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P R O C E E D I N G S

(Transcript follows in sequence from Volume 2.)

CHAIRMAN BROWN: Good morning. I hope everyone had a rested evening last night. I did. I hope you all are energized to begin the day.

We are back on the record. Today is Tuesday, May 9th, and this is the Utilities, Inc. of Florida rate case. I would like to note that Seminole County's counsel has asked to be excused from this morning and this afternoon but will be back here this evening, seeing that he does not have any cross of the witnesses that he thinks we will be addressing today, but he will be back. But Mr. Ralph Terrero from Seminole County is here.

Are there any preliminary matters that we need to get to or address before we call the next witness up to the stand?

(No response.)

Seeing none, Office of Public Counsel, I know that you said that you have a motion for reconsideration -- the order to the motion to strike being prepared. Do

1 you have that ready for us?

2 **MS. CHRISTENSEN:** I think we're still working
3 on that, and we will certainly produce it as soon as we
4 have it available.

5 **CHAIRMAN BROWN:** Obviously the sooner the
6 better, because we want to give counsel an opportunity
7 to respond for it -- respond to it, and the timing of
8 the motion for reconsideration coming up, I think you
9 all said, on Wednesday.

10 **MS. CHRISTENSEN:** Right. And I've just been
11 advised that they're planning on filing that tomorrow
12 morning.

13 **CHAIRMAN BROWN:** Again, I think we're going to
14 be getting to Mr. Patrick Flynn today, seeing that we're
15 at Mr. Deason, so I would encourage you to hurry up with
16 the motion for reconsideration.

17 **MS. CHRISTENSEN:** Well, my colleagues
18 certainly have heard your request, and I'm sure they
19 will do their best to address it. But we're moving as
20 fast as we can.

21 **CHAIRMAN BROWN:** Thank you. Again, I want to
22 give all parties an opportunity to respond. And so with
23 that, we are on Mr. Jared Deason.

24 **MR. FRIEDMAN:** That's correct. Utilities,
25 Inc. would call Mr. Jared Deason as its next witness on

1 its direct.

2 **CHAIRMAN BROWN:** I believe, Mr. Deason, you
3 were sworn in yesterday.

4 **THE WITNESS:** Yes, ma'am.

5 **CHAIRMAN BROWN:** Are there any witnesses --
6 before we get to this, are there any witnesses in the
7 audience who plan on testifying today who were not sworn
8 in yesterday? Please raise your hand.

9 All right. If you would stand with me. Raise
10 your right hand. Do you swear or affirm to provide the
11 truth in this proceeding?

12 (Affirmative response received.)

13 (Witness sworn.)

14 **CHAIRMAN BROWN:** Thank you. Please be seated.

15 All right. You've got the floor.

16 **MR. FRIEDMAN:** Thank you very much.

17 Whereupon,

18 **JARED DEASON**

19 was called as a witness on behalf of Utilities, Inc. of
20 Florida and, having first been duly sworn, testified as
21 follows:

22 **EXAMINATION**

23 **BY MR. FRIEDMAN:**

24 **Q** Would you please state your name.

25 **A** Jared Deason.

1 **Q** And, Mr. Deason, did you prefile direct
2 testimony in this case?

3 **A** Yes, I did.

4 **Q** And if I ask you the questions in your direct
5 testimony, would your answers be the same?

6 **A** Yes, they would.

7 **Q** So there are no corrections or changes to your
8 prefilled direct testimony?

9 **A** There are no changes.

10 **Q** Did you sponsor any exhibits?

11 **A** Yes, I did.

12 **Q** And how many exhibits do you sponsor?

13 **A** I sponsor three exhibits: One was our
14 operating agreement; another was our allocation manuals;
15 and the other is I prepared our E Schedules, which also
16 include the miscellaneous service charges as well as the
17 late payment charges which the Chairman expressed
18 concerns about yesterday.

19 **MR. FRIEDMAN:** Thank you. I'd like to move
20 Mr. Deason's testimony into the record as though read.

21 **CHAIRMAN BROWN:** We'll go ahead and move
22 Mr. Jared Deason's prefilled direct testimony into the
23 record as though read.
24
25

1 **Q. Please state your, name profession and address.**

2 A. My name is Jared Deason. I am a Financial Analyst for Utilities, Inc. of Florida. My business
3 address is 200 Weathersfield Ave., Altamonte Springs, FL 32714.

4 **Q. State briefly your educational background and experience.**

5 A. I have a Bachelors Degree in Applied Economics from Florida State University. I have
6 approximately 6 years of experience in the utility industry, the last year of which has been
7 with Utilities, Inc. I joined UI in June 2015 as a Financial Analyst assigned to the Florida
8 region. I was previously employed by the Florida Public Service Commission in the years
9 2007 to 2011 as a Regulatory Analyst IV assigned to the water and wastewater section of
10 the former Division of Economic Regulation.

11 **Q. On whose behalf are you presenting this testimony?**

12 A. I am presenting this testimony and appearing on behalf of Utilities, Inc. of Florida. (UIF), the
13 applicant for rate increase in the present docket.

14 **Q. What is the purpose of your direct testimony?**

15 A. The purpose of my direct testimony is to sponsor the billing analysis, allocation schedules
16 and the Water Services Corporation Operating Agreement.

17 **Q. Are you sponsoring any exhibits?**

18 A. Yes, I am sponsoring 3 exhibits. Exhibit JD-1 is the billing analysis schedules. Exhibit JD-2
19 is a CD with the allocation schedules required by Commission Rule 25-30.436(4)(h). Exhibit
20 JD-3 is the Water Management Services Operating Agreement required by Commission Rule
21 25-30.436(4)(h).

22 **Q. Were these Exhibits prepared by you and your staff under your supervision and
23 control?**

24 A. Yes they were, except for the Water Management Services Operating Agreement which is a
25 business record of Utilities, Inc. of Florida, and the allocation schedules which are prepared

1 at the parent company level, and are also a business record of Utilities, Inc. of Florida.

2 **Q. Does that conclude your direct testimony?**

3 **A. Yes**

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1 **CHAIRMAN BROWN:** Staff.

2 **EXAMINATION**

3 **BY MR. TAYLOR:**

4 **Q** Good morning, Mr. Deason.

5 **A** Good morning.

6 **Q** Have you had an opportunity to review staff's
7 Comprehensive Exhibit List, specifically the staff
8 exhibits identified with your name?

9 **A** Yes, I have.

10 **Q** And did you prepare these exhibits or were
11 they prepared under your supervision?

12 **A** Yes, they were.

13 **Q** Are these exhibits true and correct to the
14 best of your knowledge and belief?

15 **A** Yes.

16 **Q** Would your answers be the same today as they
17 were to those responses?

18 **A** Yes.

19 **Q** Are there any portions of your listed exhibits
20 that are confidential?

21 **A** I believe there were some.

22 **MR. TAYLOR:** Okay. Thank you.

23 **CHAIRMAN BROWN:** Go.

24 **MR. FRIEDMAN:** Thank you.

25 **EXAMINATION**

1 **BY MR. FRIEDMAN:**

2 **Q** Mr. Deason, would you like to do a brief
3 summary of your prefiled direct testimony?

4 **A** Just as I stated before, I sponsor three
5 exhibits: The allocation manuals; operating agreement;
6 and I prepared the E Schedules, which include
7 miscellaneous service charges.

8 **MR. FRIEDMAN:** Okay. And we'd tender
9 Mr. Deason for cross-examination.

10 **CHAIRMAN BROWN:** Certainly.

11 Office of Public Counsel, Ms. Christensen.

12 **MS. CHRISTENSEN:** Good morning. I have
13 exhibits to pass out, which have been prepared in
14 packets and collated hopefully in the order of my cross.
15 So it should make it a little bit easier.

16 **CHAIRMAN BROWN:** Thank you. And I'll instruct
17 the witness to keep those exhibits down until we address
18 them, please.

19 Thank you, Ms. Christensen.

20 (Pause.)

21 Thank you. And just so you know, we are at
22 Exhibit No. 274. So we'll be starting with that.

23 **MS. CHRISTENSEN:** Commissioner, were we
24 marking them as they came -- as I was using them in
25 cross-examination?

1 **CHAIRMAN BROWN:** Yes, I did remind him.

2 **MS. CHRISTENSEN:** Okay. Did each of the
3 Commissioners get a collated packet?

4 **CHAIRMAN BROWN:** We did.

5 **MS. CHRISTENSEN:** Okay. I just wanted to make
6 sure. I saw individuals being handed out, and I wanted
7 to make sure the packet was --

8 **CHAIRMAN BROWN:** There was one, one exhibit,
9 it looks like, that was separate from the package. It's
10 entitled "Sandalhaven Contractual Expenses-Other
11 Expense."

12 **MS. CHRISTENSEN:** No, I don't believe that was
13 part of the packet that was supposed to have been handed
14 out. But we can --

15 **CHAIRMAN BROWN:** We've got it. Commissioners,
16 if you could -- would you like to use it or have it
17 back?

18 **MS. CHRISTENSEN:** I don't believe that's the
19 one we were planning on using. But let me just go ahead
20 and move through the packet, and we'll do as best we
21 can.

22 **CHAIRMAN BROWN:** Okay.

23 **MS. CHRISTENSEN:** I had pre-collated them, and
24 I'm not sure if your staff decided they wanted to pull
25 apart the packet that I pre-collated.

1 **CHAIRMAN BROWN:** All right.

2 **MS. CHRISTENSEN:** But hopefully the next time
3 we'll be in a little bit better shape.

4 **CHAIRMAN BROWN:** Thank you, and thank you for
5 doing that.

6 **MR. FRIEDMAN:** I've only got one. How many
7 are there? Is there just one?

8 **CHAIRMAN BROWN:** There's a whole packet.

9 **MR. FRIEDMAN:** Oh, okay. I'm sorry. I've
10 only got one.

11 **CHAIRMAN BROWN:** You've got -- all right. Can
12 we make sure that Mr. Friedman has the packet? Are we
13 ready?

14 **MS. CHRISTENSEN:** Let me see. There should
15 be, should be one, two, three, four, five, six, seven,
16 eight, nine, ten, eleven, twelve --

17 **CHAIRMAN BROWN:** Let's just go along, and if
18 he doesn't have it, we'll get him a copy.

19 **MS. CHRISTENSEN:** All right. No good deed --

20 **MR. FRIEDMAN:** I've glanced through these and
21 it -- frankly, it looks like these are probably rebuttal
22 as opposed to his direct testimony exhibits, which are
23 limited to the E Schedules basically. So I don't, I
24 don't know if these are appropriate for Mr. Deason on
25 direct.

1 **CHAIRMAN BROWN:** Ms. Christensen.

2 **MS. CHRISTENSEN:** Since he sponsored the MFRs
3 in his direct testimony, I think they're appropriate in
4 direct.

5 **CHAIRMAN BROWN:** Let's just wait and see.

6 **MR. FRIEDMAN:** He scheduled -- he sponsored
7 the E Schedules, the billing analysis.

8 **CHAIRMAN BROWN:** Let's just wait and see.

9 All right. Ms. Christensen, you have the
10 floor.

11 **MS. CHRISTENSEN:** Thank you.

12 **EXAMINATION**

13 **BY MS. CHRISTENSEN:**

14 **Q** Good morning, Mr. Deason. Hopefully you have
15 a packet in front of you. I'm going to ask you a few
16 questions to start off this morning.

17 Mr. Deason, you are a senior financial analyst
18 with a primary focus on regulatory matters with UIF; is
19 that correct?

20 **A** Yes.

21 **Q** And prior to assuming your position with UIF,
22 you were with the Commission as a regulatory analyst in
23 the water and wastewater division; is that also correct?

24 **A** Yes.

