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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 160223-WS

RULES 25-30.455, F.A.C.,
STAFF ASSISTANCE IN RATE
CASES AND 25-30, 425, F.A.C.,
PASS THROUGH RATE ADJUSTMENT

_____ /

PROCEEDINGS: STAFF RULE DEVELOPMENT
WORKSHOP

DATE: Friday, November 4, 2016

TIME: Commenced at 9:30 a.m.
Concluded at 11:06 a.m.

PLACE: Gunter Building
Room 105
2540 Shumard Oak Boulevard
Tallahassee, Florida

REPORTED BY: DANA W. REEVES
Court Reporter and
Notary Public in and for
State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

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In Attendance:

- Adria Harper, PSC
- Martha Golden, PSC
- Samantha Cibula, PSC
- Bert Fletcher, PSC
- Don Rome, PSC
- Todd Brown, PSC
- Troy Rendell, U.S. Water Services
- Vandiver, OPC
- Jared Deason, Utilities, Inc. of Florida
- Greg Schaefer, PSC
- Andrew Mallory, PSC
- Amber Norris, PSC
- Mark Futrell, PSC
- Tim Thompson, Marion Utilities
- Austin Davis, Marion Utilities
- Gregory Williams, Florida Rural Water Association

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PROCEEDINGS

MS. HARPER: I'm Adria Harper with the Florida Public Service Commission. I'm going to go ahead and give the notice and then we'll go around the table and introduce ourselves for the court reporter that's here, okay?

So we're here pursuant to the notice of Staff Rule Development Workshop in Rules 25-30.44 -- excuse me -- 455 and 25-30.425. This notice was originally published in the Florida Administrative Register on October 19th, 2016, in Volume 42/204. And here today we have some other staff that are going to help us discuss these rules.

And, with that, I'm going to go ahead and go around the table and have people introduce themselves for the discussion.

MS. GOLDEN: I'm Martha Golden with Commission Staff.

MR. ROME: Don Rome with Commission Staff.

MR. BROWN: Todd Brown, Commission Staff.

MS. VANDIVER: Denise Vandiver with the Office of Public Counsel.

MR. RENDELL: Troy Rendell with U.S. Water Services.

MR. DEASON: Jared Deason with Utilities, Inc.

1 of Florida.

2 MS. HARPER: Okay. Great. Thank you.

3 So let's go ahead and start with -- unless you
4 have a preference of what rules to start with -- do
5 you have a preference, Martha, of which one to
6 start with? I thought we could go ahead and start
7 with the four -- .455 Rule, the Staff Assistance in
8 Rate Case -- Rate Cases. That's actually the
9 second rule in the notice if you're going off the
10 notice, but that one has sort of the least amount
11 of changes in it. So that's 25-30.455, Staff
12 Assistance in Rate Cases.

13 And I forgot to mention that these changes
14 were made pursuant to the recent legislation that
15 we had here in Florida, House Bill 491, I believe.
16 So this language, you'll see in this particular
17 rule, basically pretty much follows what the
18 legislation dictated that we do. But if anybody
19 has any comments, I'll open the floor for that.

20 Okay. We can move then to the other rule, the
21 .425 Rule. And I don't know if you want, Martha,
22 to give a brief explanation of what changes were
23 made in the rule or if you just wanted to start
24 with comments on the rule. We -- she can do a
25 brief overview if you guys would prefer that, of

1 what the changes she made.

2 MS. VANDIVER: Could you also maybe make
3 comments on what changed from the first rule to the
4 second rule? I tried to go through it a little
5 bit, but just to catch -- make sure I got them all.

6 MS. HARPER: Absolutely.

7 MS. GOLDEN: And the changes that we made
8 between the first draft and this draft were based
9 on questions and comments that we had gotten from
10 all of you. And most of it, it was just to clarify
11 things, things where it wasn't as clear as it
12 needed to be on exactly what we were asking for.
13 So most of it was just re-wording changes.

14 But just a quick overview, what we did is, you
15 know, the statute added additional specified
16 expenses that can now be recovered as a pass
17 through item. And what we found out when we
18 started trying to add these others in is that our
19 current rule didn't exactly match the process we
20 were following. There's certain information that
21 staff has to go back and regularly ask the
22 companies for, such as additional documentation in
23 the form of invoices, and so we wanted to make sure
24 that this version of the rule matches what our
25 process is so that utilities know up front that

1 this is information that we need and it will just
2 help the process go a little bit smoother instead
3 of staff having to go back and keep asking for
4 additional information.

5 The other thing that we tried to do is
6 eliminate as many things that we could that we
7 might not need anymore.

8 And, before I go on, do you want to get
9 introductions from the people who have joined us?

10 MR. MALLORY: Andrew Mallory, Commission
11 Staff.

12 MS. HARPER: Please introduce yourself.

13 MR. DAVIS: Introduce yourself.

14 MR. THOMPSON: I'm Tim Thompson from the
15 Marion Utilities, Incorporated, from Ocala.

16 MR. DAVIS: And I'm Austin Davis and I'm with
17 Marion Utilities, as well.

18 MS. HARPER: Welcome. Thank you. We are
19 discussing the Pass Through Rate Adjustment Rule,
20 Rule 25-30.425. No one had any comments on the
21 other rule. I don't know if you guys had any
22 comments on the other rule, but if you do, we can
23 go back to that one.

24 So Martha is giving a brief explanation of
25 what changes we made to this rule since it's the

1 sort of more comprehensive one as far as amendment.

2 MS. GOLDEN: If you don't mind, let me go back
3 to the Rate Case Rule for just a minute.

4 MS. HARPER: Okay. Sure.

5 MS. GOLDEN: If you looked at the original
6 draft we issued, the change was that we struck the
7 sentence that talked about rate case expense,
8 because with the statutory revisions there's enough
9 detail in the statute that guides us in -- to what
10 is and is not allowed that we really didn't need to
11 have that in the rule. We're not supposed to just
12 repeat the statute in the rule. So we didn't
13 really have anything we could put in that would
14 have been additional guidance beyond what the
15 statute said, so that was why we struck it. But we
16 had a couple of different people tell us that they
17 were concerned that it gave the impression that we
18 were saying that no rate case expense would be
19 allowed because we struck that sentence that was
20 previously in there.

21 So what we've done to address that concern is
22 that we've added a sentence back in that just --
23 that reasonable and prudent rate case expense will
24 be allowed that's in accordance with the statute.

25 MS. HARPER: Can you tell them what line that

1 is in?

2 MS. GOLDEN: It's in the very beginning of the
3 rule, near the first page. If you're looking at
4 the workshop notice, it's going to be on page 14.
5 And where the new sentence starts is on line seven
6 of that page.

7 And so the way the sentence reads now is:
8 Reasonable and prudent rate case expense that
9 follows the guidelines set forth in section
10 367.081(3) Florida Statutes shall be eligible for
11 recovery through the rates developed by staff.

12 So it's -- that's just to make it clear that
13 we will still consider rate case expense, but we
14 just have to do it accordance with the new statute.

15 Anybody have any questions on that? Okay.

16 Going back to the pass through, the rule --
17 what we tried to do when we were updating this, we
18 needed to add the new expenses that the statute now
19 allows to be recovered through the pass through,
20 but we also wanted to update it to match our
21 current procedures for how we actually do process
22 these and wanted to make it as streamlined and
23 efficient as we could so that when somebody needs
24 to file a pass through, you'll know here's all the
25 information we need for your type of pass through.

1 What we tried to do is eliminate things that we
2 really don't have to have anymore. And I'll give
3 you one example, was the ad valorem tax pass
4 through. That was in the -- it's in the current
5 rule and it's still going to be in the new rule.

6 For that one, what we used to ask for was the
7 information that showed that there was an increase,
8 but then we also wanted to know what it -- what
9 your taxes were for the previous three years.
10 Well, we really don't need four years of
11 information for that. We just need to see what's
12 the increase and what did you have last year. And
13 so we've tried to eliminate those types of
14 information so that you -- we're narrowing down
15 what you really have to file.

16 We've also eliminated the number of copies in
17 previously -- I think it was asking maybe for six
18 copies. We've dropped it down to -- you just have
19 to file the application with one set of all the
20 supporting documentation.

21 MR. THOMPSON: Nice.

22 MS. GOLDEN: We tried to help. And we've also
23 tried to change some things where there's some
24 information that we used to ask for related to
25 usage with gallons sold and gallons purchased

1 related to the purchased utility service pass
2 through. What we've done is change that to where
3 the information that we need, if you want to
4 re-calculate the excessive unaccounted-for water
5 adjustment that might go with that, then you give
6 us that information, but we've eliminated it so
7 that it's not required for every single pass
8 through.

9 So those are just some of the things we've
10 tried to do to help out with that.

11 Yeah. We did incorporate OPC's comments, your
12 changes, which was for anybody that might not have
13 seen OPC's comments. If you go to page five of the
14 notice, on line seven, for waste water biosolids
15 disposal, we've added the word fees that matches
16 the statute. It was not our intention to suggest
17 that it would be different than the statute. We
18 were just trying to give a little bit more
19 abbreviated list for purposes of the rule. So
20 we've added that.

21 And there was one other one where you -- and I
22 forget now what the other one was. You might help
23 remind me, Denise.

24 MS. VANDIVER: I think it was line 11 maybe --
25 or --

1 MS. GOLDEN: It was one where we had left off
2 that it was the fees that were -- no. I know what
3 it was. It was the -- on the page before, on page
4 four for the National Pollutant Discharge
5 Elimination System Permit Program fees, we've added
6 charge by the Florida Department of Environmental
7 Protection. That was not in the first draft you
8 saw, but it's in this current one.

9 Does anybody have any questions before I start
10 telling you what we changed -- what else we changed
11 from the first draft to the second draft? It
12 pretty much just certification-type changes. There
13 was that. If you go to -- it will be the next page
14 of that rule.

15 And -- I'm sorry. I'm trying to match up your
16 pages with my pages.

17 If you go to your page six -- no. I'm sorry.
18 Go to page five. At the end of that, what -- line
19 14 starts, parens number two, and what this is --
20 this is the beginning of -- these are the
21 requirements that you have to follow if you're
22 going to file for a pass through. The statute
23 allows that you can file for a price index and a
24 pass through at the same time. And so if you file
25 both of those, there's some information that's

1 needed to do a price index. It's also needed to do
2 a pass through, and we've re-worded this a little
3 bit just to try to clarify that if we ask for that
4 information for both types of applications, you
5 only have to give us one copy.

6 And I'll give you an example. We need the
7 annual revenues or an annualized revenue
8 calculation if there's been a rate change during
9 that previous 12 months. If you calculate that, we
10 only need one calculation for that. We don't need
11 you to do one for the price index and one for the
12 pass through.

