
6 customers can also participate in the hearing and
7 testify before Commissioners. After the hearing is
8 completed, staff will prepare another written
9 recommendation based on the testimony given at the
10 hearing. At that Commission Conference, no
11 participation from the utility or customers will be
12 permitted, and a final vote will be made by the
13 Commissioners and a final order will be issued. At
14 this point, that decision -- the Commission's
15 decision will only be appealable to the First DCA of
16 Florida.

17 Some of the details on Crestridge, and
18 this is based on staff's preliminary analysis, the
19 utility during the test year had operating revenues
20 of about 98 -- about \$99,000 and operating expenses
21 of about \$108,000, about \$9,000 in losses, net
22 operating losses. Based on staff's preliminary
23 findings, we're recommending revenues of \$199,680
24 and operating expenses of \$189,234 with a net income
25 of \$10,446.

1 And now I do want to add some qualifiers
2 here, and we'll spend a little bit of time on this
3 one. Here's the current monthly water rates.
4 That's what the rates in effect now are. And you
5 see the base charge for a 5/8 x 3/4-inch meter is
6 \$7.76 a gallon, a usage charge of \$1.51 per 1,000
7 gallons regardless of how many gallons of water you
8 use.

9 Now the preliminary monthly water rates,
10 that's based on staff's preliminary investigation,
11 we're recommending a base charge of \$11.55, and
12 we're actually changing the rate structure on the
13 usage from just a flat \$1.51 per 1,000 gallons to an
14 inclining block where the first 3,000 gallons would
15 be charged at \$5.70 per 1,000 gallons, and each
16 1,000 gallons above 3,000 would be billed at \$8.56.

17 Now these are reflected as just a -- not
18 phased-in rates, but this utility, as part of its
19 application and subsequent filings, has requested
20 some pro forma improvements. If those are not
21 completed by the time the Commission votes on this,
22 they would be phased in. So it may not be -- it
23 would be phased in at a lesser amount and then
24 stepped up to that. But also keep in mind that this
25 is preliminary. This is still very much subject to

1 check, subject to continued analysis, and that
2 changes will almost certainly be made to that
3 number.

4 Here's just kind of a breakdown. I think
5 the 5,000 is in your Special Report. Kind of a
6 comparison of the total bill, monthly bill under the
7 current rates at three different consumption levels
8 of 3,000, 5,000, and 10,000 and what they'd be under
9 the preliminary water rates. That's the total
10 monthly bill. That's the base charge plus the sum
11 of the consumption charge.

12 For Crestridge, staff's recommendation is
13 tentatively scheduled to be filed on October 22nd,
14 2015, to be heard at the November 5th, 2015,
15 Commission Conference. And, again, at the
16 November 5th Commission Conference, the Commission
17 may either approve, deny, or modify staff's
18 recommendation.

19 What can you do to participate in the
20 process? You can provide comments at tonight's
21 meeting. You can provide written comments to the
22 Commission. I'll go through that in a little bit.
23 You can obtain a copy of staff's recommendation.
24 I'll show you where you can get that, or you can
25 request one. And we'll make sure once it's filed,

1 that you'll get one. And you can monitor the
2 agenda. You can either travel up in person or I'll
3 show you where you can monitor it live streaming on
4 the Commission's website.

5 As you came in, you received a Special
6 Report from Mr. Durbin that looks just like this,
7 and it's got the name of the utility -- this is a
8 different company -- but it's got the name and the
9 docket number right there on the cover. That docket
10 number is what you use on the Commission's website
11 or on any correspondence to reference this
12 particular case, and that's the 140175-WU.

13 The last page of your Special Report is a
14 comments, a consumer comments form that you can fill
15 out, fold up, and put a stamp on and mail in. It
16 doesn't have to be on this form. We just do this as a
17 convenience, but it has the docket number already on it.
18 It is very important that any correspondence that you
19 send in that you do reference this case by that docket
20 number.

21 Here's the main page of the Commission's
22 website, which is www.floridapsc.com. And up at the top
23 here there's some menu tabs that you can pick from.
24 There's a tab up there called Conferences and Meeting
25 Agendas as well as the Clerk's Office tab. If you go to

1 that Clerk's Office tab, you can query this docket
2 number and you'll have access to the recommendation and
3 any other documents that have been filed in this case.

4 Under the Conferences and Meeting Agenda tab,
5 that'll take you here, and on November 5th you'll be
6 able to actually stream live the Commission Conference
7 on this item. Again, it's tentative, but right now it's
8 scheduled for the November 5th agenda.