25 **Q** As a previous Commission staff member and as

1 part of your duties with UIF, you are familiar with the
2 Commission rules relating to water utilities; is that
3 correct?

4 **A** Yes.

5 **Q** Okay. And as part of these duties in the rate
6 case, you provided information to the audit staff of the
7 Commission; is that correct?

8 **A** Yes, I did.

9 **Q** Now I would direct your attention to hopefully
10 the first document in your packet.

11 **MR. FRIEDMAN:** I object. I apologize. I
12 object again. These questions related to the audit are
13 related to either discovery responses or his rebuttal
14 testimony. His direct testimony is related to,
15 basically to the E Schedules. There are a number of
16 exhibits I saw in there that related to miscellaneous
17 service charge late payment fees, which I think are
18 appropriate for him on direct. Otherwise, I think the
19 rest of these exhibits are rebuttal exhibits. He didn't
20 testify on direct on any of these other issues.

21 **MS. CHRISTENSEN:** Commissioner, he does
22 provide testimony. He is the regulatory analyst that
23 dealt with the audit. I mean, I can move these
24 questions to rebuttal, it's just going to take us
25 longer, or I can do this now.

1 **CHAIRMAN BROWN:** Mr. Friedman.

2 **MR. FRIEDMAN:** They're appropriate for
3 rebuttal. If we start letting things in that aren't in
4 response to his direct testimony, then we'll start doing
5 that with every witness and we'll have no, no decorum in
6 this proceeding.

7 **CHAIRMAN BROWN:** Well, I agree with you on
8 that, on that front. Ms. Christensen, can you get to
9 questions that address his Schedule E?

10 **MS. CHRISTENSEN:** If you'd give me a moment,
11 we can --

12 **CHAIRMAN BROWN:** Sure. Would you like a
13 five-minute break?

14 **MS. CHRISTENSEN:** Yes, please, because --

15 **CHAIRMAN BROWN:** Okay. Why don't we take a --
16 it's 9:15 -- make it ten. We'll reconvene at 9:25.

17 **MS. CHRISTENSEN:** Thank you.

18 (Recess taken.)

19 **CHAIRMAN BROWN:** We're going to go back on the
20 record now.

21 Public Counsel is prepared to address us at
22 this time. Ms. Christensen.

23 **MS. CHRISTENSEN:** Thank you. With guidance
24 from the Chair and in collaboration with UIF counsel, we
25 will defer these questions until rebuttal. And with

1 that, we would request that the packets be returned to
2 us, and we have no questions on the E Schedules that
3 were addressed in the direct testimony. So thank you.

4 **CHAIRMAN BROWN:** Thank you. And they've been
5 collected by our staff, and we eagerly await the
6 questions on rebuttal. Thank you.

7 All right. Mr. Armstrong, good morning.

8 **MR. ARMSTRONG:** Good morning.

9 **CHAIRMAN BROWN:** I hope you got a good night's
10 rest.

11 **MR. ARMSTRONG:** I did not.

12 **CHAIRMAN BROWN:** Okay.

13 **MR. ARMSTRONG:** I did not. Thank you.

14 **CHAIRMAN BROWN:** That's unfortunate.

15 **MR. ARMSTRONG:** Yeah.

16 **CHAIRMAN BROWN:** You have the floor, and we
17 are on Mr. Jared Deason.

18 **MR. ARMSTRONG:** Thank you, Madam Chair.

19 **CHAIRMAN BROWN:** You're welcome.

20 **MR. ARMSTRONG:** I have some exhibits collated
21 for distribution.

22 **CHAIRMAN BROWN:** Great. Thank you. Staff
23 is --

24 **MR. FRIEDMAN:** We might want to look at those
25 like we did the others and make sure that they're

1 limited to his direct testimony before we --

2 **CHAIRMAN BROWN:** Staff is working on passing
3 them out right now, and you'll get a copy right away.

4 **MR. FRIEDMAN:** You might want to do that
5 before we pass them all out if we have to pass them back
6 in.

7 **CHAIRMAN BROWN:** Kyesha, could you give
8 Mr. Friedman a copy?

9 **MR. ARMSTRONG:** I am asked to withhold giving
10 these to you until and unless I have confirmation that I
11 can ask questions about the pro forma adjustments and
12 about the absence of audit affiliate costs and those
13 kinds of things. Is that within the scope of his
14 E Schedules?

15 **CHAIRMAN BROWN:** I don't believe so.
16 Staff?

17 **MR. TAYLOR:** I think anything dealing with the
18 audit testimony should be reserved for rebuttal.

19 **CHAIRMAN BROWN:** Okay.

20 **MR. ARMSTRONG:** I shall reserve my time for
21 the rebuttal. Thank you.

22 **CHAIRMAN BROWN:** Can't wait for rebuttal.
23 Thank you.

24 All right. Seminole County is not here, so we
25 are on staff.

1 **MR. TAYLOR:** We have some exhibits, I believe,
2 that were already passed out and collated. Does
3 everybody have a copy?

4 **CHAIRMAN BROWN:** Yes, yes. Thank you.

5 **EXAMINATION**

6 **BY MR. TAYLOR:**

7 **Q** Okay. Mr. Deason, could you take a look at
8 UIF's response to staff's 190th interrogatory?

9 **A** I'm sorry. Which number is that?

10 **CHAIRMAN BROWN:** Could you turn your mike on,
11 please?

12 **THE WITNESS:** I'm sorry. Which number was
13 that, staff's --

14 **CHAIRMAN BROWN:** Let's go ahead first and
15 identify that, okay, so that -- for ease. So it's
16 staff's 8th set of interrogatories, Nos. 190 and 191; is
17 that correct?

18 **MR. TAYLOR:** Yeah, that's correct.

19 **CHAIRMAN BROWN:** All right. We're going to
20 go -- identify that as 274. Again, the description is
21 "Staff's 8th Set of Interrogatories, 190 and 191." Do
22 you have a copy of that, Mr. Deason?

23 **THE WITNESS:** Yes, I do.

24 **CHAIRMAN BROWN:** Okay.

25 (Exhibit 274 marked for identification.)

1 **BY MR. TAYLOR:**

2 **Q** And can you just confirm that \$18.36 hourly
3 salary for a billing specialist provided in that answer
4 is correct?

5 **A** Yes.

6 **Q** Can you tell us the duties or labor performed
7 by the billing specialist?

8 **A** As it says in my response, they're responsible
9 for receiving, recording, or preparing more specifically
10 late payment notices that are sent out when customers'
11 bills are determined to be late.

12 **Q** Does UIF use an automated billing system to
13 assist in processing late payments?

14 **A** When the actual -- not for the notices. But
15 when the bill shows up, we notify or we enter in to
16 include a late payment charge in the next bill that goes
17 out.

18 **Q** Okay. Taking into account the automated
19 billing system and the labor performed by the billing
20 specialist, can you tell us approximately how many late
21 payments can be processed in an hour?

22 **A** The amount that I used to determine that was
23 based on Docket 070377, the methodology that was
24 approved in a previous Commission order in which the
25 Commission determined that six late payment notices or

1 bills were appropriate in one hour.

2 Q Can you take a look at the next response, to
3 UIF's response to staff's 191st interrogatory?

4 A Yes.

5 Q And can you confirm that the \$28.16 hourly
6 salary for the billing manager provided is correct?

7 A Yes.

8 Q Can you tell us the duties or labor performed
9 by the billing manager in order to process late
10 payments?

11 A That's -- their duties and responsibility are
12 in a supervisory role. They're the ones who review the
13 work of the billing specialist to make sure that
14 everything is done properly. They also do other duties
15 as far as monitoring the late payments, make payment
16 reports, trends, things such as that.

17 Q Okay. Just to kind of summarize, can you
18 describe the difference in the roles of the billing
19 manager and the billing specialist as it pertains to
20 labor performed in processing the late payment charges?

21 A Well, the billing specialist does a lot of the
22 legwork, I guess you could say, physically doing --
23 entering in numbers, sending out notices, things such as
24 that. The billing -- the assistant billing manager
25 would be in a supervisory role to make sure things are

1 done properly and reviewing the work of the billing
2 specialist.

3 Q Okay. Does the billing manager have other
4 duties besides those that you listed for us?

5 A Yes, they both have other duties other than
6 just focusing strictly on late payment charges.

7 Q Okay. If you know, could you tell us
8 approximately how long it takes the billing manager to
9 process a single late payment charge?

10 A I do not know.

11 Q Do you think five to ten minutes is a fair
12 estimate?

13 A I don't know. I was trying to be consistent
14 with previous Commission practice and methodologies in
15 previous orders.

16 Q Could I direct your attention to the exhibit,
17 it's the third one in the packet, the cost justification
18 page for the late payment charge?

19 **CHAIRMAN BROWN:** We're going to go ahead and
20 identify that as 275. We're going to call it "Basis of
21 Calculation of Charge."

22 (Exhibit 275 marked for identification.)

23 Mr. Deason, do you have a copy of it?

24 **THE WITNESS:** Yes, I do.

25 **CHAIRMAN BROWN:** Okay.

1 **BY MR. TAYLOR:**

2 **Q** Is the \$1,126.34 amount correct for the amount
3 of how much salary the billing manager is devoted to
4 processing late payments per week?

5 **A** Yes.

6 **Q** Does that mean the billing manager spends the
7 majority of the week processing late payments?

8 **A** I do not know.

9 **Q** Okay. I'm just trying to understand the math
10 here. Maybe you can help me understand it a little more
11 clearly.

12 It looks as if the 1,126 -- \$1,126.34 number
13 divided by five days a week is roughly \$225.27 a day.
14 Can you accept that, subject to check?

15 **A** Yes.

16 **Q** If that number is divided by eight hours, that
17 gives us the \$28.16 hourly salary that you confirmed for
18 us earlier. Can you accept that, subject to check?

19 **A** Yes.

20 **Q** So it appears, based on that calculation, that
21 the majority of the week is devoted to late payment
22 charges. Is there something I'm missing here?

23 **A** That's to determine what their hourly salary
24 is. So, in other words, we're not saying that they do
25 all their time on late payment charges because the

1 charge is just trying to break down if they have to
2 spend time devoted to a late payment charge, how much
3 time is allotted and how much of their salary should be
4 devoted to that.

5 **MR. TAYLOR:** Thank you. We have no further
6 questions.

7 **CHAIRMAN BROWN:** Thank you.

8 Commissioners, I have a follow-up question to
9 our counsel's line of questioning. I'm still stuck on
10 that assistant billing manager.

11 Has Utilities, Inc. of Florida used two people
12 to process late payment charges in the past?

13 **THE WITNESS:** Well, one person does the
14 legwork. The other supervises the other. That's the
15 same methodology that was determined in Docket 070377.
16 It was determined to include both a person performing
17 the task as well as the supervisor that's involved in
18 verifying that.

19 **CHAIRMAN BROWN:** What docket is that?

20 **THE WITNESS:** Docket 070377.

21 **CHAIRMAN BROWN:** The title, what company?

22 **THE WITNESS:** I believe that was Windstream
23 Utilities, which is a water company located in Marion
24 County.

25 **CHAIRMAN BROWN:** Do you know any other

1 docket, since you're familiar with that one, where the
2 Commission has utilized two employees to process a late
3 payment charge?

4 **THE WITNESS:** Not to my knowledge, no.

5 **CHAIRMAN BROWN:** Is this how Utilities, Inc.
6 operates currently?

7 **THE WITNESS:** Yes.

8 **CHAIRMAN BROWN:** How does it make it more
9 efficient doing it that way? Especially with the
10 proposal to do a consolidated uniform rate, how is
11 utilizing two employees to process a late payment charge
12 going to make it more efficient?

13 **THE WITNESS:** Well, I think it makes it more
14 correct because you have one person verifying the work
15 of another to make sure the proper amount is going out.