13 So we just tried to clarify that just a little
14 bit, just to try to make that a little bit more
15 clear than -- if there's anything -- you're doing
16 both applications and you see we're asking for it
17 in both places, we only need one of it.

18 And I'm not going to bore you with every
19 single one of these, but if you'll go to -- if
20 you'll go to your page seven. At the top of the
21 page starting on line one, this is a number three
22 item. We re-worded that to say -- the question
23 came up about why did we need this information.
24 And what we're asking for is a breakdown of the
25 gallons for the previous 12 months, most recent 12

1 months, broken down by customer class and meter
2 size, and the question came up about why do you
3 need that. And so we re-worded this to say -- and
4 here's why we need it -- if the pass through of an
5 increase or decrease in purchased utility service,
6 purchase power or waste water biosolids disposal is
7 applied on to the gallonage charged in the rate
8 adjustment calculation, we need the utility to
9 provide a schedule that shows the gallons of water
10 or waste water service that was sold during the
11 most-recent 12-month period broken down by customer
12 class and meter size.

13 So what we've changed in that one is that
14 we're specifying that it's if you're going to apply
15 that increase or decrease just to the gallonage
16 charge, then we need to see what the gallons are to
17 be able to apply that to the gallons to come up
18 with a new gallonage charge, but that's the only
19 time we need that.

20 If you're not, if you -- if the utility has
21 decided that it's better to allocate that across
22 the board equally to the base facility charges and
23 the gallonage charged, then we wouldn't need that
24 information.

25 Traditionally, those particular expenses are

1 allocated a hundred percent to the gallonage
2 charge, but we've seen some cases where there's a
3 little bit of variation in that.

4 MR. RENDELL: One of the things that Martha
5 and I have talked about, Denise, was, you know,
6 traditionally back when they used to take each
7 expense and do some to gallonage, and some to a
8 base, but more recently they just take the whole
9 revenue requirements, split it 40/60. So it's not
10 specified which expense goes where. And so I think
11 I brought this up to Martha that on a couple of
12 these that a lot of these, you know, it's just a
13 40/60 split or a 35/70, whatever, split and so a
14 lot of this doesn't apply anymore.

15 MS. VANDIVER: Is that split based on the last
16 rate case proceeding or just what the company asked
17 for or --

18 MR. RENDELL: It's ever how the Commission
19 voted.

20 MS. VANDIVER: That's what I'm asking. In the
21 last case.

22 MS. GOLDEN: Yeah.

23 MS. VANDIVER: Okay.

24 MS. GOLDEN: And sometimes the staff does --
25 if they apply it a certain way and it looks like

1 the rates are not coming out right, they'll go back
2 and research and see how that was allocated in the
3 last case.

4 MS. VANDIVER: Okay.

5 MS. GOLDEN: And then the one right underneath
6 that, that starts line seven, it's item four, we
7 just slightly re-worded that a little bit to make
8 it clear that what this part of the rule does, this
9 is just trying to offer a little bit of guidance to
10 the utilities about how you could allocate these
11 rates differently. For the most part, most of
12 these pass through items you can allocate them
13 across the board, equal percentage increase to your
14 base facility charge and your gallonage charge, but
15 there are some times when there would be an
16 exception. And one would be, again, the one we
17 just mentioned. If those are going to be allocated
18 just to the gallonage charge, that would be one way
19 to do it.

20 You can also -- the ad valorem taxes.
21 Historically, there have been cases where those
22 were applied just to the base facility charge and
23 that would be an acceptable option. And then also
24 looking at how it was done in the last case is
25 appropriate.

1 But this part of the rule is not saying that
2 it must be done this way. This was just offered to
3 help give some guidance in some acceptable ways to
4 allocate the rate increase. And so the changes
5 there was very minor, very minor re-wording.

6 If you go to your page nine, starting on line
7 six, is where -- this is the section where we --
8 where we're asking for information on -- this is to
9 calculate the amount of the increase. And, again,
10 this is asking for information just so that we can
11 determine if the increase -- the amount of the
12 increase is correct. There were some questions
13 that came up.

14 We originally, in the first draft, we included
15 examples of several different types of pass
16 through's for each of these different options. For
17 the different -- for the specified expenses that
18 are eligible to be passed through, they all have
19 different time frames. Some of these are monthly
20 expenses. Some might be quarterly. Some might
21 be -- particularly with testing, with DEP testing,
22 you'll have some every six months, once a year,
23 every two years, three years. And so what we tried
24 to do is make this example and say, here's the type
25 of documentation we need to support how you're

1 calculating your cost that's going to be passed
2 through. We tried to make it broad enough that any
3 type of pass through that you're doing, that it
4 kind of fits into one of these.

5 And so we had tried to include examples of
6 several different types of expenses for each of
7 these time frames and we've broken them into three
8 defendant areas. One is anything that's going to
9 be like annual or less. Things that are -- I guess
10 what we did is we said frequently, which those are
11 going to be your things like your purchase power,
12 which is every month. Then we've got things that
13 are annually, like your ad valorem taxes,
14 regulatory assessment fees. And then you have the
15 others that are going to have a longer time frame
16 and those would be some of your permits that will
17 have longer time frames, tank inspections and so
18 forth.

19 And so there was some question about some of
20 these that maybe the examples that were listed
21 might not necessarily fall in just one category, so
22 we re-worded it to just shorten it and just include
23 one example for each of those.

24 Now, I think that's probably as enough of an
25 example, but if you look at it and if you feel like

1 it's not and that it would be more helpful to you
2 for us to list more of those expenses in that
3 example, we can certainly go back to the other
4 option, but that was why we made that change, just
5 to -- so we don't avoid confusion and somebody
6 thinks that they have to put something in one time
7 frame when it really may fall in another one.

8 If you're tracking exactly what the changes
9 were, there was one -- one typo -- where we asked
10 for -- I think it was right under that. We asked
11 for where we say you have to give the customer
12 notice. We had the wrong subsection in there. It
13 was -- I think we had seven and that's been changed
14 to six. And I'm not seeing that right this minute,
15 but I can find it if you need that.

16 One of the things that we've done is for the
17 expenses for the pass through's of the purchased
18 utility services to purchased water, to purchased
19 waste water, your purchased electric service. When
20 the utility has a rate case, if there's excessive
21 unaccounted-for water or excessive inflow and
22 infiltration, we apply a reduction, a percentage
23 reduction to those type of expenses in the rate
24 case.

25 And so when the company comes back for a pass

1 through for one of those expenses, we will adjust
2 that by that same percentage for the excessive
3 unaccounted-for water and excessive inflow and
4 infiltration.

5 What we wanted to do, rather than requiring
6 the utility to provide updated flow information for
7 every single pass through, we wanted to leave that
8 optional for the utility. If a utility who -- that
9 had excessive unaccounted-for water or excessive
10 inflow and infiltration has taken steps to figure
11 out what that was and to correct it and has reduced
12 those percentages, we want the utility to have the
13 option of giving us updated information so that for
14 the pass through we would then be able to apply a
15 lower percentage or possibly even eliminate that
16 reduction.

17 But it may be -- and we would leave this up to
18 the utility. It may be that even if utility has
19 taken steps to reduce those percentages, it may not
20 make enough difference in the pass through that it
21 would be worthwhile for you to provide that
22 additional information.

23 In the pass through, you may rather wait and
24 do that in a future rate case. So we've tried to
25 reduce that requirement so that it's up to you.

1 It's up to the utility if you want to do it. And
2 so we've re-worded that section slightly just to
3 make that a little bit more clear, that that is
4 optional.

5 Again, if you go to the very end of it, and
6 it's going to be on page 12, line 20, item six,
7 where we talk about the customer notice -- I want
8 to make sure I'm looking at the right place.
9 Customer notice.

10 I received a question from a utility that they
11 were under the impression they would have to do two
12 separate notices if they filed a price index and
13 pass through at the same time and our -- the
14 application that's sent out every year for the
15 price index, it does actually include examples of
16 two separate notices, one for a price index, one
17 for a pass through, but that's not our procedure.
18 If a utility files for a price index and a pass
19 through at the same time, that information gets
20 combined into a single notice. And so we just
21 added the second sentence to that just to make it
22 very clear that you only have to do one notice.

23 So that's the main differences between the
24 first draft and the second draft. Not very
25 exciting.

1 MR. RENDELL: I have one question. In the
2 previous one, there were several references to the
3 water and waste water quality testing. Looks like
4 they disappeared in the updated one. Is that --

5 MS. GOLDEN: Is that the part where I'm
6 talking about how to calculate the -- yes. And
7 that's -- well, that's the thing. Mr. Rendell had
8 raised the question about -- because with the
9 testing, because as I mentioned, there's all those
10 different time frames that you have and so -- and
11 the testing actually fell into each of those three
12 timing categories and so the prior version said
13 some water and waste water quality testing.

14 And the question was, were we actually
15 limiting which of the tests could be included. And
16 that was not the intention. It was just that some
17 testing falls in that category. Some falls under a
18 different time frame and so what -- that was where
19 I ended up just taking out those other examples and
20 just left one example for that type of -- for that
21 frequency of expense. That was why.

22 MR. RENDELL: Yeah, because some is monthly,
23 some is annual, some is tri-annual.

24 MS. GOLDEN: Right. And it was not to suggest
25 that we were only going to allow certain monthly

1 expenses. It was just that some of those fall in a
2 frequent category, some might be annual. Some
3 would be less often than that. But now if --
4 again, if this has made it worse than the other
5 version, then we could certainly go back to the
6 other version.

7 There were a couple of other questions that
8 Mr. Rendell raised that we actually didn't have
9 time to get into this version of it. We could
10 still try to do that if you all were agreeable to
11 it.

12 One of the things was where we -- where we're
13 asking for the gallons. When we want the breakdown
14 of all the usage for purchased water pass
15 through -- and I think this is in the part -- this
16 may be in the part where we're doing the excessive
17 unaccounted-for water adjustment. It tried to
18 include all of the -- and this was pulled from the
19 old rule where it included all of the different
20 sources of the water, because you could have a
21 utility that's purchasing water or that's paying
22 for waste water treatment service, or they may also
23 have their own well and they're just purchasing it
24 to supplement what they're pumping. And so we
25 would need to know all the different piece parts of

1 where the water is coming from that's being sold.

2 One of the examples was it's -- the first one
3 is, we need to know how much you've purchased from
4 the utility that you're getting this pass through
5 increase from. The other one is if you're getting
6 it from any other government utility or regulated
7 utility -- and I don't know of any utility that
8 really has that situation, but it's -- the two
9 things end up reading almost identical and they're
10 really not. It's two separate things. It's we
11 need to know what you're buying from the utility
12 that you're getting the rate case increase from,
13 but then if you're also getting it from some other
14 utility, too, maybe to supplement, then we would
15 need that.