9 The Office of Public Counsel is a consumer
10 advocacy group. They advocate before the PSC. We
11 actually have two representatives from the Office of
12 Public Counsel with us here tonight. Their 800 number,
13 1-800-342-0222, or you can log on to their website at
14 www.floridaopc.gov.

15 The Florida Public Service Commission has a
16 1-800 hotline for consumer assistance, and that's
17 1-800-342-3552. If you have any questions about this,
18 you're not sure who to contact, you can call the main
19 line and they'll be able to point you in the right
20 direction if they can't answer your questions right on
21 the phone with you.

22 So before we start taking comments, I do want
23 to just remind everybody one more time that this meeting
24 is being recorded. The customers will be called forward
25 in the order in which they signed up to speak. When you

1 do -- when you are called, please come forward to this
2 microphone right here. Please state your name, address,
3 and please spell your last name for us, and we'll go
4 ahead and get started.

5 **MS. NORRIS:** Okay. Ms. Betty Nowak.

6 **MS. NOWAK:** That's me.

7 **MS. NORRIS:** Okay.

8 **MS. NOWAK:** I'm Betty Nowak, 1154 Landau
9 Street in Holiday, Florida.

10 What else did you need?

11 **MR. MOURING:** Your name and address, and
12 if you wouldn't mind spelling your last name.

13 **MS. NOWAK:** N-O-W-A-K.

14 **MR. MOURING:** Thank you.

15 **MS. NOWAK:** My question isn't -- I'm not
16 arguing about the rate increase. I understand that
17 it's probably long overdue. What I'm inquiring
18 about is why it has to be all at once. I mean, our
19 home usage is in the 5,000 gallon bracket, which
20 means your proposed rate increase is going to cost
21 us in water alone \$30 plus a month. That's a big
22 jump when you're talking about fixed income. So
23 I'm -- that's my question. Can it be split up? Can
24 we do half of it now and half of it next year, you
25 know?

1 **MR. MOURING:** Well, if -- and I do want to
2 hopefully be a little more clear on that. The rates
3 that are presented in your Special Report and as we
4 went through on here, they are preliminary, they are
5 subject to change. And also, like I said, there's
6 some pro forma, which basically means that they're
7 planned projects. They haven't actually been done
8 yet. Those would not be recovered through rates
9 until they are completed. So, like I said, there
10 are quite a few projects that fall into that
11 category. Some of them have already been completed,
12 and those would be eligible for Phase I rates that
13 would go into effect upon the issuance of the final
14 order after the November agenda, with a second phase
15 of rates, a second increase that would get it closer
16 to the full amount that would go in at some point
17 thereafter, usually no more than two years after,
18 usually about a year after, but that would be once
19 the projects are completed.

20 So we wouldn't -- the Commission generally
21 wouldn't split it just a 50 percent now and then
22 50 percent later. It would be based on the actual
23 cost to the utility, and that would be based on the
24 projects, the improvements that have actually been
25 made and when they're actually put into service.

1 **MS. NOWAK:** So you're telling me, if I'm
2 understanding this correctly, that, you know, it
3 might not go up that much because the projects might
4 not be completed?

5 **MR. MOURING:** That's correct.

6 **MS. NOWAK:** But it could go up that much.
7 And when will these rate increases take
8 effect? As soon as the Commission votes on them or
9 at the beginning of the year or --

10 **MR. MOURING:** Technically they can put the
11 rates into effect, I believe, upon the issuance of
12 the order.

13 **MS. NOWAK:** So that would be November.

14 **MR. MOURING:** Yeah. What I would
15 recommend to you would be to either request from us
16 or go ahead and log on to the website, and I can
17 walk you through where to look for that again.

18 In October -- October 22nd is when staff
19 is tentatively scheduled to file its recommendation.
20 That's where you would see what the breakout, what
21 the Commission is actually going to be voting on;
22 are there phased rates, is it rates to go into
23 effect immediately and then rates to go into effect
24 later, and what those would be. That would probably
25 be the best place for you to look in terms of what

1 the Commission is actually going to be voting on.
2 But, again, that won't be available until
3 October 22nd.

4 **MS. NOWAK:** I was just going to say, so
5 there's no place right now to get an idea of what
6 those figures are going to be?

7 **MR. MOURING:** No, ma'am. We're still
8 looking.

9 **MS. NOWAK:** Okay. Thank you.

10 **MR. MOURING:** Thank you.