16 **CHAIRMAN BROWN:** Have you had problems in the
17 past with accuracy on late payment charges?

18 **THE WITNESS:** Not my knowledge. If we've
19 had -- we've had in the past, at least in the test year,
20 we had very few late payment charges throughout the test
21 year. We actually only had two systems that had late
22 payment charges approved. That would be Lake Placid and
23 Cypress Lakes, which are two of our smaller systems.

24 After the test year period in 2016, we
25 actually had our late payment charge approved to be

1 applicable to all of our systems statewide. So it's
2 only very recently that we've actually had the need to
3 have late payment charges on a statewide basis.

4 **CHAIRMAN BROWN:** I guess what I'm --

5 **THE WITNESS:** Probably less than a year.

6 **CHAIRMAN BROWN:** Thank you.

7 **THE WITNESS:** I'm sorry.

8 **CHAIRMAN BROWN:** Thank you. I guess what I'm
9 really stuck on is if you don't know how much time the
10 billing manager spends, the majority of time processing
11 the late payment fees, how are these costs justified?

12 **THE WITNESS:** Well, it's just, it's just
13 basically trying to determine, based on previous
14 Commission practice, what percentage of their salary
15 should be devoted based on the time that they spend if
16 they have to deal with a late payment charge. Not that
17 they're spending all their time with the late payment
18 charge, but if they have to, what is the appropriate
19 amount of time for that charge, for that late payment,
20 and how is it representative of their salary?

21 **CHAIRMAN BROWN:** Again, our job here is to
22 find what's reasonable and prudent.

23 **THE WITNESS:** Uh-huh.

24 **CHAIRMAN BROWN:** And if, if you don't know how
25 much time they're actually spending processing, that's

1 kind of hard to justify those costs. And you're telling
2 us that you don't know how much time they actually spend
3 processing the late payment charges; is that correct?

4 **THE WITNESS:** I don't know the exact amount of
5 time based on operational changes that we had where we
6 applied it statewide because it's a very recent change.

7 **CHAIRMAN BROWN:** Wow.

8 Commissioner Polmann.

9 **COMMISSIONER POLMANN:** Thank you, Madam Chair.

10 You just indicated, sir, that having two
11 people would provide -- I believe your term was "more
12 accurate." Is that -- do you recall?

13 **THE WITNESS:** Or just verify correctness, yes.

14 **COMMISSIONER POLMANN:** Okay. I think you said
15 "more accurate."

16 **THE WITNESS:** Okay.

17 **COMMISSIONER POLMANN:** Do you have a good and
18 valid reason to believe that there's a necessity for
19 this work to be more accurate? Can you explain what the
20 reason is that it --

21 **THE WITNESS:** As I stated before, I was trying
22 to follow the methodologies approved in previous
23 Commission dockets in determining this cost.

24 **COMMISSIONER POLMANN:** I'm trying to
25 understand, in your past practice, the experience of

1 UIF, have you ever had, to the best of your knowledge, a
2 complaint that was filed with the company as a result of
3 imposing a late payment charge against a customer? Has
4 anyone complained back to you that that was not correct?

5 **THE WITNESS:** Not to my knowledge.

6 **COMMISSIONER POLMANN:** So as a result of not
7 having any complaints, would you believe that those late
8 payment charges were correct?

9 **THE WITNESS:** Could you repeat the question,
10 please?

11 **COMMISSIONER POLMANN:** Having had no
12 complaints from customers about the late payment
13 charges, is it fair to say that they were accurate?

14 **THE WITNESS:** Well, I can't say if we've
15 had -- I have no knowledge if we have received any
16 complaints or not.

17 **COMMISSIONER POLMANN:** Thank you.

18 That's all I have, Madam Chairman.

19 **CHAIRMAN BROWN:** Thank you.

20 Commissioner Brisé.

21 **COMMISSIONER BRISÉ:** Yeah. Just a quick
22 follow-up. Maybe I missed it.

23 How many complaints did you say? You
24 mentioned Lake Placid and somewhere else. How many
25 complaints?

1 **THE WITNESS:** Well, what I said before is --

2 **COMMISSIONER BRISÉ:** I mean -- not complaints.
3 How many late payments?

4 **THE WITNESS:** I don't know how -- exactly how
5 many late payments. What I was saying is during the
6 test year period, we didn't have a tremendous amount of
7 late payment charges that we received --

8 **COMMISSIONER BRISÉ:** Uh-huh. Sure.

9 **THE WITNESS:** -- because it was only
10 applicable to two of our smaller systems.

11 Subsequent to the test year, in 2016 we
12 actually implemented a late payment charge statewide
13 that was approved by the Commission. So it's only very
14 recently that we actually had to address late payments
15 on a statewide basis.

16 **COMMISSIONER BRISÉ:** Okay. So you don't have
17 any clue as to how many. And to, to the question that
18 Commissioner Polmann posed, so you don't have any, any
19 data to support the need to seek more accuracy or to
20 know what the volume is to determine if you need
21 additional staff to --

22 **THE WITNESS:** I do not know what the total
23 volume is since we implemented the statewide.

24 **COMMISSIONER BRISÉ:** Okay. Thank you.

25 **CHAIRMAN BROWN:** Thank you.

1 Commissioners, any other questions?

2 Seeing none, redirect.

3 **MR. FRIEDMAN:** None.

4 **CHAIRMAN BROWN:** Okay. We have exhibits
5 associated with this witness.

6 **MR. FRIEDMAN:** That's correct.

7 **CHAIRMAN BROWN:** Exhibits 32 through 34, would
8 you like them moved?

9 **MR. FRIEDMAN:** Yes, I would. Thank you.

10 **CHAIRMAN BROWN:** All right. Seeing no
11 objections, we'll go ahead and enter into the record
12 Exhibits 32 through 34.

13 (Exhibits 32 through 34 admitted into the
14 record.)

15 Staff, you have Exhibits 274 and 275. Would
16 you like those entered into the record?

17 **MR. TAYLOR:** Yes, please.

18 **CHAIRMAN BROWN:** All right. Seeing no
19 objection, we'll go ahead and enter 274 and 275.

20 (Exhibits 274 and 275 admitted into the
21 record.)

22 And with that, we will excuse the witness
23 momentarily -- temporarily. It's only 9:30.

24 **MR. FRIEDMAN:** The next witness that
25 Utilities, Inc. of Florida calls is Mr. Frank Seidman.

1 **CHAIRMAN BROWN:** All right. Mr. Seidman. And
2 Mr. Seidman was sworn in; correct?

3 **THE WITNESS:** Yes, I was.
4 Whereupon,

5 **FRANK SEIDMAN**

6 was called as a witness on behalf of Utilities, Inc. of
7 Florida and, having first been duly sworn, testified as
8 follows:

9 **EXAMINATION**

10 **BY MR. FRIEDMAN:**

11 **Q** Would you please state your name?

12 **A** Frank Seidman.

13 **Q** And, Mr. Seidman, did you prefile direct
14 testimony in this case?

15 **A** Yes, I did.

16 **Q** And if I were to ask you the questions in your
17 prefiled direct testimony, would your answers be the
18 same?

19 **A** Yes, they would.

20 **Q** All right. Did you sponsor any exhibits with
21 your prefiled direct?

22 **A** Yes, I did.

23 **MR. FRIEDMAN:** At this point, I would like to
24 move Mr. Seidman's testimony into the record as though
25 read.

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CHAIRMAN BROWN: We will go ahead and enter
Mr. Seidman's prefiled direct testimony into the record
as though read.

1 **Q. Please state your name, profession and address.**

2 A. My name is Frank Seidman. I am President of Management and Regulatory
3 Consultants, Inc., consultants in the utility regulatory field. My address is
4 36 Yacht Club Dr., North Palm Beach, FL 33408.

5 **Q. State briefly your educational background and experience.**

6 A. I hold the degree of Bachelor of Science in Electrical Engineering from the
7 University of Miami. I have also completed several graduate level courses
8 in economics at Florida State University, including public utility
9 economics. I am a Professional Engineer, registered to practice in the state
10 of Florida. I have over 50 years of experience in utility regulation,
11 management and consulting. This experience includes nine years as a staff
12 member of the Florida Public Service Commission (FPSC), two years as a
13 planning engineer for a Florida telephone company, four years as Manager
14 of Rates and Research for a water and sewer holding company with
15 operations in six states, and three years as Director of Technical Affairs for
16 a national association of industrial users of electricity. I have been providing
17 rate and regulatory consulting services in Florida for over 30 years.
18 Specifically, with regard to the water and wastewater industry, I have
19 participated in the preparation and presentation of numerous rate cases,
20 most of which were considered by the Florida Public Service Commission.
21 I have also prepared cases before the Sarasota County Commission. Many
22 of the cases before the FPSC were made final through the Proposed Agency
23 Action procedures; others went to public hearing in which I presented direct
24 and/or rebuttal testimony. I have prepared or participated in the preparation
25 of all phases of water and wastewater financial, rate and engineering

1 sections of the Minimum Filing Requirements (MFRs), including used and
2 useful. I have also participated in most of the water and wastewater
3 rulemaking procedures before the FPSC. I have also prepared several
4 original cost studies accepted by this Commission in setting rates.

5 **Q. On whose behalf are you presenting this testimony?**

6 A. I am presenting this testimony and appearing on behalf of the applicant,
7 Utilities, Inc. of Florida (UIF).

8 **Q. For what purpose were you retained by the applicant?**

9 A. I was retained to prepare the used and useful analyses for each of the
10 systems through which UIF provides service and the required schedules in
11 the MFRs pertaining to used and useful. These are identified in the MFRs
12 as the "F" schedules. I was also retained to assist in preparation of the MFRs
13 for several of the systems, namely Cypress Lakes, Lake Placid, Pennbrooke,
14 Mid-County and Eagle Ridge.

15 **Q. What is the purpose of your direct testimony?**

16 A. The purpose of my direct testimony is to present the Minimum Filing
17 Requirements and the used and useful schedules.

18 **Q. Are you sponsoring any exhibits?**

19 A. Yes. I am sponsoring Exhibit FS-1, which is a summary of my education
20 and my experience as it pertains to water and wastewater regulation. I am
21 sponsoring Exhibit FS-2, which is a summary of the used and useful
22 percentages of all the individual systems included in this filing. I am also
23 co-sponsoring, along with witnesses Kincaid, Flynn and Swain, the
24 Minimum Filing Requirements consisting of Volume I, the Financial, Rate
25 and Engineering sections, Volume II, the Billing Analysis and Volume III,

1 the Additional Engineering Information required by Rule 25-30.440,
2 Florida Administrative Code.

3 **Q. Would you please summarize the results of your used and useful**
4 **analyses?**

5 A. Yes. As previously stated, the results of the used and useful analyses are
6 contained in the "F" schedules section of each of the MFRs for the various
7 systems. For convenience, I have prepared Exhibit FS-2, which summarizes
8 the results for all of the systems.

9 **Q. Does that conclude your direct testimony?**

10 A. Yes, it does.

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1 **CHAIRMAN BROWN:** Staff? Good morning.

2 **EXAMINATION**

3 **BY MR. TRIERWEILER:**

4 **Q** Mr. Seidman, have you had an opportunity to
5 review staff's Comprehensive Exhibit List, specifically
6 staff's exhibits identified with your name?

7 **A** Yes, I have.

8 **Q** Did you prepare these exhibits or were they
9 prepared under your direction or supervision?

10 **A** Yes, they were.

11 **Q** And are they true and correct to the best of
12 your knowledge and belief?

13 **A** Yes, they are.

14 **Q** Would your answers be the same today as they
15 were when you prepared these responses?

16 **A** Yes.

17 **MR. TRIERWEILER:** Thank you.