16 And I think that's a little bit confusing and
17 we could probably tweak that wording a little bit
18 if you're agreeable to that, just to make that a
19 little bit more clear, or maybe even eliminate it,
20 unless you know of a situation where somebody's
21 going to be buying service from two separate
22 utilities.

23 Any questions? Any suggestions?

24 MR. THOMPSON: I have one question. 2014, DEP
25 answered to the second phase on disinfection

1 bi-product testing and -- which doubled the amount
2 of testing that we were actually doing. We did --
3 had to do one per system. And now when they
4 instituted the change, we had to do two per system.

5 With the staff here, our index and pass
6 through, refused to let us pass through the
7 additional testing. And no matter how much we
8 tried to convince them, they didn't believe it. Is
9 that going to be the case in -- because they
10 considered it was one test. It was the same as the
11 original test, and it was not. It's a totally new
12 test. How are we going to handle that in the
13 future?

14 MS. GOLDEN: Well, the new -- with the new
15 statute change, it actually includes testing. So
16 you would be able to request the pass through for
17 that. In 2014, we didn't have that option. There
18 were only four types of expenses that were allowed
19 to be passed through and so with these changes, it
20 now adds that and so you would be able to ask for
21 that.

22 And what we would do is we would look and
23 see -- you would need to provide the information
24 you have that shows that DEP is now requiring this
25 additional testing so that just supports that, yes,

1 you are having to do additional testing. And then
2 we would need cost information from you for what
3 you've paid in the past so we could compare the two
4 and see how much of an increase needs to be added
5 to the rates.

6 MR. THOMPSON: Well, it's all on a per-sample
7 basis, so all I would have to do is provide the new
8 one for the additional testing. That should cover
9 it, I would think.

10 MS. GOLDEN: Yeah. We just -- we would need
11 to see what you've had, what you paid in the last
12 year just so that we can compare that and see how
13 much of an increase that you need, because what we
14 would be doing is just adding that incremental
15 increase for the additional test, but, yeah that --
16 based on these rules, you would be able to request
17 that as a pass through now.

18 MR. THOMPSON: Second, when do you think these
19 rules are going to get implemented?

20 MS. HARPER: We have a statutory deadline so
21 they're going to be sooner rather than later. We
22 have --

23 MS. GOLDEN: But because the statute is
24 already in effect, could they ask for it now before
25 the rules are in place?

1 MS. HARPER: I mean -- I don't know. We could
2 ask.

3 MR. THOMPSON: So this would cover our 2015
4 operating -- or 2016 operations?

5 MS. HARPER: I don't know if it's like a
6 retroactive-type statute.

7 MS. GOLDEN: We look at it going forward. It
8 would be -- you would have to show -- and actually
9 it may -- it may end up being a problem because
10 you're already paying that. And so unless you now
11 have a new increase on top of that, then you -- we
12 would have trouble. Because if we looked at what
13 you've been paying and you're already paying at the
14 higher rate, then there -- it won't show an
15 increase. So, yeah. Actually, this probably won't
16 help you for the one you've already got. I don't
17 know what to -- unless you can think of a reason it
18 could. But the next time.

19 MS. HARPER: There's always next time.

20 MS. GOLDEN: Yes. I'm sorry. But as far as
21 the timing, the plan is is that these will -- the
22 staff's recommendation on these rules will be
23 presented at the --

24 MS. HARPER: Next agenda, December 6th.

25 MS. GOLDEN: December 6th agenda.

1 MS. HARPER: Yes.

2 MR. WILLIAMS: The position that you just
3 stated, can you actually look at that a little
4 closer? I don't see how these systems can be
5 penalized from the standpoint of the statute went
6 into effect July 1 that allowed them to recover
7 these additional costs, and just because there's
8 not rules, they can't recover those additional
9 costs.

10 MS. HARPER: I think the concern is double
11 recovery, right?

12 MS. GOLDEN: Yeah. It wasn't because of the
13 timing of the statute. It's because of the timing
14 of the increase. Because what we're looking at,
15 we're comparing to what it was in the most recent
16 12 months and what it's going to be going forward.
17 And so the problem is that when they provide cost
18 document -- because his increase was in 2014 --
19 that when he provides cost documentation for now
20 for part of 2015 and 2016, to get that 12 months,
21 it's already going to be at that higher expense.
22 Unless --

23 MR. WILLIAMS: But he wasn't approved for '14
24 because it was not an eligible pass through. It
25 was not an eligible pass through until this year

1 when the legislation passed and it went into effect
2 July 1.

3 MR. THOMPSON: See, all of this testing we
4 have to do for the DEP has to be done in a
5 three-month period and usually it's July, August
6 and September. And so we can't spread that over
7 the year. It's got to be done in that period of
8 time.

9 MS. GOLDEN: Is the -- are you doing this test
10 every year? It's those three months every year or
11 is there --

12 MR. THOMPSON: A new test -- we have to do it
13 every year for three years. Then if you're okay,
14 then you go to three-year testing. So we had '14,
15 '15 and '16 we had to test for.

16 MR. WILLIAMS: And I have a more general
17 statement on that is, any of the stuff that went
18 into effect July 1 from the statute that doesn't
19 have a rule should be available to the systems.

20 MS. GOLDEN: Yes.

21 MR. WILLIAMS: At the time such as the reserve
22 account that has not been clarified, those types of
23 things. So I know there's a rush to get the rule,
24 but, unfortunately, until the rule's there, I guess
25 the systems would have the flexibility to propose

1 something to the Commission to be accepted in lieu
2 of the rule.

3 MS. HARPER: Yes.

4 MS. GOLDEN: Uh-huh.

5 MR. WILLIAMS: And that probably should be
6 clarified to them because, you know, some of the
7 things that are in the legislation are very
8 beneficial to them that are being delayed because
9 we don't have the rule to catch up.

10 MS. GOLDEN: Yeah. I agree with you. Unless
11 somebody else wants to disagree with me. I think
12 that once the statute is in effect, you could ask
13 for it. Just the problem is that we don't have
14 the --

15 MR. WILLIAMS: I'm sorry. I came in late.
16 They're telling me I'm supposed to be at the table.

17 MS. GOLDEN: Yeah. And for the court
18 reporter's benefit, you need to say who you are.

19 MS. HARPER: Yes.

20 MR. WILLIAMS: Gary Williams with Florida
21 Rural Water Association. I'm sorry.

22 MS. GOLDEN: That's all right.

23 Of course, I'm not the attorney at the table
24 so I'm going to defer to the attorneys, but I
25 believe what you're saying is correct, that if

1 the -- once the statute goes into effect, a utility
2 could ask for that. What we would have to do is
3 just work with them on the information we need
4 since we don't actually have it in the format of a
5 rule yet that they could follow, we would just have
6 to work with them on what they need.

7 MR. WILLIAMS: And it was kind of a general
8 statement. I appreciate you moving forward on the
9 pass through and the rate case stuff, you know, and
10 I know you can't do it all at one time, but, you
11 know, some of the other things, reserves and that
12 type of thing, are beneficial, too.

13 MS. HARPER: We're working on that rule, too.

14 MR. WILLIAMS: I know. I know. I'm not being
15 critical. I'm just pointing out the fact that, you
16 know --

17 MS. HARPER: Yes. We'll have to work with the
18 companies on those because the rule -- the rule
19 will provide guidance on -- a lot of guidance on
20 that, on how that -- or that reserve fund is going
21 to work and all that. So in the meantime we'll
22 just have to work with the companies.

23 MR. RENDELL: Yeah. Historically there have
24 been instances -- like, one comes to mind, re-use.
25 There is a re-use statute and the Commission didn't

1 have rules for, I think, a year or two, but they
2 processed applications under the statute without a
3 rule. So it can be done once there's a statute in
4 place.

5 MR. WILLIAMS: I'm just afraid unless we
6 don't -- unless we tell -- and I don't really want
7 to have every system come in here and ask for stuff
8 prior to you having rules, because that probably
9 delays the rules if you're responding to each
10 individual circumstance, but, you know, many of
11 them probably don't know if some of their options
12 related to things that may benefit them.

13 MS. GOLDEN: The reason -- just so you know,
14 the reason we split this up into two separate rule
15 makings was because the rate case expense change
16 had a statutory deadline of the end of this year,
17 so that changed, but we actually did have to do
18 rules on that by the end of this year. And because
19 the pass through, we thought, would be a little
20 more limited than the reserve fund rule, we went
21 ahead and put it together with the rate case
22 expense.

23 So it really wasn't our intention that we're
24 saying all the others are not as important. It was
25 that this one, for the rate case expense change,

1 has a statutory deadline and so we didn't want to
2 take a chance on not meeting that deadline by
3 bogging things down with the other one, but we are
4 working on the other one. We've got a draft -- and
5 is it okay to say what our plans are?

6 MS. HARPER: Uh-huh.

7 MS. GOLDEN: We've tentatively scheduled the
8 workshop for that for December 8th. So we'll be
9 issuing a notice later this month. Then we'll have
10 a draft of that ruling.

11 But I'm -- again, I believe you're correct.
12 If a utility wants to go ahead and request one of
13 these pass through's or even the reserve fund, the
14 problem with the reserve fund is we would just have
15 to do a lot of work with them because we don't
16 actually have our process in place yet for that,
17 but for this one, we do have a procedure in place
18 for how to process it. We would just need to work
19 with them on the specific information we would need
20 to be able to approve that pass through.

21 MR. WILLIAMS: And the reason I ask is because
22 you know in partnership, PSC and Florida Rural
23 Water did these workshop around the state and so
24 some of these questions were asked during those.
25 So I felt like I probably needed to bring them up

1 today.

2 MS. GOLDEN: Do you know of -- and you don't
3 have to say. You can tell me later if you want.
4 But do you know of particular utilities who
5 actually want to go ahead and do a pass through for
6 some of these? I mean, if you do or don't, that's
7 fine, but if you do, we could contact them and let
8 them know --

9 MR. WILLIAMS: I'd have to go back and look at
10 my notes but, yeah, in some of the sessions there
11 were people that wanted to try to move forward on
12 some of the pass through's and also on setting up
13 the reserve account and start, you know,
14 essentially developing reserves to have that, you
15 know, back-stop.

16 MS. GOLDEN: Yeah. For the reserve account,
17 the information they'll need to file is more
18 extensive than what we're asking for for the pass
19 through, but if there's somebody that really,
20 really wants to go ahead and ask for it, they can,
21 but it will -- I think it would probably be an
22 easier process for them if they can wait until they
23 can see what the rules will be for that.

24 MR. WILLIAMS: Well, that's kind of what --

25 MS. GOLDEN: Well, legally I think they're

1 allowed to if they want to because the statute is
2 in effect.

3 MR. WILLIAMS: That's kind of what we
4 suggested in the sessions is that they wait, you
5 know, but some indicated to me outside of that, I
6 don't know how long I have to wait, so.