11 **MS. NOWAK:** Oh, one last thing. A friend
12 of mine who lives down the street from me asked
13 about sediment in the water, where to go for
14 questions on that.

15 **MR. MOURING:** I would go ahead and grab an
16 extra copy of the Special Report from Mr. Durbin.
17 If you can forward that to your friend and have them
18 send that in to us with the details of their
19 concerns, we'll certainly be able to look into it.

20 **MS. NOWAK:** Okay. Thank you.

21 **MR. MOURING:** Thank you.

22 **MS. NORRIS:** Mr. John Pletka.

23 **MR. PLETKA:** My name is John Pletka, 4915
24 Gaslight Avenue, Holiday, Florida. Last name
25 spelling, P-L-E-T-K-A.

1 My concerns are the increase is over 100
2 percent. We're more than doubling our water rate.

3 My other concerns are the fact that this
4 is a retirement community and many of our residents
5 are not here at this time. They won't even be back
6 until after this rate is voted on, so they are
7 having no input into this. I don't know why it is
8 the way it is. I understand that progress has to be
9 made and that there are many things that need to be
10 updated here, since the tank across the street from
11 me blew up, I guess it was hit by lightning, and it
12 has not been replaced at this time. However, I am
13 concerned that the rate may go up more than what
14 we're seeing on this paper.

15 **MR. MOURING:** Well, let me kind of take
16 that on one at a time.

17 Again, I think there's a restructuring of
18 the rate -- the rates going from just a single tier
19 to an inclining block where the rates go up for
20 every gallon above 3,000, and that can actually -- I
21 mean, that's where you get the larger percentage
22 increase in the total bill. For light users it
23 would actually be less than that, but because --
24 there's two different things going on. There's the
25 rate increase and then there's also the

1 restructuring of the rates.

2 **MR. PLETKA:** Excuse me. But the average
3 rate is going to be more than double.

4 **MR. MOURING:** At 5,000 gallons?

5 **MR. PLETKA:** No, at 3,000 gallons.

6 **MR. MOURING:** At 3,000 gallons. Okay.
7 Yeah. But I did just want to make sure that there's
8 two different -- it's not just the rate increase.
9 It's actually the rate structuring, which is going
10 to be felt more by higher users. If you're using
11 above, heavy users will feel it much more.

12 And in regards to the seasonal residents,
13 they're certainly free to send in correspondence.
14 They can email, they can -- or both Amber and my
15 direct line is in the Special Report. We have
16 plenty of extra copies. However they can get ahold
17 of us, if they'd like to participate in the process,
18 they're certainly able to do so.

19 I understand because of the timing -- we
20 have no discretion over when a utility files, but we
21 do need to move forward with the process due to
22 statutory constraints. But however they can get the
23 information -- a notice is sent along with a bill.
24 We understand that there are seasonal residents and
25 that they're not here to participate in the customer

1 meeting, but that's why we try to open up as many
2 different vessels as we can for them to communicate
3 with us if they'd like to.

4 **MR. PLETKA:** All right. Okay. And it is
5 going to be based on the improvements at the time.
6 I mean, it's not going -- if they haven't made
7 improvements, they're not getting the whole rate.

8 **MR. MOURING:** That's correct. If the
9 improvements have not been made -- basically the way
10 it works is the improvements that have already been
11 made will go into rates, will be reflected in rates,
12 I should say, and rates will be set for once the
13 other projects have been completed. When that --
14 when the utility has completed those, they will come
15 back to the Commission, demonstrate that they've put
16 the improvements in and verified that the costs are
17 accurate, and then those rates would go into effect.
18 But that would be a separate agenda.

19 What the Commission would be approving in
20 November would be assuming they move forward with
21 these projects and complete them in the future,
22 here's what the rates will be to include those
23 planned improvements.

24 **MR. PLETKA:** When can they request their
25 next increase?

1 **MR. MOURING:** They would be --

2 **MR. PLETKA:** I mean, this is a new owner
3 and I'm assuming he's wanting to make some profit,
4 which obviously he's entitled to a reasonable
5 profit, but I'm just wondering how often these
6 people can make rate increase requests.

7 **MR. MOURING:** If he can demonstrate that
8 he's earning below his authorized range of return on
9 equity, he can file at any time. I mean, obviously
10 he couldn't have two cases running at the same time,
11 but he would have to -- at any point when he can
12 demonstrate that he's earning below his authorized
13 range of return, he would be eligible to file for a
14 rate increase.