18 **EXAMINATION**

19 **BY MR. FRIEDMAN:**

20 **Q** Mr. Seidman, would you like to briefly
21 summarize your direct testimony?

22 **A** Yes. I'll make it very brief since my
23 testimony was only about four pages.

24 I was retained by the utility to prepare the
25 used and useful analysis for all of the systems, 27

1 systems of the company, and to prepare the F Schedules,
2 or engineering schedules, that are included in the MFRs
3 for all of the systems. I also assisted in preparation
4 of some of the MFRs for about five of the companies that
5 Ms. Swain will testify to later in the day.

6 With regard to my exhibits, first of all,
7 there's SF-1, and that basically is a summary of my
8 experience in cases I've been involved in. And FS-2 is
9 a summary of the -- a one-page summary of the results of
10 the used and useful analysis, and there's a Part 2,
11 which is a copy of the F Schedules for all of the
12 systems.

13 I would like to make one change to the summary
14 schedule of FS-2. The summary schedule has a note at
15 the bottom regarding exceptions, and I'd like to add the
16 companies Mid-County and Eagle Ridge to that list.
17 Other than that, everything is the same, and that
18 concludes my summary.

19 **CHAIRMAN BROWN:** Okay. Thank you. Those
20 changes are noted.

21 **MR. FRIEDMAN:** We'd tender Mr. Seidman for
22 cross-examination.

23 **CHAIRMAN BROWN:** Thank you.

24 Ms. Ponder?

25 **MS. PONDER:** OPC has no questions.

1 **CHAIRMAN BROWN:** Thank you.

2 Mr. Armstrong?

3 **MR. ARMSTRONG:** Summertree Water Alliance and
4 Ms. Ryan have no questions.

5 **CHAIRMAN BROWN:** Thank you.

6 Staff?

7 **MR. TRIERWEILER:** Staff has no questions.

8 **CHAIRMAN BROWN:** Thank you.

9 Commissioners?

10 No redirect. This one could have been
11 stipulated.

12 Exhibits.

13 **MR. FRIEDMAN:** Yes. We would like to move
14 Mr. Seidman's Exhibits No. 35 and 36 on the --

15 **CHAIRMAN BROWN:** Okay. Seeing no objection,
16 we'll go ahead and enter into the record Exhibits 35 and
17 36.

18 (Exhibits 35 and 36 admitted into the record.)

19 Would you like this witness excused?

20 **MR. FRIEDMAN:** Yes, please.

21 **CHAIRMAN BROWN:** All right.

22 **MR. FRIEDMAN:** He does have, he does have
23 rebuttal testimony.

24 **CHAIRMAN BROWN:** Okay. See you later,
25 Mr. Seidman. Thank you. Okay.

1 **MR. FRIEDMAN:** All right. Mr. Patrick Flynn
2 will be our next witness.

3 **CHAIRMAN BROWN:** Mr. Patrick Flynn.
4 Mr. Flynn, good morning.

5 **THE WITNESS:** Good morning.

6 **CHAIRMAN BROWN:** Nice to see you here. I hope
7 you get comfortable.

8 **THE WITNESS:** I will do my best.

9 **MR. FRIEDMAN:** Thank you.
10 Whereupon,

11 **PATRICK FLYNN**

12 was called as a witness on behalf of Utilities, Inc. of
13 Florida and, having first been duly sworn, testified as
14 follows:

15 **EXAMINATION**

16 **BY MR. FRIEDMAN:**

17 **Q** Would you please state your name?

18 **A** Patrick Flynn.

19 **Q** And, Mr. Flynn, did you prefile direct
20 testimony in this matter?

21 **A** I did.

22 **Q** And if I were to ask you the questions on your
23 prefiled direct testimony, would your answers be the
24 same?

25 **A** Yes.

1 **Q** And did you sponsor any exhibits with your
2 prefiled direct testimony?

3 **A** I did.

4 **MR. FRIEDMAN:** At this point, I would like to
5 move Mr. Seidman's direct --

6 **CHAIRMAN BROWN:** Mr. Flynn.

7 **MR. FRIEDMAN:** -- Mr. Flynn's direct -- see,
8 we're going too fast.

9 **CHAIRMAN BROWN:** I know.

10 **MR. FRIEDMAN:** Mr. Flynn's direct testimony in
11 the record as though read.

12 **CHAIRMAN BROWN:** We will go ahead and enter
13 into the record Mr. Flynn's prefiled direct testimony as
14 though read.

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1 **Q. Please state your, name profession and address.**

2 A. My name is Patrick C. Flynn. I am Vice-President of Utilities, Inc. of Florida. My business
3 address is 200 Weathersfield Ave., Altamonte Springs, Florida, 32714.

4 **Q. State briefly your educational background and experience.**

5 A. I am a 1978 graduate of the University of Virginia with a Bachelor of Arts degree in
6 Environmental Science. All told, I have over 37 years of experience in the water, wastewater
7 and reclaimed water industry. During that time, I have held various managerial and executive
8 positions with increasing levels of responsibility including all aspects of facility operations,
9 personnel management, capital and operating budget preparation and execution, fleet
10 administration, rate case support, and interface with multiple regulatory bodies and their
11 staffs. In 2012, I was appointed by Governor Scott to serve on the Study Committee on
12 Investor-Owned Water and Wastewater Utility Systems. I have been a licensed water and/or
13 wastewater treatment operator in the states of South Carolina, Florida, Louisiana, and
14 Maryland.

15 **Q. Have you previously appeared and presented testimony before any regulatory bodies?**

16 Yes, I have presented testimony in multiple rate setting dockets in South Carolina and Florida.

17 **Q. On whose behalf are you presenting this testimony?**

18 A. I am presenting this testimony and appearing on behalf of Utilities, Inc. of Florida (UIF),
19 which is the applicant for a rate increase in the present docket.

20 **Q. What is the purpose of your direct testimony?**

21 A. The purpose of my direct testimony is to present information supporting the additional
22 engineering information required by Commission Rule 25-30.440, and the proforma capital
23 projects.

24 **Q. Are you sponsoring any exhibits?**

25 A. Yes, I am sponsoring multiple exhibits. For each Exhibits PCF-1 through PCF-47 I have

1 provided a brief description, the justification for the project, the schedule of each project, of
2 the pro forma projects, the placed in service date for those projects that have been completed,
3 and the total project expenditure. I have attached supporting documentation to each exhibit
4 in those instances where the documentation is currently available.

5 **Q. Can you provide a description of each proforma capital project?**

6 A. Yes, the following information describes the scope of each project, its estimated cost, the
7 actual or estimated placed in service date, and the Exhibits associated with each one.

- 8 1. Cypress Lakes WTP Hydro Tank #1: Remove and replace a 10,000-gallon hydro pneumatic
9 pressure tank that is at the end of its service life, is not repairable, and was recommended for
10 replacement per its last internal inspection; repurpose the 10,000-gallon ASME-code tank
11 located at Summertree Well 13 by installing it at Cypress Lakes WTP; February 28, 2017;
12 \$30,000; Exhibit PCF-1 Cypress Lakes Hydro Tank #1.
- 13 2. Cypress Lakes Sediment Removal: Removal and disposal of accumulated grit and sediment
14 from each of the three treatment trains at Cypress Lakes WWTP in order to reestablish the
15 design volume in each aeration tank; remove and replace broken diffusers as needed in each
16 treatment train using stainless steel materials and fine bubble diffusers; September 30, 2016;
17 \$50,200; Exhibit PCF-2 Cypress Lakes WWTP Sediment Removal.
- 18 3. Eagle Ridge WWTP EQ Tank & Headworks: Replace two carbon steel flow equalization
19 tanks and a bar screen that are now at the end of their service life with a single, glass-fused
20 steel tank and static screen; reconnect existing odor control equipment to new tank; fabricate
21 and replace the splitter box; remove and replace the modular field office trailer with an office
22 trailer sized and configured to meet current operations staff needs; replace the chemical
23 storage building; modify the plant entrance per HOA request; remove trees along fence line;
24 and provide engineering support for design, permitting and construction inspection services;
25 September 30, 2017; \$350,000. Exhibit PCF-3 Eagle Ridge EQ Tank & Plant Improvements.

- 1 4. Labrador WWTP Sediment Removal: Removal and disposal of accumulated grit and
2 sediment from each of the three treatment trains at Labrador WWTP; remove and replace
3 broken diffusers as needed using stainless steel materials and fine bubble diffusers;
4 September 30, 2016; \$61,137. Exhibit PCF-4 Labrador Sediment Removal.
- 5 5. LUSI - Lake Groves Sludge Dewatering Equipment: purchase and install a sludge drying and
6 odor control system that uses solar energy to reduce the water content of biosolids and thus
7 reduce sludge hauling expense; purchase one FloTrend sludge dewatering box to support the
8 operation of the SolarOrganite sludge drying unit that reflects an increase in monthly
9 biosolids production beyond the capacity of the one existing box; December 31, 2016;
10 \$245,000. Exhibit PCF-5 Lake Groves Sludge Dewatering Equipment.
- 11 6. LUSI - Oswalt Road Water Main Relocation: Relocate distribution system facilities on
12 Oswalt Road in advance of a Lake County road and drainage improvement project; December
13 31, 2016; \$50,000. Exhibit PCF-7 Oswalt Rd. WM Relocates (will be submitted within 30
14 days of the filing).
- 15 7. LUSI - SCADA System: Design, fabricate and install hardware and software required to
16 allow remote monitoring and control of all production, storage and pumping facilities: within
17 the combined LUSI water system; at the Lake Groves Reuse Plant; and at 16 LUSI lift
18 stations; July 1, 2016; \$470,000. Exhibit PCF-7 LUSI SCADA System.
- 19 8. LUSI - TTHM & HAA5 Study: Investigate the cause of elevated total trihalomethane and
20 haloacetic acid concentrations at various locations within the combined distribution system;
21 develop TTHM/HAA5 formation potential curves at each water source; develop operational
22 strategies that will provide a short-term solution; develop conclusions and recommendations
23 to resolve the problem; and provide estimates of probable capital and annual operating costs
24 for each option; September 30, 2016; \$79,250. Exhibit PCF-8 LUSI TTHM & HAA6
25 Analysis.

- 1 9. LUSI – Engineering TTHM & HAA5 Remediation: Provide engineering design and
2 permitting services that will comprehensively address elevated TTHM & HAA5 values at
3 multiple locations throughout the combined LUSI water system as recommended by the
4 TTHM/HAA5 Study; \$450,000. Exhibit PCF-9 Engineering Lake Groves WTP Upgrades
5 (To be submitted in approximately 60 days).
- 6 10. LUSI – US 27 Utility Relocations: In coordination with a Florida DOT highway and
7 stormwater improvement project, design and relocate those water, sewer and reuse facilities
8 that are in conflict with proposed FDOT facilities; June 30, 2017; \$63,000 in engineering
9 services plus \$1,806,000 in construction costs for a total of \$1,869,000. Exhibits PCF-10
10 Eng-LUSI US 27 Ph. 3 Utility Relocates, and PCF-10a LUSI US 27 Ph. 3 Utility Relocates.
- 11 11. Longwood – Church Avenue Utility Relocations: Design, obtain permits and relocate two
12 sewer force mains situated within the Church Avenue right-of-way in coordination with a
13 City of Longwood road and drainage improvement project; \$193,880. Exhibit PCF-11
14 Longwood Church Ave. FM Relocates.
- 15 12. Longwood Groves – I&I Study: Clean and video inspect 30,000 LF of gravity sewer main to
16 identify the locations of significant deficiencies in the Longwood collection system;
17 November 30, 2016; \$50,000. Exhibit PCF-Longwood Groves I&I Study will be submitted
18 within 30 days of filing.
- 19 13. Longwood Groves - I&I Remediation: Remedy gravity sewer main, manhole and sewer
20 lateral deficiencies situated within Longwood Groves subdivision by the use of pipe liners,
21 cured-in-place pipe or excavate and replace techniques to remedy the deficiencies found in
22 the I&I Study. This will promote a reduction in the base influent flow to the Wekiva Hunt
23 Club WWTP; September 30, 2017; \$450,000. Exhibit PCF-13 Longwood Groves I&I
24 Remediation will be submitted within 90 days of filing.
- 25 14. Mid-County Electrical Improvements and Generator Replacement: Replace the main power

1 feeder, transformers, transfer switches, distribution panels, motor control centers and main
2 disconnects at the Mid-County WWTP that are not in conformance with current NEC
3 requirements and at the end of their service life; convert incoming power and all loads from
4 230VAC to 480VAC; remove and replace a 500-Kw emergency generator, fuel cell and
5 transfer switchgear that is not reliable, requires frequent repairs, and is at the end of its service
6 life; provide engineering design, surveying, and construction inspection services in support
7 of the project; June 30, 2017; \$900,000. Exhibit PCF-14 Mid-County Electrical
8 Improvements.