7 MS. GOLDEN: Well, we're going to try to move
8 it along as quickly as we can. We actually -- for
9 that one -- and I don't know if you were -- I can't
10 remember if you were in the room when we said this.
11 For these rules, this will be presented at the
12 December 6th agenda conference and then once the
13 Commission votes on it, then we go through our
14 process of the orders issued and so forth. And
15 then there's just a little bit of administrative
16 stuff that has to be done to make them final and we
17 have to work with Department of State, make it all
18 official, but it will be early next year that all
19 of this -- these will be final.

20 And then for the others, we will be going to
21 agenda in March. And I apologize. I don't
22 remember the date right offhand, but it's early
23 March. And so then again we go through that
24 process --

25 MS. HARPER: I thought we were doing a reg in

1 March.

2 MS. GOLDEN: The reg will be filed --

3 MR. ROME: March 7th.

4 MS. GOLDEN: The March 7th agenda.

5 MS. HARPER: Thank you.

6 MR. ROME: You're welcome.

7 MS. GOLDEN: So for that, the actual proposed
8 rule as voted on by the Commission would be issued
9 by April -- there would be a notice of that by
10 April 1st. So we're not -- we're not looking way
11 down the road. I know if somebody wants it right
12 now, it may seem like a little bit of a wait,
13 but --

14 MR. WILLIAMS: Well, back to this pass through
15 stuff that I mentioned, you know, it essentially
16 wouldn't have been available to them until July 1
17 when the, you know, legislation went into effect.
18 The question I have is, if there's recoverable
19 expenses, could they be retroactive back to July 1
20 of this year when the statute went into effect?

21 MS. GOLDEN: No. That's -- it's a
22 long-standing Commission practice that we don't do
23 retroactive rate making. And the reasons we
24 don't -- we don't go back and charge customers for
25 things that already happened that were not in the

1 rates. So that, we would not be able to do, but
2 what we could do for them is if they're eligible
3 for one of these, they could go ahead and file it
4 now. We could work on it and get it approved
5 before the rules actually go into effect.

6 MR. WILLIAMS: So there's not an ability for
7 them to recover costs back to when the legislation
8 went into effect?

9 MS. GOLDEN: No.

10 MR. WILLIAMS: Okay.

11 MS. VANDIVER: Let me follow up. Are you
12 asking for -- like, an increase happened in July,
13 they could still apply for it now, though.

14 MR. RENDELL: Yeah. Anything after July they
15 could.

16 MS. VANDIVER: They just can't recover those
17 lost months. They could get an increase on an
18 increase that happened between July and now.

19 MS. GOLDEN: So, yeah. Maybe I misunderstood.
20 Yes. If it's something that already happened and
21 they're already having to pay that but they just
22 didn't get to file for their pass through yet, they
23 can still come in and file for the pass through,
24 but any expense that they -- say if it was a
25 monthly expense, anything that they've already paid

1 for all those other months, we can't go back and
2 let them recover that. We just set the rates so
3 that they can recover that higher cost going
4 forward. So they will lose that little bit during
5 that time, but the sooner they can get in and get
6 that, the pass through, then the rates can be
7 adjusted so that they don't continue to lose it
8 going forward.

9 MR. WILLIAMS: I was just thinking in Tim's
10 example, I understand something that happened in
11 2014 that wasn't in the statute, you know, he can't
12 go back and recover expenses for '14, '15.

13 MS. GOLDEN: Right.

14 MR. WILLIAMS: But starting July 1 of '16 when
15 it went into statute, it would be an eligible
16 expense for him to recover costs.

17 MS. HARPER: Yeah, as long as he didn't
18 already apply for it, right? I mean you're saying
19 as long as there's not a pass through that's
20 already been processed during that time.

21 MR. WILLIAMS: Because you guys couldn't have
22 offered him until they went into statute.

23 MS. GOLDEN: Right.

24 MR. WILLIAMS: So you're not to blame, but
25 I -- you know, I want to them be able to recover

1 the cost when it went into statute if they can show
2 they haven't in the past.

3 MS. GOLDEN: For that type of expense, the
4 problem will be because of the way we calculated,
5 and we're pretty much looking at what you had last
6 year and what you're going to have going forward
7 with the increase.

8 He's already -- when he gives us his cost
9 information, it's already going to show it at the
10 higher cost. So it won't show that there actually
11 is an increase, even though realistically he has an
12 increase, but because that was in 2014 and now he's
13 already got 2015 and part of 2016, when we look at
14 his expense data, it's not going to show that he's
15 getting an increase. He's already at that amount.

16 I know it's not the ideal situation and if --

17 MR. WILLIAMS: Well, in that scenario he would
18 have had to recover that cost probably in a rate
19 case --

20 MS. GOLDEN: Yes.

21 MR. WILLIAMS: -- than in a pass through.

22 MS. GOLDEN: Yes. Prior to the statutory
23 change, that's how he would have had to do it.

24 MR. WILLIAMS: I'm sorry. Just asking.

25 MS. GOLDEN: I don't -- I don't know if we

1 have somebody trying to figure out a solution in
2 the room. I hope they do. But, yeah, I don't
3 think we could do that.

4 Now, there is no -- I don't know if -- Andrew,
5 would it be worthwhile for him to provide that
6 information and for us to look at it and see if --
7 I just don't -- based on what you're describing, I
8 don't think we would be able to, but I don't know
9 if --

10 MR. MALLORY: Staff would be happy --

11 MR. THOMPSON: I wouldn't worry about it if
12 it's -- if I only had one system. I'd only have to
13 take about four samples. That wouldn't be a
14 problem. But I've got 21 systems and we have to
15 have this -- just quadrupled. Keeps climbing and
16 climbing and climbing and we feel like we need
17 recovery on it.

18 MR. WILLIAMS: I hate to speak for Tim, but if
19 he provided that to you to be considered more
20 closely, kind of as a pilot or on a case-by-case
21 basis, could you look at it, make a judgment?

22 MR. MALLORY: As I was saying for Staff, we
23 would be happy to work with you on your specific
24 situation. As Ms. Golden explained, the pass
25 through mechanism is designed recover incremental

1 costs on a forward-looking basis. So can't go back
2 in time and capture costs that may have been
3 incurred. However, we can look at -- if you had an
4 increase in frequency of testing, those are
5 recoverable going forward, but we can't go back to
6 '14. We can't go back to July 1 of this year, but
7 we can look at --

8 MR. WILLIAMS: I understand the part about not
9 going back to '14, but I don't know that I
10 necessarily understand July 1.

11 MR. SCHAEFER: Let me ask a question in a
12 slightly different way. This is Greg Schaefer with
13 Commission staff.

14 Andrew, if in -- since 2014, Mr. Thompson's
15 utility had not had any other type of rate change
16 and we come up to July 1st and the statute changes,
17 he's still having to do this testing, which was
18 never built into his rates previously. Could he
19 apply for the pass through under that circumstance,
20 as long as it's not already being recovered in his
21 existing rates?

22 MR. MALLORY: I believe so. We'd have to
23 demonstrate that it's incremental to what's
24 currently embedded.

25 MR. THOMPSON: Give it a shot.

1 MR. WILLIAMS: Thank you.

2 MS. GOLDEN: We try.

3 Does anybody have any other questions or --

4 MR. DEASON: I did have one question as pass
5 through's relate to interim increases in our
6 current rate case we have going on right now.

7 The interim increases were based on our test
8 year, 12-31-2015. After that test year period, we
9 did have a few pass through items and we did get
10 increases for those. And basically the -- because
11 we took the interim increase it basically undid our
12 pass through increase and we're not getting it.

13 And I understand the concept of timing. You
14 know, we do a lot of those with indexes and I
15 understand not, you know, undoing the indexes, but
16 I'm just focusing strictly on the pass through
17 items. Is there any way we can consider -- can
18 consider the pass through items in developing
19 interim rates so that we don't lose those pass
20 through items that may have happened subsequent to
21 the test year?

22 MR. MALLORY: Now, that's a timing issue and
23 when it is true that the interim increase is
24 applied in your particular case you have, is
25 applied to 12-31-15 base prior to the purchase --

1 prior to the pass through being implemented, but
2 it -- once final rates come, we're going to look at
3 the whole shop and so it's just a temporary
4 oversight. Well, not oversight. It's the way the
5 statute's written. We're applying the interim
6 increase pursuant to the statute. If and when
7 final rates come back, that pass through will be
8 incorporated into the final rate.

9 MR. DEASON: But you lose it during the
10 interim period is what I'm saying and -- but you're
11 not getting it during the interim period and the
12 intent -- the way I've seen the intent of the
13 interim was to bring you to the lowest end of your
14 ROE. And if you have -- if you're accounting for
15 pass through that may have happened subsequent to
16 the test year, you're undoing that. You're, in
17 effect, not getting the lower end of your ROE.
18 You're actually missing it a little bit. So I
19 think you're actually missing the intent of the
20 interim statute when you don't account for those
21 pass through items.

22 MR. MALLORY: Well, a strict reading of the
23 interim statute doesn't allow for that and we're
24 not empowered to work around that. It's -- we
25 understand the equity issue that you're describing,

1 but also a black letter strict reading of the
2 statute, we have to apply it as it's written.

3 Now and again -- you said it is temporary
4 because when final rates come out, whatever was
5 incorporated in that pass through and whatever come
6 will be embedded in the final rate, but it --

7 MS. VANDIVER: Can you clarify how that's
8 done, how the pass through is embedded in the final
9 rates?

10 MR. MALLORY: Well, because we're going to be
11 looking at the cost of whatever costs they have,
12 whatever those operating costs are are going to be
13 incorporated into the final rates. The pass
14 through was added because of an increase in
15 operating costs. Whatever those higher operating
16 costs are are going to be embedded in --

17 MR. DEASON: If it happens during the test
18 year it will. If it happened after the test year,
19 you'd have to add it as a pro forma expense during
20 the rate case item, but either way, it would be
21 accounted in the file. You'd just lose it during
22 that interim period.

23 MS. VANDIVER: But if the pass through's not a
24 pro forma item in the rate case, how is it --

25 MR. MALLORY: Well, why wouldn't you --

1 MR. DEASON: Then you would lose it. It would
2 be up to the utility to make sure it's included in
3 the pro forma if a -- like, for us, if it happened
4 in '16, it would have to be pro forma. If it
5 happened, say, toward the end of the test year
6 period, staff would already be considering it and
7 it would be in the final rates.

8 MR. RENDELL: You could annualize it then.

9 MR. DEASON: Yes. Exactly.

10 MR. MALLORY: I may have skipped over that
11 step, but I would have considered it a pro forma
12 that's outside the test year.

13 MS. HARPER: Any other comments? Questions?

14 MR. WILLIAMS: I think I have one. And,
15 again, Gary Williams with Florida Rural Water. I
16 apologize for coming in late.