15 **MR. PLETKA:** Okay. Thank you, sir. I
16 appreciate your answers.

17 **MR. MOURING:** Thank you.

18 Okay. That's all the names that we have
19 for folks that have signed up to speak. At this
20 time is there anyone else that would like to speak?

21 **MR. KELLY:** Curt, can I take just two
22 minutes?

23 **MR. MOURING:** You may.

24 **MR. KELLY:** If nobody else is going to
25 speak. Thank you. I appreciate it.

1 Good evening. My name is J. R. Kelly.
2 I'm with the Office of Public Counsel. And Danielle
3 Roth is with me tonight. She's the attorney that's
4 been assigned to this matter and we'll be
5 representing you, the ratepayers, for this case.

6 Now I simply wanted to take just a couple
7 of seconds, and I appreciate the staff allowing me
8 to do this, to let you know that there are some
9 areas that we are looking very closely at from the
10 report that Curt mentioned earlier that's
11 preliminary, and we've identified some areas that
12 we're going to be sending them a letter on your
13 behalf within the next week to ten days indicating
14 some areas we want them to double-check because we
15 believe there's some expenses that may have been
16 double counted.

17 There's also -- he indicated in questions
18 from the lady about pro forma, meaning things that
19 are -- that the owner is going to be doing in the
20 future, and we have some questions as to exactly
21 what those improvements are going to do. Are they
22 going to take care of the unaccounted for water?
23 That is water that's being -- that's coming out
24 that's being wasted. And that's not attributable to
25 the current owner. That was -- it's been a problem,

1 but we want to make sure that that is taken care of
2 because those are expenses that could be reduced for
3 you in the future that you certainly don't want to
4 be paying for, and the Commission doesn't want you
5 to be paying for that either.

6 And there's some other areas that we believe
7 unintentionally have been double counted such as
8 insurance and possibly some salaries and wages expenses.
9 But I just wanted to let you know that I want to
10 introduce you to Danielle and let you know that she's
11 going to be working on this.

12 And a couple of things that I do want to
13 emphasize that Curt mentioned, it is vitally, vitally
14 important that you -- and hopefully you go take some of
15 those forms and give them to your neighbors and submit
16 comments to the Public Service Commission. They really,
17 really do want to hear from you. I can get up here and
18 speak till I'm blue in the face, but what you say is the
19 most important because the quality of the service, the
20 quality of the water, and how this rate increase will
21 affect you -- as the gentleman said, it's going to more
22 than double his rates -- those are things that they need
23 to hear and they want to hear. That's why they took the
24 time to come down here tonight and talk to you.

25 For those that are seasonal, take some of

1 those forms and give it to them when they get here
2 because you can submit comments right up until the time
3 that staff is going to do their recommendation.
4 Hopefully you'll get them in sooner, but they will take
5 those into account. You can do it in writing, as Curt
6 said. You can do it online for those of you who use the
7 internet. Just make sure you use that case number or
8 docket number.

9 And finally when I'm done and we're done here,
10 I understand that you have a homeowner's association.
11 I've been trying to find out who your president is so I
12 can get ahold of that person and share information
13 through them. Hopefully they have a -- the ability to
14 share information to you through the internet or through
15 a newsletter or something. I don't know. But
16 afterwards, if anybody could come up and tell me, give
17 me some contact information for your homeowner's
18 association president, I would -- I'd really appreciate
19 it.

20 **UNIDENTIFIED SPEAKER:** We don't have a
21 homeowner's association.

22 **MR. KELLY:** Oh, you do not.

23 **UNIDENTIFIED SPEAKER:** We do not.

24 **MR. KELLY:** Okay. A gentleman had told me
25 he thought you did. So I appreciate you letting me

1 know that. Thank you.

2 And again, Curt, I appreciate you letting
3 me have a couple of minutes.

4 **MR. MOURING:** Certainly. With that being
5 said, if there are no other customers that would
6 like to make any comments, I will go ahead and
7 adjourn this meeting. And thank you all again for
8 coming out and meeting with us. Thank you.

9 (Customer meeting adjourned at 6:30 p.m.)

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

3 I, LINDA BOLES, CRR, RPR, Official Commission
 4 Hearings Reporter, Hearing Reporter Services Section,
 Office of Commission Clerk, do hereby certify that the
 5 foregoing proceedings were transcribed from digital
 recording to the best of my ability.

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

9 DATED this 7th day of October, 2015.

10
 11
 12
 13 

14 _____
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