9 15. Mid-County Field Office: Remove and replace the existing field office trailer, electrical
10 service, lab counters, and furniture that are at the end of their service life after approximately
11 30 years of use; July 8, 2016; \$65,000. Exhibit PCF-15 Mid-County Field Office
12 Replacement.

13 16. Mid-County Flow Study: Conduct a comprehensive, four-month investigation of raw
14 wastewater flow patterns by collecting data across the whole collection system using 16 flow
15 meters positioned at key locations. Analyze the data to determine the source/s of excess
16 inflow and infiltration entering the system; June 30, 2016; \$80,000. Exhibit PCF-16 Mid-
17 County Flow Monitoring & Analysis.

18 17. Mid-County Excess I&I Remediation: Address the collection system deficiencies found in
19 the flow study by application of cured-in-place pipe, pipe liners, lateral replacement, manhole
20 refurbishment or other remedies; July 31, 2017; \$600,000. Exhibit PCF-17 Mid-County I&I
21 Remediation (to be submitted within 90 days of filing).

22 18. Mid-County Methanol Pumps and In-Line Nutrient Analyzers: Replace two explosion-proof
23 methanol feed pumps that require frequent repairs, are critical in the performance of the
24 treatment process and are at the end of their service life. Install an in-line nutrient analyzer to
25 monitor TN and TP concentration within the treatment process to optimize the use of ferric

1 sulfide and methanol that are critical in meeting current and future effluent water quality
2 limits, and to reduce the risk of noncompliance; October 30, 2016; \$102,000. Exhibit PCF-
3 18 Mid-County Methanol Pumps & Instrumentation.

4 19. Mid-County US Highway 19 Utility Relocation: Design, obtain permits, replace and/or
5 relocate collection system facilities in conflict with an FDOT highway and drainage
6 improvement project within the US Highway 19 corridor; remove and replace a collapsed
7 gravity sewer main segment adjacent to the master lift station; July 31, 2017; \$230,000.
8 Exhibit PCF-19 Mid-County US 19 FM Relocation & GSM Rehab.

9 20. Pennbrooke WTP Electrical Improvements: Design, obtain permits and construct electrical
10 improvements to meet current NEC requirements including: upsizing the main feeder to 300
11 amps; installing VFD units on three high service pumps and two well pumps; constructing a
12 climate controlled room to house the new electrical equipment; removing the existing electric
13 service, control panel and feeder; upgrading the electric service to the emergency generator;
14 and replacing the lighting in the pump room; December 31, 2017; \$270,000. Exhibit PCF-20
15 Pennbrooke WTP Electrical Improvements (will be submitted within 90 days of filing).

16 21. Sandalhaven – Placida Road Utility Relocation: Design, obtain permits, and relocate sewer
17 force main facilities in coordination with Charlotte County’s planned road and drainage
18 improvement project on Placida Road (CR 775); December 2017; \$250,000. Exhibit PCF-21
19 SH Placida Road Utility Relocation.

20 22. Sanlando – Autumn Drive WM Replacement: Replace 900 LF of 6-inch thin wall PVC water
21 main, associated isolation valves and water services in The Springs subdivision after
22 experiencing three pipe failures within eight months on that street, each of which caused
23 significant property damage to certain residents as well as temporary loss of service to
24 approximately 45 customers; October 1, 2016; \$98,970. Exhibit PCF-22 SUC Autumn Drive
25 WM Replacement.

- 1 23. Sanlando – Lift Station RTU Installation: Design, purchase and install Remote Telemetry
2 Units (RTUs) at 55 lift stations in order to add those facilities to the existing Wekiva Plant
3 SCADA system and thereby reduce the risk of sanitary sewer overflows or sewer backups;
4 December 31, 2017; engineering services of \$26,200 plus an engineering estimate of
5 \$327,000 for a total of \$353,200. Exhibit PCF-23 SUC Sanlando LS RTUs.
- 6 24. Sanlando – Markham Wood Utility Relocates: Relocate water mains and valves in advance
7 of a Seminole County road improvement project at the intersection of Markham Woods Drive
8 and SR 434; July 31, 2016; \$65,900. Exhibit PCF-24 SUC Markham Woods Rd. WM
9 Relocates.
- 10 25. Sanlando – Myrtle Lake Hills Water Mains: Design, obtain permits and construct water
11 facilities to serve as many as 116 homes in Myrtle Lake Hills subdivision whose current
12 homeowners are experiencing failing private wells and inferior water quality. The net project
13 cost of approximately \$700,000 will be reduced by main extension and plant capacity charges
14 collected from the future customers when they request service and are connected to the new
15 facilities; October 31, 2016; \$695,450. Exhibit PCF-25 SUC Myrtle Lake Hills WM.
- 16 26. Sanlando –Inflow & Infiltration Study and Remediation, Phase 2: Clean and video inspect
17 84,000 LF of gravity sewer main to identify the locations of significant deficiencies in the
18 collection system in order to reduce the base influent flow to the Wekiva Hunt Club WWTP,
19 \$152,500, completed on July 1, 2016. The deficiencies will then be remedied using various
20 technologies at a cost of \$1,573,884, for a total of \$1,726,384. Exhibit PCF-26 SUC I&I
21 Study and Remediation, Ph. 2.
- 22 27. Sanlando – Shadow Hills Flow Diversion: Design, obtain permits and construct facilities that
23 will allow flow to be diverted from the Shadow Hills WWTP to the Wekiva WWTP including
24 construction of: an 800,000-gallon equalization tank and re-pumping station at the Des Pinar
25 site; 4-inch, 6-inch, 8-inch, and 12-inch force main improvements that will address hydraulic

1 bottlenecks; demolition of the Shadow Hills WWTP; and upgrades and downgrades to
2 multiple lift stations to optimize pumping capacity so as to prevent sanitary sewer overflows.
3 The project will also include the construction of a field office and an equipment storage shed
4 at the Des Pinar Plant site that will replace buildings that are undersized, inadequate to
5 support the current workforce, and at the end of their service life; December 31, 2017;
6 \$260,423 for engineering services plus an engineering estimate of \$3,983,000 to construct
7 the facilities for a total of \$4,243,423. Exhibit PCF-27 SUC Shadow Hills Diversion.

8 28. Sanlando – Wekiva WWTP Blower Replacement: Design, purchase and install process
9 blower equipment to replace three (3) each 200-Hp blower-motor assemblies to improve plant
10 performance and maximize the production of reclaimed water; October 2017; \$600,000.
11 Exhibit PCF-28 SUC Wekiva Blower Replacement (to be submitted 90 days after filing).

12 29. Sanlando – Well 2A and Lift Station A-1 Electrical Improvements & Generator Install:
13 Design and install an emergency generator sized and configured to provide backup power to
14 Des Pinar Well 2A and Lift Station A-1 during power outages so as to avoid sanitary sewer
15 overflows or low water pressure. The electrical equipment will be improved to meet NEC
16 specifications; December 31, 2016; \$343,437. Exhibit PCF-29 SUC Well 2A & LS A1
17 Electrical Improvements.

18 30. Sanlando – Wekiva WWTP Rehabilitation: Remove accumulated grit and debris from each
19 of three treatment trains; replace two clarifier gear drives; replace air diffusers, drop pipe,
20 skimmer arm, and air lift assemblies in each treatment train; replace scum troughs splash
21 plates and guard rails; remove and replace corroded steel structures and beams to restore
22 structural integrity; replace lighting, catwalks and toe plates. Sandblast interior surfaces and
23 coat each train with a durable, corrosion resistant painting system; June 30, 2017; \$1,803,000.
24 Exhibit PCF-30 SUC Wekiva WWTP Rehab.

25 31. Tierra Verde - 401 8th Avenue Gravity Sewer Main Replacement, Phase 2: Excavate, remove

1 and replace 40 LF of collapsed 8-inch vitreous clay sewer main in the road right-of-way of
2 8th Avenue to reduce groundwater infiltration and reduce the risk of a sanitary sewer
3 overflows caused by sewer backups; March 8, 2016; \$84,673. Exhibit PCF-31 TV 401 8th
4 Street GSM Replacement.

5 32. UIF – WM Replacements, Orange Co: Design, obtain permits, remove and replace asbestos
6 cement and galvanized iron water mains, service laterals, and isolation valves in the Crescent
7 Heights water system that have reached the end of their service life, cause loss of pressure
8 due to tuberculated pipe, generate excessive water loss, require frequent repairs and generally
9 degrade customer service; March 31, 2017; \$1,806,000. Exhibit PCF-33 UIF Crescent
10 Heights WM Replacement.

11 33. UIF – WM Replacements, Pasco Co: Design, obtain permits, remove and replace 2-inch, 4-
12 inch and 6-inch asbestos cement and galvanized iron water mains, hydrants, service laterals
13 and isolation valves in the Orangewood and Buena Vista water systems that have reached the
14 end of their service life, cause loss of pressure due to tuberculated pipe, generate excessive
15 water loss, require frequent repairs and generally degrade customer service; December 31,
16 2016; \$1,200,000. Exhibit PCF-33 UIF-Buena Vista/Orangewood WM Replacement (to be
17 filed within 60 days of filing).

18 34. UIF – Summertree Well Abandonment: After placing an interconnection with Pasco County
19 Utilities into service, abandon the four existing water supply wells in conformance with
20 SWFWMD specifications net of any SWFWMD grant money; remove all tanks, pumps,
21 generators, electrical equipment, buildings, fencing and other improvements from each site;
22 \$200,000. Exhibit PCF-34 UIF Summertree Well Abandonment (to be filed within 60 days
23 of filing).

24 35. UIF – WM Replacements, Pinellas Co: Design, obtain permits, remove and replace 2-inch,
25 4-inch and 6-inch asbestos cement water mains, hydrants, service laterals, and isolation

1 valves in the Lake Tarpon water system that have reached the end of their service life, cause
2 loss of pressure due to tuberculated pipe, generate excessive water loss, require frequent
3 repairs, and generally degrade customer service; March 31, 2017; \$800,000. Exhibit PCF-35
4 Lake Tarpon WM Replacement.

5 36. UIF – Electrical improvements at Little Wekiva and Jansen WTPs: Remove and replace 50-
6 year old electrical controls and equipment to meet current NEC specifications. Install RTUs
7 at eight (8) WTP locations in order to add these sites to the existing Wekiva Plant SCADA
8 system; provide engineering services to design and permit improvements; September 15,
9 2016; \$323,000. Exhibit PCF-36 UIF Electrical Improvements at Little Wekiva & Jansen
10 WTP's.