17 You might have -- I think you covered this,
18 but -- and I'm looking at the previous version so
19 it might not match up with the newest version, but
20 on the start of the information on pass through
21 rate adjustment, it talks about utility service
22 purchased from Governmental authority or other
23 water and waste water regulated by the Commission.

24 MS. GOLDEN: Yeah. That's --

25 MR. WILLIAMS: And when I see utility, the

1 reason that I have a question is right below it it
2 says purchased electric power. And so really what
3 you're talking about there is not the electric.
4 You're talking about water and waste water utility,
5 right?

6 MS. GOLDEN: Yes. Yeah, that part --

7 MR. WILLIAMS: But I'm wondering if water and
8 waste water utility service should be in there,
9 because if they're buying water or if they're
10 essentially selling their waste water, to give
11 clarification to utility -- when I was reading that
12 I -- utility means so many different things.
13 Electric, water, waste water.

14 MS. GOLDEN: Yes. And the reason we left it
15 worded that way is because that matches with the
16 way it's worded in the statute. My personal
17 opinion, I would rather call it what it is, which
18 is purchased water service, purchased waste water
19 service. Yeah. It's a water, waste water utility.

20 MR. WILLIAMS: I mean, I knew what you meant
21 but then when I went down to electric, I was like,
22 whoa.

23 MS. GOLDEN: Well, I'm trying to see how to --
24 if there's a way to re-word that because I do
25 say -- because it does say governmental authority

1 or other water or waste water utility regulated by
2 the Commission. Well, let me ask you this: Do you
3 understand what that one -- what this was for?

4 MR. WILLIAMS: Yeah.

5 MS. GOLDEN: Yeah. If the utilities have it.
6 If they -- either because they don't have their
7 own -- say for water they don't have their own
8 well, or there's a problem with it or they're not
9 producing enough they need to supplement it, then
10 they would buy water from some other, either like
11 from a city or county.

12 MR. WILLIAMS: And you asked a question, too,
13 is there a possibility that they could be buying it
14 from two? I don't know about private utilities,
15 but there are many Governmental utilities that buy
16 from more than one source. They have more than one
17 interconnector. So I think that that is a
18 possibility going forward.

19 MS. GOLDEN: So then we probably need to leave
20 that in there and maybe just see if I can make
21 that a little more clear, but --

22 MR. WILLIAMS: But, yeah, I understand the
23 intent. I was just trying to make it a little more
24 clearer for systems that might read this.

25 MS. GOLDEN: So suggest -- tell me again what

1 it is that your suggesting that we change or
2 re-word that.

3 MR. WILLIAMS: I was just suggesting that you
4 put water and waste water utility service. So
5 before utility, put water and waste water utility
6 service purchased from -- to clarify what utility
7 there you are talking, since you're talking about
8 power below it.

9 MS. GOLDEN: Okay. We'll look at that. I
10 think we probably can do that. It doesn't match
11 the statute exactly, but I think it is more clear.
12 It definitely is more clear. Yeah. I don't --
13 personally don't really like calling it just
14 purchased utility service because it's -- really,
15 that's what it is it's water or waste water. Okay.

16 MR. WILLIAMS: And I saw the Governmental
17 authority and I saw other water and waste water and
18 I'm thinking, well, maybe you draw the parallel
19 there, but it's talking about you're dealing with
20 another system, not what you're buying.

21 MS. GOLDEN: Yeah. What they're buying to
22 re-sell or the service that -- the waste water
23 treatment service that they're purchasing. Yeah.

24 MR. WILLIAMS: And as expensive as waste water
25 is more, more systems are hoping to get out of the

1 treatment business and sell it to somebody else.

2 MS. GOLDEN: So we may see more of these in
3 the future then.

4 MR. THOMPSON: It's going to get worse.

5 MR. WILLIAMS: It's our suggestion that all
6 systems -- if you can be out of the waste water
7 business, that's a good business move.

8 MS. GOLDEN: Yeah. There was one other -- and
9 this was a question that Mr. Rendell brought up and
10 it was -- and now I'm not sure exactly where it
11 was, but it was a question that we've worded it
12 sort of awkwardly in a place where we're asking
13 about the -- going back to the waste water service
14 that's purchased and how that's measured and if
15 it's -- if waste water, if it's not measured by
16 metered flows, then to give the units of how it's
17 measured is how we're saying this somewhere. And
18 it's a little bit awkward.

19 And we were talking about, well, we're not
20 sure exactly how that would be measured other than,
21 you know, something like maybe a flow meter. Is
22 there -- do you know if for waste water where the
23 utilities are sending their waste water to another
24 utility to be treated, how they typically would
25 measure that?

1 MR. WILLIAMS: In order for it to be
2 accurately measured, it would have to be a meter, I
3 would think.

4 MR. RENDELL: I've seen it different ways.
5 Sometimes they base on the water if they buy water
6 and waste water. Sometimes it's a metered waste
7 water. Just there's all kind of different
8 variations.

9 MR. WILLIAMS: There's many different types of
10 measurement devices, but I would assume under
11 pressure it would have to go through a meter. It
12 can't go through a weeder or some other kind of
13 measurement device. I do agree with Troy. There's
14 some that probably do it based upon the water
15 usage, but that's -- that has to be a guess. And
16 so -- I mean, if I was either side, I would
17 advocate for the meter, you know, to be accurate.

18 MR. RENDELL: I think there's one in Manatee
19 that the Government charges the water and waste
20 water on the water usage, which isn't really
21 accurate. You could also do a master lift station,
22 flows, the master lift station.

23 MR. WILLIAMS: So there's ways to do it. We
24 don't normally see that when one utility's buying
25 from another. We see it more internally based upon

1 the water meter because there's not a device that
2 shows how much waste water you're returning and so
3 you calculate the water, you know, sold compared to
4 the pumped and you take a percentage related to
5 expenses and that's essentially the percent you
6 charge on the waste water returned. So -- but they
7 have a water meter to see at least how much water
8 is being used. If you're only selling waste water,
9 you don't have that.

10 MS. GOLDEN: Right. Okay.

11 MR. WILLIAMS: I agree with him. There
12 probably needs to be flexibility there, but I think
13 you're going to see mostly meters. And even from a
14 regulated standpoint, I think it would be best for
15 all of us to suggest that a meter be put in for
16 accuracy on both sides.

17 MS. GOLDEN: Well, we'll look at that part of
18 the rule again and see if maybe I can tweak that
19 wording just a little bit to be a little bit more
20 clear.

21 MR. WILLIAMS: Because if you have to guess on
22 anything, somebody's not getting the accurate deal.

23 MS. GOLDEN: Yeah. Yeah. And this is -- and
24 I think this was more for the waste water flows
25 that are being sent to another utility to be

1 treated from -- from the one we regulate going to
2 another utility and how they're measuring that.
3 It's just a little awkward how we had that worded.

4 MR. WILLIAMS: But even from your standpoint,
5 I don't want to see an estimate that causes the
6 customers of the regulated utility have to pay
7 more.

8 MS. GOLDEN: Right.

9 MR. WILLIAMS: And if that calculation is done
10 by a municipal or governmental utility that's
11 receiving it, it's quite likely in their benefit.

12 MR. RENDELL: The other thing is, a lot of the
13 bills won't break it out. It's just a charge. I
14 mean, when we purchase water from -- I mean, it's
15 just the charge. You know, if we didn't know how
16 it was calculated, staff would have no clue how it
17 was done.

18 MS. GOLDEN: Have we gone into as much detail
19 as you want on this? Is there any part of it that
20 you want us to cover a little bit more or is it --

21 MR. WILLIAMS: And, again, I came in late. I
22 guess you -- so far you just went through the pass
23 rate adjustment, right? You haven't jumped to the
24 staff assisted --

25 MS. HARPER: Nobody had any comments on the

1 staff assisted.

2 MR. WILLIAMS: Oh.

3 MS. GOLDEN: Now, the staff assisted, I can
4 just tell you --

5 MS. HARPER: We did an explanation on that
6 one.

7 MS. GOLDEN: Just real quick. All that was
8 for was for the statute change related to the rate
9 case expense that's allowed to be recovered in a
10 staff assisted rate case. Are you familiar with
11 what the change was? Because I know you've done
12 those workshops so I thought you may already know
13 that part.

14 Just real quick for anybody that doesn't know
15 what the statute change is, is that if a utility
16 that requests a staff assisted rate case, they hire
17 an attorney or consultant to help prepare that
18 application and file it, they're -- we're not
19 allowed to include that expense as rate case
20 expense anymore. It's expected that because it's a
21 staff assisted rate case, that the utility should
22 fill out that application and -- but the statute
23 does go into a little bit more detail about when we
24 can start to consider it.

25 So once the staff report is filed -- and I

1 think you're familiar with our process, but for
2 anybody that might not, in the staff assisted rate
3 case, after we've reviewed the filing, we will
4 do -- it's sort of like a preliminary
5 recommendation that we call the staff report and
6 that's what's presented at the customer meeting.
7 And then based on comments we get from customers
8 and, you know, additional input from the utility,
9 we'll do our final recommendation that goes to
10 agenda for the Commissioners to vote on it.

11 The statute says once that staff report is
12 filed, if a company wants to hire an attorney or a
13 consultant to help analyze staff's recommendation,
14 then at that point we could start to consider that,
15 you know, if it was reasonable and prudent expense
16 we could consider that rate case expense.

17 So what the change in the staff assisted rate
18 case rule is there was a sentence in there in the
19 current rule that said that they can recover that
20 type of expense, but because the statute now limits
21 that to being recovered once the staff report is
22 filed, we initially took that sentence out because
23 the statute gives enough guidance for how we can
24 calculate the rate case expense.

25 That caused some concern with some people that

1 it suggested that we were going to completely
2 eliminate rate case expense, and that was never our
3 intention for anyone to think that. So what we've
4 done is just added the sentence back in that makes
5 it clear that reasonable and prudent rate case
6 expense that's in accordance with the statute is
7 eligible to be recovered.

8 MR. WILLIAMS: That was my whole thing I was
9 going to ask about. You clarified it. But I
10 haven't looked at what you added back in. I did
11 look at what you struck. And it's my
12 understanding, correct me if I'm wrong, that, you
13 know, if you go the route of the staff assisted
14 rate case, the utility is essentially agreeing to
15 the rate that's owed.

16 MS. GOLDEN: Yes.

17 MR. WILLIAMS: But there can be a challenge to
18 that by OPC, the customers, other intervenors,
19 right?

20 MS. GOLDEN: Yes.

21 MR. WILLIAMS: Okay. And it's my
22 understanding that essentially what you said is --
23 so if you decide to go down the path of the staff
24 assisted rate case when the -- whatever you call
25 it, the final is -- that's when there could be

1 intervenors or that's when the system could be
2 asking for -- to cover some of these expenses?

3 MS. GOLDEN: Actually, a little bit before
4 that. At the point that we do the staff report
5 that I've referred to, it's like a preliminary
6 recommendation. At that point it becomes eligible
7 to be recovered. Now, we always -- for any type of
8 rate case, we look at it and determine whether or
9 not it was reasonable -- is the cost reasonable,
10 for example, for attorney's fees. Is it a
11 reasonable hourly rate? Is it reasonable that they
12 spent that amount of time on it? The other thing
13 is, you know, is this work that was actually
14 related to the rate case?

15 So there's several things, you know, criteria
16 that we look at to say is this a reasonable
17 expense? Was it prudent for the utility to hire --
18 say if they hired several people to do the same
19 thing and didn't need it. We don't ever see that,
20 but just to give you an example.

21 MR. WILLIAMS: No, I agree with all of that.

22 MS. GOLDEN: So that -- so we look at that.
23 So if -- so what we would do is once the staff
24 report is issued, if at that point the utility has
25 an attorney or they have a consultant that's

1 helping with additional information or so forth, at
2 that point it becomes eligible to be looked at.
3 Not guaranteed that they would get that amount, but
4 at that point we can look at it and take that into
5 consideration in calculating the rate case expense.

6 What we can't allow -- I mean, to be just
7 very, very specific is if the company hires an
8 attorney or a consultant to fill out the staff
9 assisted rate case application and they submit that
10 to the Commission with a cover letter that's coming
11 from that attorney or that consultant, whatever fee
12 that they charge to do that work, we cannot allow
13 that in rate case expense, per the new statute.

14 MR. WILLIAMS: And I should just say thank you
15 and agree with all of that because it offers the
16 flexibility to systems that I'm not sure the
17 statute granted, but it's my understanding that
18 they can petition you, you know, at the point of
19 that preliminary report, but I thought in the
20 statute it was kind of clear that it had -- the
21 reason they could do that is if they were -- chose
22 to hire an attorney because there was an
23 intervenor.

24 MS. GOLDEN: Yes, that's one of the options.
25 If there was an intervenor, if somebody decided

1 they wanted to intervene in the case before we
2 issued the staff report, then at that point, that
3 triggers eligibility for us to consider the rate
4 case expense. We don't usually see that in the
5 staff assisted rate case.

6 As far as I know, I don't know of anywhere --
7 we may have had letters from customers and
8 questions and so forth, but not to the point that
9 they're an official intervenor in the case or
10 requesting that something go to hearing. That
11 comes later. That -- if somebody protested that
12 they object to what the Commission has approved,
13 that's going to come later in the process after
14 we've already gone to agenda and the order's been
15 issued.

16 But you're absolutely correct, the statute
17 does allow that. If you did have a situation where
18 somebody intervened prior to us issuing that
19 preliminary recommendation for the staff report,
20 then we would be able to look at those expenses.

21 The other thing -- to go back to what you said
22 about that the utility has to accept what the
23 Commission approves, there is an exception to that.
24 If we look at the case and it turns out that we
25 believe the utility's over-earning and we're

1 actually going to reduce their rates, then at that
2 point the utility can protest it, but as long as we
3 are giving them an increase then they -- because
4 we're doing the work in the staff -- excuse me --
5 staff assisted rate case, then they do have to
6 accept that.

7 MR. WILLIAMS: I guess the reason I was asking
8 all that is I don't want to make this more complex,
9 but, you know, the statute, the language that kind
10 of went in there, and I don't know if it was
11 exactly in this section, was at the request of OPC
12 to essentially say that in many of these staff
13 assisted cases they don't intervene, so the system
14 shouldn't recover costs to protect themselves from
15 intervention, you know, and it be an eligible cost,
16 but what that also told me was is that there are
17 some they do intervene with. And I don't know if
18 it needs to be in this rule to clarify some of the
19 other additional stuff that's in the statute.

20 MS. GOLDEN: The -- now, as far as
21 intervenors -- and, again, I may have to defer to
22 the attorneys in the room, but for somebody to be
23 an intervenor, that's a more formal thing than just
24 if they -- because I know -- you've probably seen
25 cases where OPC will send a letter and say,

1 especially after they've seen our staff report and
2 there will be things maybe they disagree with how
3 we've calculated or there's something that they
4 think we've overlooked that we should look at, and
5 so even though they've gotten involved at that
6 point, they actually are not an official intervenor
7 in the case. So it's sort of a -- it's a fine line
8 sort of between somebody being involved and then
9 when they're actually an intervenor in the case.

10 But going back to the statute, at that
11 point -- because if they don't send the letter
12 until after we've issued the staff report and
13 there's information that as a result of that --
14 now, we do additional data request and the company
15 needs to get their operator or they want their
16 attorney to assist with answering and so forth. At
17 that point, those costs are eligible to be looked
18 at for recovery as a rate case expense.

19 MR. WILLIAMS: Let me clarify --

20 MS. GOLDEN: It's just that little window
21 between when they file the application and when we
22 do that initial staff report. It's just that
23 little window in time that they can't recover it.

24 MR. WILLIAMS: So even before there's an
25 official intervention.

1 MS. GOLDEN: Yes.

2 MR. WILLIAMS: And there's questions.

3 MS. GOLDEN: Yeah.

4 MR. WILLIAMS: Because what I'm trying to
5 protect the system from is -- unless you have all
6 the information to respond to the inquiry, you're
7 going to go back on the system and they may have to
8 hire professionals to provide you the additional
9 information you ask, to answer the inquiry and I
10 just want to make sure that that cost could be
11 covered.

12 MS. GOLDEN: Unfortunately, if it's -- and
13 this is one of the -- I'll be honest with you, some
14 of us on staff are concerned about this that we --
15 because we do usually issue some data request early
16 in the case before that staff report is filed and
17 there may be questions, but the first one that
18 usually goes out is primarily engineering related
19 and there may -- it may be that utility needs to
20 get their contract operator to help with that and
21 if that's not covered in the contract fees, they're
22 going to incur an additional expense. Ordinarily,
23 we would be able to look at that and include that
24 as rate case expense. Based on the statute, we
25 won't be able to do that if that work occurs before

1 the staff report is issued.

2 So the way we're trying to handle this
3 internally -- because we don't want to be the ones
4 that puts the company into incurring those costs,
5 so what we've done -- and I'll tell you, we got a
6 case recently that was filed by an attorney on
7 behalf of the company, but what we're doing for the
8 data request is we're dealing directly with the
9 person at the utility instead of going through the
10 attorney. If the utility wants to get the attorney
11 to do that, they can do that, but we've explained
12 that they won't be able to recover that cost.

13 So we're trying to do what we can to avoid
14 making the utility incur those types of costs
15 before we get to that staff report stage.

16 And, I'm sorry. That is not an ideal
17 situation, but that's the way we're having to
18 handle it based on this new statute.

19 MR. WILLIAMS: Okay. Well, I know there's
20 probably going to be other idiosyncrasies that come
21 up as we go forward, I just was -- because this was
22 a pretty complicated subject in the legislation,
23 you know, essentially what OPC wanted and what they
24 didn't want. I just didn't want it to come back
25 and penalize the system.

1 MS. GOLDEN: There may be associated cost --
2 yeah, there may be some costs that they incur that
3 we won't be able to allow to be recovered as rate
4 case expense, but we'll do what we can on our end
5 to help minimize that.

6 And, really, at that point what you're looking
7 at -- for the most part what you're looking at is
8 if they hired an attorney to prepare the
9 application and file it, they won't be able to get
10 whatever that amount of expense is. And then if
11 they needed to have a, say, a contract operator or
12 need to hire some other professional to help with
13 answering data request questions, there would be
14 that.

15 And what I've typically seen on that, if they
16 have a contract operator and they need the contract
17 operator to help answer data request questions,
18 there's usually an hourly fee attached to that and
19 so it's not -- I don't want to make it seem like,
20 oh, it's not a big deal that they have to spend
21 that money, and especially for small utilities it
22 is, but in those cases, we're looking more like in
23 the hundreds of dollars as opposed to thousands of
24 dollars, and it wouldn't be until much later in the
25 case that they might need that additional

1 assistance that might cost more money.

2 MR. WILLIAMS: And this is just kind of off
3 the subject a little bit, but if you have those
4 conversations with systems and they're concerned
5 about incurring costs that they can't recover, I
6 don't know if you can refer them to Florida Rural
7 Water, but --

8 MS. GOLDEN: We do.

9 MR. WILLIAMS: -- our engineers and our, you
10 know, staff may be able to help them gather the
11 information without cost.

12 MS. GOLDEN: Okay.

13 MR. WILLIAMS: And so I have no problem if you
14 refer them to us to save money.

15 MS. GOLDEN: Well, thank you. We appreciate
16 that.

17 MR. WILLIAMS: But back to my original thing,
18 I guess my question is is that you're trying to put
19 stuff in rule that needs to be clarified that was
20 in statute. I'm just wondering, is some of this
21 stuff related to --

22 MS. HARPER: The intervenor.

23 MR. WILLIAMS: -- OPC, the intervenors, you
24 know, customer statements, customer intervention
25 needs to be put into rule so that they understand

1 that --

2 MS. HARPER: He's talking about fleshing out
3 the intervenor language, I think. In the --
4 without copying it word-for-word in the statute,
5 but explaining it.

6 MS. GOLDEN: That's the problem that we have
7 is we're not supposed to --

8 MR. WILLIAMS: I know.

9 MS. GOLDEN: We're not supposed to just
10 restate the statutes --

11 MR. WILLIAMS: But looking at it from the very
12 smallest system standpoint that are going to go
13 through staff -- staff assistance, they're not very
14 astute -- I'll be honest with you -- to understand.
15 They need to read the rule and they may have to go
16 back to statute to drill down deeper. I was just
17 trying to make it easier for them to understand
18 this.

19 MS. GOLDEN: Let me -- because you said you
20 didn't get to see the new sentence. Let me read
21 you what the new sentence is and see if this helps
22 any with your concern. And we've got -- we've got
23 copies. Did you get one already?

24 MR. WILLIAMS: Yep.

25 MS. GOLDEN: Okay. It's going to be on --

1 starting on line seven. Should be. And now it
2 reads: Reasonable and prudent rate case expense
3 that follows the guidelines set forth in section
4 367.081(3) Florida Statutes, shall be eligible for
5 recovery through the rates developed by staff. And
6 so --

7 MR. WILLIAMS: I understand what you're
8 saying.

9 MS. GOLDEN: -- that was our way of saying,
10 okay, you can still get it, but you --

11 MR. WILLIAMS: Anything I would bring up, I
12 mean, you've got to legally follow what you need to
13 do, but a little bit more information that would
14 help systems to drill down to that statute would
15 help.