11 37. UIF – Eng-Seminole & Orange County WM Replacements: Design and obtain FDEP
12 construction permits before replacing asbestos cement and galvanized iron water mains,
13 service laterals, and isolation valves in those water systems located in Seminole and Orange
14 County that have reached the end of their service life, experience loss of pressure due to
15 tuberculated pipe, and degrade customer service; September 15, 2016; \$57,000. Exhibit PCF-
16 37 UIF Eng WM Replacements.

17 38. UIF – Bear Lake WM Replacement: Design, obtain permits, remove and replace the asbestos
18 cement and galvanized iron water mains, service laterals, and isolation valves in the Bear
19 Lake water system that have reached the end of their service life, cause loss of pressure due
20 to tuberculated pipe, and degrade customer service; March 31, 2017; \$1,485,270. PCF-38
21 UIF Bear Lake WM Replacement.

22 39. UIF – Crystal Lake WM Replacement: Design, obtain permits, remove and replace the
23 asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the
24 Crystal Lake water system that have reached the end of their service life, cause loss of
25 pressure due to tuberculated pipe, and degrade customer service; June 30, 2017; \$1,585,933.

1 Exhibit PCF-39 UIF Crystal Lake WM Replacement.

2 40. UIF – Little Wekiva WM Replacement: Design, obtain permits, remove and replace the
3 asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the
4 Little Wekiva water system that have reached the end of their service life, cause loss of
5 pressure due to tuberculated pipe, and degrade customer service; June 30, 2017; \$521,681.

6 Exhibit PCF-40 UIF Little Wekiva WM Replacement.

7 41. UIF – Northwestern FM Replacement: Design, permit, replace, remove and relocate 2,500
8 LF of 10-inch asbestos cement pipe that has reached the end of its service life; December 31,
9 2016; \$120,000. Exhibit PCF-41 UIF Northwestern FM Relocation.

10 42. UIF – Oakland Shores WM Replacement: Design, obtain permits, remove and replace the
11 asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the
12 Oakland Shores water system that have reached the end of their service life, cause loss of
13 pressure due to tuberculated pipe, and degrade customer service; September 30, 2017;
14 \$1,571,701. Exhibit PCF-42 UIF Oakland Shores WM Replacement.

15 43. UIF – Phillips WM Replacement: Design, obtain permits, remove and replace the asbestos
16 cement and galvanized iron water mains, service laterals, and isolation valves in the Phillips
17 water system that have reached the end of their service life, generate loss of pressure due to
18 tuberculated pipe, and degrade customer service; design and construct a water main extension
19 between Crystal Lake and Phillips water system to improve reliability of service; September
20 30, 2017; \$1,188,247. Exhibit PCF-43 UIF Phillips WM Replacement.

21 44. UIF – Ravenna Park WM Replacement: Design, obtain permits, remove and replace the
22 asbestos cement and galvanized iron water mains, service laterals, and isolation valves in the
23 Ravenna Park water system that have reached the end of their service life, cause loss of
24 pressure due to tuberculated pipe, and degrade customer service; March 31, 2017;
25 \$2,160,808. Exhibit PCF-44 UIF Ravenna Park WM Replacement.

1 45. UIF – Ravenna Park/Crystal Lake Interconnect and WTP Improvements: Interconnect the
2 Ravenna Park and Crystal Lake distribution systems following the failure of the Crystal Lake
3 well; replace the cascade aerator and ground storage tank at Ravenna Park; and construct an
4 emergency interconnection with the City of Sanford to minimize water outages; September
5 15, 2016; \$646,000. Exhibit PCF-45 UIF Ravenna Park/Crystal Lake Interconnection.

6 46. C4500 Kodiak Truck Upgrade: Modify an existing 10-year old service truck by removing
7 the existing service body, its Venturo Model 12 crane, pipe rack and welding unit; install a
8 properly sized and configured utility body, a Venturo Model 25 crane with 20-foot boom
9 extension and 25,000 ft-lb moment rating, twin outriggers, work lights, safety strobe lights,
10 rooftop beacon, power inverter, and 120V outlet; reinstall welding unit; \$44,000; September
11 30, 2016. Exhibits: Knapheide Invoice #1; Knapheide Quote.

12 47. UIF Global - GIS Mapping Services: Develop a standard asset database template and a record
13 drawing specification that will be applied to all Florida systems and asset types; convert all
14 linear water and sewer assets and system maps to a uniform GIS mapping system format;
15 provide quality control of data throughout the conversion to GIS; June 30, 2017; \$350,000.
16 Exhibits: UIF GIS Mapping Proposal Kimley-Horn Task 1; UIF GIS Mapping Proposal
17 Kimley-Horn Task 2; UIF GIS Mapping Services Kimley-Horn Invoices; UIF GIS Mapping
18 Services.

19
20 **Q. Were these Exhibits prepared by you and your staff under your supervision and**
21 **control?**

22 A. Yes they were.

23 **Q.**

24 A.

25 **Q.**

1 A.

2 Q.

3 A.

4 Q.

5 A.

6 Q.

7 A.

8 Q.

9 A.

10 Q.

11 A.

12 Q. **Does that conclude your direct testimony?**

13 A. Yes, it does.

14

15

16

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22

1 **CHAIRMAN BROWN:** Staff?

2 **EXAMINATION**

3 **BY MR. TRIERWEILER:**

4 **Q** Good morning, Mr. Flynn. Have you had an
5 opportunity to review staff's Comprehensive Exhibit
6 List, specifically staff exhibits identified with your
7 name?

8 **A** Yes.

9 **Q** Did you prepare these exhibits or they're
10 prepared under your direction and supervision?

11 **A** Yes.

12 **Q** Are they true and correct to the best of your
13 knowledge and belief?

14 **A** Yes.

15 **Q** Would your answers be the same today as they
16 were when you prepared them?

17 **A** Yes.

18 **MR. TRIERWEILER:** Thank you.

19 **CHAIRMAN BROWN:** Thank you.

20 **MR. FRIEDMAN:** We tender the witness for
21 cross-examination.

22 **CHAIRMAN BROWN:** Thank you. Public Counsel,
23 would you like to switch order?

24 **MS. PONDER:** Yes, Madam Chair. Mr. Sayler has
25 had a family issue arise, and he's on his way. We were

1 going to request that we go after Mr. Armstrong with our
2 apologies.

3 **CHAIRMAN BROWN:** I don't have any objection to
4 that. Do you -- okay, we'll go ahead and do that.

5 Mr. Armstrong.

6 **THE WITNESS:** Excuse me, Madam Chair, can I
7 have an opening statement?

8 **CHAIRMAN BROWN:** Oh, I forgot. I'm sorry.

9 (Laughter.)

10 **MR. FRIEDMAN:** My fault.

11 **CHAIRMAN BROWN:** No, it's my fault. That's my
12 fault. I'm so sorry.

13 Mr. Flynn, yes, you may.

14 **THE WITNESS:** Yes. The focus of my testimony
15 primarily is on the quality of service at our companies
16 in Florida, our systems in Florida, our daily operations
17 of those systems; the pro forma projects that we have
18 underway that are reflected in our filing; the operation
19 management system that we're -- we've been developing
20 and that has some, some manpower staffing additions that
21 are associated with this filing.

22 We have about four dozen capital projects
23 underway or completed in Florida associated with the
24 filing. They comprise about \$36.9 million worth of
25 capital investment. These are scheduled to be completed

1 no later than the end of 2017. In fact, about 18
2 projects have been completed so far. We have about
3 another dozen or so to be completed in this quarter. We
4 have quite a bit of spending that has been going on for
5 those open projects. Even though they're not completed,
6 they still have quite a bit of capital investment being
7 made. To date, roughly \$16 million out of the 36.9 has
8 been spent.

9 I also want to mention the fact we have 24
10 water systems and about 17 wastewater systems that make
11 up our, our operations in Florida. And I also want to
12 mention that our pro forma projects are broken down
13 essentially into five groups or six groups.

14 One is road widening projects where we had to
15 relocate utilities as a function of those county or
16 state projects. Number two, where we have replaced
17 assets that have reached the end of their service life.
18 Number three, rehabilitation of our existing facilities.
19 Number four, investigation and remediation of the
20 collection system facilities. Also fleet purchases and
21 up-fitting of fleet vehicles. And lastly, engineering
22 support for a plant upgrade in one particular instance.
23 That completes my opening statement.

24 **CHAIRMAN BROWN:** Now.

25 **MR. FRIEDMAN:** Now.

1 **CHAIRMAN BROWN:** Okay. Mr. Armstrong.

2 **MR. ARMSTRONG:** Thank you, Madam Chair.

3 **EXAMINATION**

4 **BY MR. ARMSTRONG:**

5 **Q** Good morning, Mr. Flynn.

6 **A** Good morning.

7 **Q** How are you today?

8 **A** I have a cold.

9 **Q** I'm tired.

10 I've reviewed your testimony and your
11 exhibits, Mr. Flynn. I just have a few areas that I
12 would like to question you about this morning. Could
13 you turn to your Exhibit No. 45?

14 **A** Give me a minute.

15 **Q** Sure.

16 **A** I did not print out my exhibits because there
17 are so many, so I thought I'd just do it electronically.

18 (Pause.)

19 **CHAIRMAN BROWN:** Are you getting there?

20 **THE WITNESS:** Yes, ma'am. Go ahead. Which
21 number? Which exhibit specifically?

22 **MR. ARMSTRONG:** Forty-five.

23 **CHAIRMAN BROWN:** Which is PCF-8, for
24 Commissioners.

25 **THE WITNESS:** It's not my computer. Sorry.

1 **MR. ARMSTRONG:** It's okay.

2 **THE WITNESS:** I'm on seven. Hang on just a
3 minute.

4 (Pause.)

5 **CHAIRMAN BROWN:** You have a slow computer over
6 there.

7 **THE WITNESS:** Well, there's a lot of filed
8 documents in each one.

9 **MR. FRIEDMAN:** That's y'all's computer.

10 **CHAIRMAN BROWN:** That makes more sense.

11 **THE WITNESS:** I have it, yes, ma'am. Go
12 ahead.

13 **BY MR. ARMSTRONG:**

14 **Q** Do you have it?

15 **A** Yes, sir.

16 **Q** Okay. Thanks. Can you turn to the third page
17 of that exhibit in the box that says "Financial
18 Justification"?

19 **A** Yes.

20 **Q** Can you please read that first sentence there?

21 **A** "EH&S compliance."

22 **Q** Oops. We're looking at the wrong one here.
23 Exhibit -- you're looking at PCF-45, which is in
24 Exhibit 8.

25 **A** I thought you said No. 8.

1 Q Huh?

2 A I thought you said PCF-8.

3 Q No, PCF-45.

4 CHAIRMAN BROWN: Oh, I thought you said PCF-8.
5 You said Exhibit --

6 MR. ARMSTRONG: I guess it's marked, I guess
7 it's marked for identification as your eight, but it's
8 --

9 CHAIRMAN BROWN: No, no, no, no. You said,
10 you said "Exhibit 45," which is PCF-8.

11 MR. ARMSTRONG: Oh, I'm sorry. I said it the
12 wrong way around. It's PCF-45.

13 CHAIRMAN BROWN: So it's going to take him a
14 while to get to 45.

15 THE WITNESS: Right. I have it.

16 BY MR. ARMSTRONG:

17 Q You have it there? And you see on page 3
18 under the financial justification?

19 A Yes.

20 Q Could you please read the first sentence?

21 A "The plan is to file for rate relief in UIF
22 9/30/2015, this year. This will allow for 100 percent
23 rate recovery as a pro forma. Currently Utilities, Inc.
24 of Florida purchases the necessary water to meet the
25 demands of the Crystal Lake service area. Annual bulk

1 water costs are currently \$62,400, which would be
2 reduced to less than \$5,000 upon completion of the
3 project."