16 MR. RENDELL: You don't have the statute with
17 you, do you?

18 MS. GOLDEN: Yeah.

19 MR. RENDELL: Is that -- just talks about
20 intervention and attorneys? And the reason I ask
21 is because I want to make sure, because I know we
22 had a conversation that, you know, other expenses
23 like noticing, noticing is required, but the
24 expense has always been allowed. And I don't want
25 it to appear that it's not allowing any notice and

1 costs or anything.

2 MS. GOLDEN: Yeah, and we don't -- we didn't
3 previously list all of the things that were
4 included. It's our procedure that we do look at
5 that, the filing fee is allowed recovery. The
6 customer noticing is allowed. And then the
7 additional thing we looked at is the consultant's
8 fees, the attorneys and consultant's fees.

9 So, you know, I suppose we could if we needed
10 to make that, but the other problem is we don't
11 necessarily want to be so specific with it that we
12 end up eliminating something that we didn't think
13 about that maybe might have been, you know, could
14 have been eligible.

15 MR. WILLIAMS: And I don't want that to happen
16 for sure. I'd rather go with this and make them
17 drill down to this statute if they have to.

18 MR. RENDELL: I just didn't know if the way
19 it's worded, reasonable and prudent expenses
20 follows the guidelines. Well, if, like, noticing
21 is not in the guidelines of 367.081(3) is that
22 eliminating noticing filing fees? I don't know.

23 MS. GOLDEN: We didn't think it was, but we
24 can take a closer look at that, legally, to see.

25 MS. HARPER: We can take out -- maybe we can

1 bump prudent and just have rate case.

2 MR. RENDELL: But still, it only follows
3 this -- if it's limiting that, it has to meet
4 3670813 --

5 MS. GOLDEN: We're saying the guide -- yeah,
6 the guidelines in the statute -- (Multiple
7 speakers) -- yeah, statute doesn't refer to the
8 filing fees and the customer noticing that we
9 include.

10 MS. HARPER: Then maybe it's better to --

11 MS. GOLDEN: We, you know --

12 MS. HARPER: -- make a non-comprehensive list.

13 MS. GOLDEN: Yeah. We could do one of those
14 including, but not limited to. Would you all be
15 okay with that if we --

16 MR. RENDELL: If you did what?

17 MS. GOLDEN: If we --

18 MS. HARPER: And it would include that, too,
19 in addition to that.

20 MR. RENDELL: You could -- yeah, I guess you
21 could refer to rule on filing fee and the rule on
22 noticing.

23 MS. GOLDEN: We might can re-word that to list
24 the different types of things that filing fees,
25 noticing and --

1 MR. RENDELL: And usually there is, like, cost
2 for travel to attend the customer meeting, travel
3 to attend the agenda. We have to come up here to
4 the agenda. We usually get recovery of that, as
5 well.

6 MS. VANDIVER: And now that we're looking at
7 that, are these guidelines in the statute or -- I
8 mean, are they requirements by the statute? I
9 don't have it with me.

10 MR. RENDELL: I don't have the statute.

11 MS. VANDIVER: I didn't know if the statutes
12 have guidelines.

13 MS. GOLDEN: I have it, but -- yeah, we could.

14 MS. HARPER: That could be requirement instead
15 of guidelines, I guess.

16 MS. GOLDEN: Yeah. We can do that.

17 MR. RENDELL: Or just take out, as set forth.

18 MR. WILLIAMS: Anyway, so it may be best if I
19 rescinded my first thing of drilling down. I'd
20 rather have it be broad to give you flexibility
21 than the other way around, but you could -- I don't
22 know if there was -- is there -- let me put it a
23 different way. When you do the rule, do you do
24 some kind of explanation of the rule also?

25 MS. GOLDEN: This.

1 MR. WILLIAMS: This. Okay.

2 MS. GOLDEN: Yeah. We will do recommendation
3 and the recommendation will have some -- I'm not
4 sure that it's going to have the level of detail
5 that -- for the questions you're asking. I mean,
6 what we will talk about is the reason for the rule
7 change and what's being changed and then the types
8 of comments that we received, but the explanation
9 of how the rule's going to be applied, that won't
10 be in there.

11 MR. WILLIAMS: I just would hope that the
12 systems that look at this that are not very astute
13 at chasing the statute's down and reading them and
14 understanding them would know enough to call
15 somebody to answer their questions if they had
16 intervenor questions.

17 MS. GOLDEN: For the staff assisted rate
18 cases, we work with the utilities through the
19 process. And for the rate case expense, you know,
20 we actually calculate that for them, the notice and
21 cost. We have a standard formula that we follow
22 for that and the filing fee is based on what's in
23 our rules and so we calculate that and we also have
24 the rules as it's amortized over four years, so we
25 put all of that together and then we calculate it.

1 And there's a little bit more to it than that, but
2 for the staff assisted rate cases, we actually
3 calculate that for most of the companies instead of
4 them having to calculate it.

5 But, as I mentioned, what we have tried to do
6 recently is let the companies that are -- that have
7 filed cases now that have attorneys to let them
8 know that the statute is there, so they can try to
9 limit how much help they ask for.

10 I'm glad to know that you have people that
11 might be able to help them with that so that right
12 there would help with avoiding that cost or in
13 that --

14 MR. WILLIAMS: Well, let me ask a question a
15 little bit different. So you were able to tell
16 them, if you incur costs before the staff assisted
17 thing, before the preliminary report, they're not
18 doing to be eligible. Are you also able to tell
19 them that if there was an inquiry that they may be
20 asked to gather additional information and that
21 cost could be recoverable before the intervention?

22 MS. GOLDEN: We could tell them that, but, to
23 be honest, I'm not aware of a staff assisted rate
24 case where we had somebody officially intervene in
25 the case, at that point in the case. It's -- yeah.

1 And even when they do -- I mean, just so you know
2 this, because the whole point of the staff assisted
3 rate case process is to help keep costs down for
4 the utilities so that those costs -- we try to
5 limit the increase that the customers have to have,
6 and so by reducing that rate case expense, which is
7 why we do the staff assisted is to try to reduce
8 that rate case expense.

9 Well, even if it gets protested, we do try to
10 work with all the parties to settle that without
11 having to go to hearing, because if it goes to
12 hearing, then that rate case expense is going to go
13 up because at that point they will have to have
14 attorneys and consultants. They have to put on
15 witnesses for their case. So I think that's
16 something that it's like even if it was protested
17 we would try to work something out without going to
18 hearing.

19 MR. WILLIAMS: Well, I --

20 MS. GOLDEN: But the cost would be eligible at
21 that point anyway, so.

22 MR. WILLIAMS: Well, my thing is, I trust you
23 all if you're communicating with the system if you
24 have the ability or flexibility to not only explain
25 the limitations, but also their options at the

1 proper time.

2 MS. GOLDEN: Yes, and we would. Yeah.

3 To go back to your question, if there was a
4 case where we did have an official intervenor early
5 in the case, then we would let them know that
6 that's available to them at that point.

7 MR. WILLIAMS: Then I'm good. You don't have
8 to drill down to the statute because you'll tell
9 them what their options are.

10 MS. GOLDEN: But we might. We'll look at this
11 again and see. Maybe we can modify that sentence
12 again to make it more clear, because that is a good
13 point that that could be interpreted to say that
14 we're only looking at what's referenced in that
15 part of the statute and that does not reference the
16 filing fees or the customer notice. So we'll look
17 at that.

18 MS. HARPER: Just take out the sentence again.

19 MS. GOLDEN: I know. That's what I was
20 wondering. Can we just go back to taking it out?

21 MR. WILLIAMS: Okay. That was the only one I
22 had on the rate case -- or staff assisted rate
23 cases.

24 MS. HARPER: Any other comments?

25 MS. VANDIVER: Office of Public Counsel would

1 just like to also bring up our issue. We put in
2 our written comments about a tracking system for
3 the -- we would expect to see a lot more of these.
4 And when we get calls, it's hard to know what's
5 going on because there's nothing online for us to
6 review at this time.

7 MS. HARPER: Yes, and we are working on that
8 internally. We're going to do it outside of the
9 rule-making because we can't hold this up, but we
10 are looking at that.

11 And do you have any suggestions? And we have
12 some ideas we're kind of tossing around, but I know
13 OPC kind of talked about a web-based tracking
14 system. Is there a preference as to how you get
15 notified or the degree of notification or anything?

16 MS. VANDIVER: Well, I don't even -- I'm not
17 even sure if we really -- I mean, we'd always like
18 to know as much as possible, but if there was an
19 online tracking system that we could always just go
20 reference or go look up what's happened in the last
21 month or week, or when we get a call we can go look
22 on it and see if that company's been in in the last
23 few months. It's mostly having the information
24 available when we do get calls or inquiries. We
25 get them fairly often.

1 MS. GOLDEN: Would it be sufficient if we
2 notified you once the pass through is approved so
3 that you know that once it's been approved that you
4 know that you might be getting calls from customers
5 about a rate increase? Are you -- you're really
6 wanting to know earlier in the process?

7 MS. VANDIVER: Because the notice doesn't go
8 out until after it's approved. When would you -- I
9 mean, if we developed -- if you developed a online
10 system, would you not be putting anything on until
11 it was approved? Is that kind of what you're
12 thinking?

13 MS. HARPER: We're not sure. We're just
14 trying to explore all the options.

15 MS. VANDIVER: Yeah, because it's not
16 something that we would be participating in the
17 process, so that would possibly work.

18 MS. GOLDEN: And my question was more of what
19 to do in the meantime before we could get to a
20 point where we had any type of an online system.
21 Just in the meantime just to keep you informed, you
22 know, would it be sufficient to know -- for you to
23 know once ones been approved?

24 MS. VANDIVER: That would be fine. Sure.

25 MS. GOLDEN: There is some consideration being

1 given to making it an online application process,
2 so at some point in the future this may be where
3 the utilities could actually just go fill out the
4 application online, but I'm not sure, you know,
5 when that would be. There's other projects in the
6 works before that, but we were trying to look at
7 what we might could do in the meantime so that if
8 you do get a call, you would know that there's been
9 a pass through.

10 MR. BROWN: So, Denise, is OPC's concern just
11 saying in -- so you're not caught offguard when a
12 customer calls?

13 MS. VANDIVER: Well, or just that when they do
14 call, we have the information to answer their
15 questions.

16 MR. BROWN: Okay. So information on the
17 increase itself once it's been approved and all
18 that. Okay. I just didn't know what level of
19 detail you were talking about.

20 MS. VANDIVER: You know, for the most part, we
21 don't need a lot of detail. You just never know.
22 Some questions do require a lot more where you want
23 to look at and be able to explain -- indexes
24 obviously don't need a lot of detail because
25 they're pretty much the same, but pass through's,

1 and especially with the increase level of pass
2 through's, you could have a lot more detail. The
3 customers won't always understand it until we
4 actually look at the detail.

5 MR. BROWN: Okay.

6 MR. WILLIAMS: And that was kind of my
7 question. So we're going to put together an online
8 information system that -- on the pass through's,
9 right? So not only OPC, but any customer could go
10 there and see the notification?