4 Q Okay. So I note that in your Exhibit 51, that
5 is one of the projects that has been completed; correct?

6 A Correct.

7 Q And it was completed on October 1st of 2016?

8 A I believe so.

9 Q Okay. Now have you experienced these cost
10 reductions since you implemented the project?

11 A Yes. We're no longer buying water in bulk in
12 order to provide service to our customers. We're able
13 to do that with our own facilities.

14 Q Okay. And let me turn to PCF-47. Do you see
15 that?

16 A Not yet. Hang on.

17 (Pause.)

18 Yes.

19 Q Do you see under "Timeline Considerations" on
20 the first page, it says, "Phase I must be completed
21 prior to the 2016 consolidated rate case filing no later
22 than third quarter '16." Do you see that?

23 A Yes.

24 Q Okay. Why -- I just asked you about two
25 exhibits, and I can go through and ask you about many,

1 but the first exhibit, the project was requested by
2 Brian Gongery (phonetic), and this second project is
3 requested by Nate Carver. Why is it that they're
4 focusing on the date for rate case recovery of these
5 projects in their exhibits?

6 **A** Well, our objective is to complete our
7 projects in a timely manner so we can get prompt
8 recovery of our investment.

9 **Q** Could you go to the same, let's see, Exhibit
10 PCF-47 that we just talked about and go to the second
11 page where it says "Risk Evaluation"?

12 **A** Yes.

13 **Q** Could you please read that first sentence
14 under "Risk Evaluation"?

15 **A** "Failure to file the updated system maps in
16 the initial rate case filing may result in a deficiency,
17 delaying the final rates and a minimum result in the
18 staff data request under Phase I."

19 **Q** To your knowledge, are these -- I mean, these
20 are regional managers, these fellows we just
21 mentioned -- right? -- for UIF, area managers?

22 **A** One is a regional manager and one is an asset
23 manager.

24 **Q** Okay. Can you -- is there some direction or
25 information given to them to suggest to them, "Identify

1 the projects that we can get into rate cases"? Is that
2 a direction that's given to them before they come up
3 with these projects?

4 **A** No. This is an outcome of our discussion
5 about what projects are timely to proceed with.

6 **Q** Are timely to proceed. And the timeliness is
7 based upon whether or not you can get them done in time
8 for rate relief; is that right?

9 **A** The timing is a function of a lot of different
10 factors as to whether it's timing for any regulatory
11 requirement for any asset that might be near its end of
12 its service life, if there's anything associated with
13 any other input that is important to consider in the
14 whole scheme of our capital expenditure plan.

15 **Q** All right. And I understand if an asset is
16 near the end of its service life, I understand that, but
17 it's well known. I mean, your experience is that assets
18 often last longer than their service life; isn't that
19 true?

20 **A** Some do and some don't. That's correct.

21 **Q** Okay. And if they're more properly managed,
22 you're more likely to have assets long last -- last
23 longer than their service life; isn't that true?

24 **A** It would be the case in some cases. Other
25 times it's a function of a mismatch between the

1 equipment's design life versus what the ratemaking rate
2 service life -- ratemaking life would be.

3 Q Right. Yeah, and we're not talking here in
4 reference to accounting service lives; right? We're
5 talking about the life, the actual useful life of the
6 asset; correct?

7 A Is that what you're asking?

8 Q That's what I'm, that's what I'm -- when
9 you're responding and when I'm asking these questions,
10 I'm referring to the useful life of the asset. Okay?
11 Let's have that understanding.

12 All right. So the lines that are being
13 replaced, do you have records? Have you presented
14 evidence that -- how many breaks have occurred on each
15 of the lines?

16 A I have not provided that information, no.

17 Q Okay. I see that in your testimony you're
18 aware that there are one or two instances where you do
19 identify, for instance, three line breaks occurring on
20 one line; correct?

21 A Where it's available and where it's been
22 provided by my staff, then it's identified in the
23 document. Correct.

24 Q Okay. So, in other words, you've identified
25 where that information is available, but if it's not

1 available, you can't put it in your testimony.

2 **A** No. It means I haven't put that into the
3 documentation to -- that identifies or describes what
4 the project is about.

5 **Q** All right. And if you can't identify how many
6 line breaks have occurred before, you can't identify how
7 much cost there was associated with those line breaks;
8 right?

9 **A** For the individual line break, if we identify
10 what, what time it occurred, then we can certainly do
11 our effort to investigate our files and see if we have
12 information describing the costs associated with that.

13 **Q** All right. But your new asset management
14 system, that's designed so that you'll have this
15 information more at your fingertips -- correct? -- so
16 you'll be able to analyze how many line breaks occurred
17 in the past?

18 **A** That's correct.

19 **Q** And how much they cost; correct?

20 **A** Correct.

21 **Q** And you'll be able to pinpoint, more than
22 likely -- you know, if you can see a line is breaking
23 twice in a couple of months, that would kind of tip you
24 off that there might be a significant issue; right?

25 **A** Yes. The idea is to have a means to -- or

1 tool to analyze trends.

2 Q All right. And that's a tool you don't have
3 available right now.

4 A We only do it in a manual way now.

5 Q Okay. So for all the lines -- and we could go
6 through your testimony, but I think there's only one
7 place where you refer to three line breaks occurring on
8 a line and, therefore, the line should be replaced. But
9 for all those where you're not able to identify how many
10 line breaks occurred, what -- how can we establish the
11 justification of replacing the line at this point in
12 time?

13 A Well, a line break is only one factor or
14 component that identifies whether the line is due for
15 replacement. It could be a function of the type of
16 material, the age of the pipe, whether its history has
17 any issues with its construction methodology. It could
18 be a variety of factors.

19 Q But if you don't have line breaks, if the
20 pipes are functioning appropriately and you don't have
21 unaccounted for water issues, it's not necessary to
22 replace a pipe; correct?

23 A It may be a function of a lot of factors. It
24 could be that. Line breaks are an important factor. It
25 could be other factors as well.

1 **Q** Unaccounted for water would be an important
2 factor; right?

3 **A** It could be.

4 **Q** So if you don't have unaccounted for water and
5 you don't have line breaks, then what would be the
6 factor that would require the utility to go ahead and
7 replace the pipes?

8 **A** The pipe material, the age of the pipe,
9 whether there's any issues that we have external to
10 those issues that are important to consider in our, in
11 our analysis.

12 **Q** You've stated the pipe material and the age of
13 the pipe. But if there are no leaks and there's no
14 unaccounted for water, what's the problem with leaving
15 the pipes in place?

16 **A** Well, that's a cement pipe, which is -- in
17 many cases in our systems, the 1970s or '60s vintage
18 has, in our view, had occasions when the material
19 actually starts to fail in terms of its structural
20 integrity.

21 **Q** With your new asset management system, you're
22 going to be more able to find out when that AC pipe
23 starts to fail. It hasn't yet, but you will be able to
24 more easily identify that; correct?

25 **A** That's one attribute that we'll be able to

1 better trend.

2 Q Okay. So I have clients that have AC pipe in
3 the ground for 70 and 80 years, and they don't replace
4 it until it breaks. Why would you propose that it be
5 replaced now by Utilities, Inc?

6 A To identify its -- or do what we can to
7 predict its terminal point so we can then schedule and
8 more cost-effectively replace it as opposed to having to
9 do repairs that are expensive by their -- on their face.

10 Q And you began preparing for this rate case how
11 long ago? More than two years ago, it looks like;
12 right?

13 A It began in 2016.

14 Q Okay. Maybe 2015 -- based upon what I'm
15 seeing here, justification is referring to the 16,000
16 (sic) rate case filing. It might have been 2015; right?

17 A It may have been. Most of our work began in
18 2016.

19 Q Okay. Now I look at your Exhibit 51. Is it
20 true that the completed projects at the bottom only add
21 up to about \$4.5 million, Mr. Flynn?

22 A In that document, correct.

23 Q Okay. And not-completed projects really
24 contain the vast majority of these line replacements;
25 correct?

1 **A** There are about nine major water main
2 replacement projects out of the group.

3 **Q** Uh-huh. And they're all above -- they're all
4 not completed.

5 **A** One is fully completed, and a couple of others
6 are close to completion.

7 **Q** That's right. The one that's completed is the
8 one I referred to -- right? -- the Ravenna Park/Crystal
9 Lake.

10 **A** No. We have another one that's also completed
11 that's listed above.

12 **Q** Okay. Is that the PCF-26, the I&I deficiency
13 corrections, \$1.6 million approximately?

14 **A** No. The one that's completed is PCF-40.

15 **Q** Okay. So that should be taken off the list up
16 top and brought down below?

17 **A** Correct. That's been completed in the near,
18 near term.

19 **Q** So why is it, Mr. Flynn, that we just
20 discussed, and I want to focus on the line replacements
21 that we talked about where there haven't been breaks and
22 where there hasn't been unaccounted for water issues,
23 why are all those projects, except save maybe one, not
24 completed yet?

25 **A** Well, first of all, they weren't all without

1 any knowledge about breaks. I just didn't have the
2 means to quantify how many breaks there had been in the
3 near term.

4 **Q** So you can't -- that evidence -- obviously
5 that hasn't been presented to the Commission.

6 **A** Correct.

7 **Q** And those prior breaks -- say there have been
8 five breaks and a sixth break occurs and you go out and
9 fix that break, and a seventh break occurs and you fix
10 that break, and now an eighth break occurs and you say,
11 "It's time to replace the line," do you think the
12 customers should be paying for fixes one, two, three,
13 four, five, six, seven?

14 **A** Certainly.

15 **Q** On what basis would you suggest customers
16 should pay for that?

17 **A** Because it was necessary to repair the pipe to
18 reestablish service.

19 **Q** And if you have an asset management system in
20 place, isn't it true that you may not wait until seven,
21 eight, and nine breaks before you replace a pipe?

22 **A** The asset management tool is a tool. It's to
23 identify better what the trend is for those assets to
24 identify better or predict better when it's time to
25 replace them.

1 **Q** All right. It will give you the information
2 you don't currently have now.

3 **A** Oh, in a manual way.

4 **Q** Uh-huh. And if you have that information
5 available to you, it's highly unlikely you've got to
6 wait until the fifth, sixth, seventh, eighth, and ninth
7 break before you replace a pipe, isn't it?

8 **MR. FRIEDMAN:** I object. He's asked and
9 answered this same line of questions a dozen times.

10 **MR. ARMSTRONG:** I don't agree I have, but I'm
11 just trying to get the question answered.

12 **CHAIRMAN BROWN:** Objection overruled. You may
13 answer the question.

14 **BY MR. ARMSTRONG:**

15 **Q** If you have an asset management system and
16 it's identifying for you the fact that you've had four,
17 five, six, seven breaks, you're likely to be out there
18 fixing it sooner than the fourth, fifth, sixth break;
19 right?

20 **A** It depends on what is the factors associated
21 with the breaks. If one break identifies that the pipe
22 material itself is still in decent shape, there wouldn't
23 be less concern about its age or its otherwise
24 condition. On the other hand, if the integrity of the
25 pipe indicates it's failing, its structural hoop

1 integrity is failing, if there's other factors evident
2 from the excavation of that pipe, it may warrant
3 consideration for replacement differently.

4 Q Uh-huh. But let's just -- we can agree that
5 the asset management system will help out incredibly
6 Utilities, Inc. with its capital planning; correct?

7 A Certainly.

8 Q Okay. Can we go to your 51 again, to your
9 line 49?

10 A Which exhibit?

11 Q Oh, it's PCF-51. I guess it's part of
12 Exhibit 8.

13 **CHAIRMAN BROWN:** I don't think he has a 51.
14 PCF-51?

15 **MR. ARMSTRONG:** Oh, that's -- okay. That's
16 rebuttal?

17 **MR. FRIEDMAN:** That's his rebuttal testimony.

18 **MR. ARMSTRONG:** Okay.