11 MS. GOLDEN: No. It was that at some point
12 that the application might be online where a
13 company that wants to file for a price index or a
14 pass through could just go online and fill out the
15 application and possibly even submit it online, as
16 opposed to right now what they do is they fill out
17 everything on paper and mail it in. That's the
18 difference there.

19 Now, what OPC has asked about -- because they
20 sometimes get calls from customers saying I've just
21 gotten this increase, because with the price
22 indexes and pass through's the customers have to
23 get a notice before they're going to be billed at
24 the higher rates, but it's not a process that
25 allows for them to, say, come to an agenda and so

1 forth, like we would with a rate case. And so
2 sometimes you'll get a customer will get that, and
3 usually these are small increases, but they'll
4 still want to know what the increase is about and
5 when they get that notice it's the first they've
6 heard of it and so they sometimes call us or
7 they'll call OPC.

8 So because this is -- it is an administrative
9 process right now. It's not filed through the
10 clerk's office. The application will get filed
11 directly with our division. And so then it's
12 processed by staff and it's all just an
13 administrative process that doesn't go to agenda.
14 So there's not really anything where the customers
15 would see that that application has been filed up
16 until they get the notice that says they're getting
17 a rate increase.

18 MR. WILLIAMS: Okay.

19 MS. GOLDEN: So what's happened is OPC also
20 doesn't know because they don't get the notice, but
21 they'll get a phone call.

22 MR. WILLIAMS: And I support what OPC is
23 requesting. To tell you the truth, from my
24 standpoint, the information should be available. I
25 think that all the customers should have access to

1 the information from a transparency standpoint, not
2 only that the notice, you know, occurred related to
3 the pass through, but, you know, they should know
4 that the expense was, you know, in the statute. It
5 was in the rule. It was approved for that reason.
6 Here's the information that was provided to support
7 that cost and, you know, that type of thing.

8 So I would think that it would be easier if a
9 number of people had access to that information,
10 not even -- not just OPC. It would answer people's
11 questions and it would have less concern and lack
12 of better term, outrage over something that they
13 don't think is legitimate.

14 MS. VANDIVER: I thought you said at first
15 that you were doing something online and then you
16 just told him you're not.

17 MS. HARPER: Well, we are. Yes and -- yes,
18 we're looking at doing something online as far as
19 the notification on the --

20 MS. VANDIVER: But that would be available for
21 anyone to see?

22 MS. HARPER: Right. But what we're saying
23 will not be online is -- well, for everyone to see
24 necessarily, is the application process. That's
25 just an electronic system we're looking at.

1 MR. WILLIAMS: That makes sense.

2 MS. GOLDEN: Well -- and to go into just a
3 little bit more detail, because it's several
4 things. Part of it is the online application
5 process will be more for the benefit of the
6 companies just to make that a little bit easier
7 process. And, again, this is something that's
8 being considered, not -- I don't have any idea when
9 that might actually happen.

10 As far as the notification, we were trying to
11 look at a way to address OPC's concern in the
12 meantime before this might ever be an online thing
13 where it would be out there for people to see. So
14 one option would be if we just let OPC know. We
15 did also consider the option of possibly maybe
16 scanning that information and putting it on the --
17 having it, like, in a docket file where people
18 could look at it.

19 But, again, these are -- with the price
20 indexes and pass through's, these are intended to
21 be very small incremental increases. They're
22 administrative. It's not a process where people
23 can intervene and protest it and so forth. It's
24 this is intended to help avoid rate cases. And so,
25 for that reason, it is a very condensed streamlined

1 process.

2 MR. WILLIAMS: I agree with that one hundred
3 percent. I guess, you know, from a customer
4 standpoint, any increase is probably not considered
5 to be insignificant to them. And just in
6 protection of the utility and the customer, the
7 availability of information may stop a lot of the,
8 you know, aggravation of saying how did they do
9 this, why are they doing this, you know, that type
10 of thing.

11 MS. GOLDEN: The other thing, just to put this
12 into perspective, we looked back at how many pass
13 through's we've gotten over the last few years and
14 from 2014, 2015 and this year. In 2014, we had 14
15 pass through applications. 2015, we only had 14
16 pass through applications. And for 2016, so far
17 we've only had ten. And all of those have been
18 filed in conjunction with the price index increase.

19 So it's possible that with the addition of
20 these -- of the new specified expenses in the
21 statute that can now be passed through, hopefully
22 some companies will take advantage of those and
23 that number may go up, but just to put it into
24 perspective, we really don't get very many pass
25 through applications.

1 MR. RENDELL: One suggestion that might help
2 is, I think internally staff keeps track of these
3 like with an Excel spreadsheet or something. Is
4 there a way to just put a simple spreadsheet,
5 either Excel or PDF, to just show utility name,
6 date filed, date approved and index pass through or
7 both and the percentage increase? You know, just
8 list out chronologically what's been filed, when it
9 was filed, when it's approved and you just click on
10 the link. You want waste water, click on the link
11 and it'll be right there. Something, you know, as
12 simple as that. That's really all, I think, OPC
13 and myself would want to look at.

14 MR. BROWN: That list sounds very similar --
15 it's been a while since I've looked at it because I
16 don't do indexes and pass through's very much
17 anymore, but we did have an internal list at one
18 time that, I think, track that pretty closely. So
19 that might be --

20 MR. RENDELL: That way you can just see when a
21 utility got increased, what for and what date,
22 percentage.

23 MS. GOLDEN: Now, the one -- that list doesn't
24 necessarily have as much information as some people
25 would want. What it will say -- and it's after

1 it's been approved, so it would show that it's
2 already been approved.

3 MR. RENDELL: Well, I mean, I guess internally
4 you could always discuss if you want to have what's
5 filed, even pending approval.

6 MS. GOLDEN: Right.

7 MS. HARPER: We're definitely going to look at
8 this. We understand the concern and we will
9 address it.

10 MR. WILLIAMS: I'd just as soon not withhold
11 information and make it transparent. I'm afraid
12 that some of the systems don't pursue the pass
13 through's because of the concern for the reaction
14 of their customers on a very small increase.

15 MR. BROWN: I know we had several that had
16 that concern in those Class C workshops this
17 summer.

18 MR. WILLIAMS: Right. It's not worth going
19 forward and aggravating people and they think we're
20 doubling their rates when it's a small incremental
21 thing.

22 MS. GOLDEN: One of the reasons that we now
23 see most of these filed in conjunction with the
24 price index is because the statute allows that
25 those can be filed together and count as one rate

1 increase because the utilities are limited to two
2 increases within a 12-month period and they're
3 allowed to file a price index and pass through at
4 the same time and so we actually do encourage the
5 utilities to do that so that that way you do limit
6 that you're not hitting customers with multiple
7 little increases, that we just go ahead and roll it
8 into one since they tend to be small anyway and
9 just put it into one.

10 But sometimes, to give you an idea, like for a
11 price index, sometimes we're talking pennies of an
12 increase. It may be five cents that it goes up.
13 And so it's -- not to say that the customers aren't
14 still concerned over that, because they are,
15 because I've gotten those calls, but it's -- again,
16 we're not talking large increases for some of
17 these.

18 MR. RENDELL: That's where a utility looks at
19 it. If it's a small increase and the cost that we
20 notice is going to be more than the increase, you
21 just don't file because you can't get recovery of
22 the cost of the filing -- I mean for the noticing.

23 MR. WILLIAMS: We need to do a better job with
24 the education of the systems, too. I mean, even in
25 the workshops that we did, I hate to say this, but

1 the systems that needed to be there didn't attend
2 and the ones that understood it attend and that's
3 typical, I guess, when you have sessions, but we've
4 got to come up with, you know, better outreach
5 measures to those that don't attend on their
6 options, and I don't know what those are.

7 MS. GOLDEN: We do actually have a brochure
8 that we produce that explains what a price index
9 and a pass through is, but I'm not sure how many of
10 the utilities take advantage of getting that and
11 sending it out.

12 MR. WILLIAMS: You'd probably have to go out
13 and read it to them.

14 MR. RENDELL: This is, like, off the mark, but
15 would staff consider filing -- I mean noticing cost
16 indexes and pass through's in the future?

17 MS. GOLDEN: We've talked about it because we
18 recognize that that's -- that sometimes you're
19 noticing cost just totally wipes out the increase
20 that you get from the pass through. We haven't
21 actually done that yet, but we have talked about
22 it. So we'll talk about it some more.

23 MR. WILLIAMS: Thank you. I appreciate you
24 doing this.

25 MS. GOLDEN: We appreciate you coming.

1 MS. HARPER: Thank you for all the comments.

2 MS. GOLDEN: We'll look at that some more and
3 see if maybe there's something we can do with that
4 rate case expense language to make that a little
5 bit more clear.

6 MS. HARPER: Anything else? Anybody? Thank
7 you for coming --

8 MR. DEASON: Yes. I had one quick
9 clarification question.

10 MS. HARPER: Sure.

11 MR. DEASON: Just going back to the Pass
12 through items, back to 1G, waste water biosolids,
13 disposal fees. I read that and I just think sludge
14 hauling, is that correct?

15 MS. GOLDEN: That's what I think it is.

16 MR. DEASON: Okay. I just wanted to make
17 sure. Is there anything else that falls into that
18 or is that just pretty much sludge hauling?

19 MS. GOLDEN: I'm not aware of anything, but
20 I'd like to ask Ms. Vandiver because your comment
21 was for us to add fees and I just wondered if --
22 and I know that you participated in the water
23 committee so I wondered, was there -- is there some
24 consideration of anything else? Because to us, we
25 think that's just sludge removal cost.

1 MS. VANDIVER: I think so. I just wouldn't --
2 without the word fees, I thought you could possibly
3 include other things in there like, I don't know,
4 overhead or something. I thought fees made it
5 clear that that's --

6 MS. GOLDEN: Okay.

7 MR. WILLIAMS: When we did the workshops, we
8 explained it as sludge hauling.

9 MR. DEASON: Okay. I just wanted to make
10 sure.

11 MR. WILLIAMS: But DEP is famous for changing
12 definitions and terms and all that. So I think it
13 was put in to -- in case something -- some new
14 definition occurred that explains stuff, because we
15 all refer to it in the industry as sludge, but now
16 they're referring to it as biosolids and I think
17 it's a direction of trying to split biosolids and
18 sludge because you may be able to spin off
19 biosolids. So that's why it's there, but in the
20 industry it's going to be sludge hauling.

21 MR. DEASON: Just wanted to make sure.

22 MS. HARPER: Thank you.

23 If there's no more comments, then we'll go
24 ahead and adjourn.

25 Thanks for coming.

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(Workshop concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DANA W. REEVES, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 14th day of November, 2016



DANA W. REEVES
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