19 **CHAIRMAN BROWN:** Thank you.

20 **BY MR. ARMSTRONG:**

21 Q Mr. Flynn, it's true that you've completed the
22 I&I deficiency corrections at the Sanlando plant;
23 correct?

24 A Correct.

25 Q And those -- that deficiency correction was

1 completed January 31st?

2 **A** I believe so, yes.

3 **Q** Okay. And it costs about 1.5 -- well, it cost
4 \$1.574 million to complete that project; correct?

5 **A** Correct.

6 **Q** Since it's been in place since January 31st of
7 2017, has the amount of flow going to the wastewater
8 treatment plant reduced?

9 **A** I have not quantified that.

10 **Q** Okay. So you don't know whether it's worked
11 or not?

12 **A** Well, I don't know whether there's been a drop
13 in flow relative to the previous condition. It's also
14 the case that you don't have necessarily the same set of
15 conditions months later that you had in January.

16 **Q** So you cannot tell us today whether or not the
17 flows have actually been reduced to the plant?

18 **A** I cannot quantify them.

19 **Q** You can't tell us whether they have or not
20 either, can you?

21 **A** Not with 100 percent accuracy.

22 **Q** Okay.

23 **A** I do know that on the, on the work done by the
24 contractors, it was evident that there was pipe damaged
25 in the ground and it was repaired and replaced. And,

1 therefore, it would be logical to impute that there
2 would be some reduction in inflow from groundwater into
3 the system.

4 Q All right. And the cost -- let's see. Okay.
5 Now let me go on to your page 3, line 13, of your
6 testimony.

7 CHAIRMAN BROWN: Are you there?

8 THE WITNESS: Not yet. I need some help.

9 CHAIRMAN BROWN: Help is on its way.

10 (Pause.)

11 THE WITNESS: Go ahead.

12 BY MR. ARMSTRONG:

13 Q Do you see where it talks about the removal
14 and disposal of accumulated grit and sediment?

15 A Yes. For Cypress Lakes?

16 Q For Cypress Lakes, yes.

17 A Right.

18 Q Now it talks about accumulated grit and
19 sediment. I mean, grit and sediment aren't supposed to
20 accumulate in your treatment trains, are they?

21 A They accumulate in every one of our treatment
22 plants at some level.

23 Q To some level. If there is proper maintenance
24 of the facilities, the grit and sediment isn't able to
25 accumulate, is it?

1 **A** That's not true, no.

2 **Q** So here you're suggesting that the
3 accumulation of grit and sediment occurred to the extent
4 that it was reducing the volume, the capacity of the
5 trains to actually treat the wastewater; right?

6 **A** Correct.

7 **Q** And you're suggesting to me that if
8 maintenance was occurring on a regular basis, that that
9 grit and sediment would have accrued to that level?

10 **A** Well, this, in fact, is a recurring
11 maintenance effort to periodically remove the
12 accumulated sediment.

13 **Q** Okay. And -- but you let it accumulate to the
14 point that it actually impedes the ability of the trains
15 to function properly before you remove it?

16 **A** Certainly. You wouldn't remove it without any
17 positive results from it. It's accumulating over time
18 day by day. When it gets to a certain point, it's time
19 to remove it.

20 **Q** When you implement the predictive maintenance
21 program, will it include removal of this grit and
22 sediment in such time that it will prevent the
23 accumulation to the point that it would deteriorate the
24 ability of the trains to provide service?

25 **A** No.

1 **Q** It will not?

2 **A** It's a recurring activity, maintenance
3 activity affecting the treatment process as a function
4 of the collection system and its makeup and, over a
5 period of time, the accumulation of grit that occurs in
6 any wastewater plant.

7 **Q** Do you see where it says, "The broken
8 diffusers were replaced"?

9 **A** Correct.

10 **Q** Is it possible the diffusers are breaking
11 because of the issues created by the accumulated grit
12 and sediment?

13 **A** No. They were breaking because of their
14 design and because of the weight of rags and so on that
15 accumulated over time that encumbered them. They're
16 located about 15 feet below the water service.

17 **Q** On page 4 -- could I ask a question? This
18 amount of -- let's see, what is it? -- \$50,000, what
19 portion of that is the cost to remove and dispose of the
20 accumulated grit? Do you know?

21 **A** I'm sorry. I didn't hear the question.

22 **Q** The \$50,200 amount for this item, do you know
23 what proportion of that is related to the removal and
24 disposal of the accumulated grit and sediment?

25 **A** The vast majority of it.

1 **Q** So it's your testimony that this is basically
2 an unavoidable common expense incurred by your company?

3 **A** It's a routine maintenance activity associated
4 with operating and managing the wastewater plants. All
5 of them accumulate grit and sediment and rags over time.

6 **Q** So I see that you have an aeration tank at
7 Cypress Lakes that you're requesting \$50,000 for, and
8 then I see the wastewater treatment plant at Labrador.
9 If it's routine maintenance, why don't I see this
10 expense for every one of your wastewater treatment
11 plants?

12 **A** As I said, they accumulate routinely, and so
13 each one, each plant can accumulate rags and grit and
14 sediment at a different rate, and it also affects the
15 performance of the plant differently as a function of
16 the design of the plant.

17 **Q** So, I mean, these -- your testimony is putting
18 in rate base additions from prior years as well as for
19 the next two years, for 2016 and 2017, but I don't see
20 any testimony about sediment and grit removal for the
21 other -- how many wastewater treatment plants do you
22 have?

23 **A** Ten.

24 **Q** Ten. So I see it here for eight plants, which
25 you claim is routine maintenance, but I don't see it

1 for -- I mean, for two plants, but I don't see it for
2 the other eight plants.

3 **A** Correct.

4 **Q** So they're not being routinely maintained?

5 **A** They are. They're just not due for grit
6 removal in the next two years under our estimation based
7 on our knowledge and experience with those facilities.

8 **Q** Okay. So you don't have a regularly
9 scheduled -- you've testified or we have interrogatory
10 responses that indicate that you do not have a regularly
11 scheduled maintenance program, and that's what you plan
12 to do -- right? -- to implement?

13 **A** Right. We have a maintenance plan that's not
14 comprehensive and structured adequate to give us the
15 tools we need to better predict when it's time to do
16 certain tasks.

17 **Q** So these other eight plants that we're
18 referring to where you haven't asked for grit and
19 sediment removal, you couldn't tell us today whether --
20 you wait until the plant seems to be having some
21 deficiencies in the -- and is not operating up to its
22 volume before you're actually making the maintenance?

23 **A** Well, the operators are at the plants every
24 day, and they monitor the performance of the plant as
25 well as the tankage itself, and so they make note of

1 changes over time. And when it's time to make more
2 in-depth maintenance activity, then we proceed with that
3 effort.

4 Q Okay. Mr. Flynn, can I direct you to page 4,
5 line 15, where you talk about the SCADA system at LUSI?

6 A Yes.

7 Q Could you just, could you just let us know
8 what SCADA means?

9 A SCADA, systematic -- it's an acronym. It's
10 basically a computer acquisition of data and monitoring
11 of that data to manage your system or facilities.

12 Q Yeah. I didn't mean to put you on the spot.
13 It's SCADA. I just wanted to make sure the
14 Commissioners understood what SCADA was.

15 A I use it as an acronym. I've kind of
16 forgotten what some of the --

17 Q Right. It's computerized remote monitoring of
18 the facilities; right?

19 A That is correct.

20 Q Okay. And by having that computerized remote
21 monitoring, you're able to reduce some of your labor
22 costs; right?

23 A Correct in some cases. In some cases it's
24 just a means to better manage or utilize our resources,
25 our facilities to better serve the customers.

1 **Q** Okay. On page 5, at lines 15 to 24, do you
2 see that?

3 **A** Yes.

4 **Q** Do you see where you refer, on line 16, to
5 significant deficiencies of the Longwood Grove system,
6 and then, on line 20, you talk about deficiencies of the
7 laterals and the manholes and sewers on the Lakewood --
8 Longwood Grove systems? Do you see that?

9 **A** Yes.

10 **Q** How does Utilities, Inc. monitor today your
11 I&I into your sewer collection systems?

12 **A** We monitor the flows at the treatment plant,
13 and we also monitor the impact of rain events on the
14 flow over time, as well as look at what the groundwater
15 table is doing, whether that's contributing. We also
16 have occasions where we're doing work in manholes; we
17 can identify perhaps what's occurring during rain events
18 or non-rain events.

19 **Q** And you say when you're doing the work in the
20 manholes. So if you have a problem with a manhole, you
21 might, you might then identify other problems.

22 **A** Right. There could be a variety of reasons to
23 have a need to go look at a particular manhole.

24 **Q** But, again, there's no -- you don't have any
25 formalized maintenance program for your line maintenance

1 where every year certain lines are going to be
2 maintained.

3 **A** Well, we have a maintenance guideline that
4 includes investigating, on average, about 10 percent of
5 our collection systems' footage per year in an effort to
6 have a heads-up on their condition. And that's
7 adjustable based on the particulars of each system.

8 **Q** Now in this instance, when we talk about these
9 two projects, the I&I studies and the I&I remediation,
10 it's obvious that a problem occurred before it was
11 actually identified; right?

12 **A** Correct. We had a tropical storm come through
13 a while before this time period and identified a
14 significant increase in flow. We were of the opinion
15 that it was a very likely situation where this
16 particular subdivision would be likely to have
17 deficiencies that need to be identified and repaired or
18 replaced.

19 **Q** And, again, the asset management system will
20 help in terms of identifying these things hopefully even
21 before they become a deficiency or a significant
22 deficiency; correct?

23 **A** No, that wouldn't, that wouldn't slow down the
24 deficiency being created. That's a function of what's
25 going on in the collection system and the pipe material

1 that makes up the collection system and a lot of other
2 factors. It helps to identify what the timing might be
3 or the solution might be.

4 Q And by that, you mean whether or not the
5 solution should be replacing the pipe or doing a repair;
6 correct?

7 A Yeah. We very rarely replace sewer pipe in
8 lengthy quantities. We often line the pipe or replace
9 laterals or line the laterals. So it's a different
10 approach typically from a water main that fails. It's
11 not a pressure system. Gravity is not a pressure
12 system. It's a different kind of a system.

13 Q Right. And then when you do an I&I repair, I
14 mean, the whole point is to reduce the amount of flow
15 that's unnecessarily going to the wastewater treatment
16 plant for treatment; correct?

17 A Correct.

18 Q And when you reduce that flow, you reduce the
19 costs of the use of the treatment plant because you're
20 actually treating less; right?

21 A That would be one of the objectives. Correct.

22 Q Okay. At page 5, line 25, you refer to the
23 Mid-County electrical improvements and generator
24 replacement. Do you see that?

25 A Yes.

1 **Q** And you refer to the fact that the generator
2 is not reliable and requires frequent repairs; correct?

3 **A** Correct.

4 **Q** Now that it's being replaced, you would
5 anticipate those frequent repairs would continue,
6 wouldn't you?

7 **A** I would expect a reduction in cost for repairs
8 and frequency.

9 **Q** Can you tell me when the -- when Utilities,
10 Inc. expenses the cost of those repairs and when it
11 capitalizes it? Is there a rule?

12 **A** If a repair is made, then it's usually -- it's
13 expensed. If there's a capital improvement made to the
14 asset, then it would be capitalized.

15 **Q** So anywhere I see in your testimony that you
16 refer to repairs, I can assume that that was expensed.

17 **A** Do you have an example specifically?

18 **Q** I'm just asking if I see that in your
19 testimony, is that what I should infer?

20 **A** Typically, yes.

21 **Q** Typically. Okay.

22 Referring to page 6, line -- let me see, is it
23 23? -- Utilities, Inc. replaced the methanol feed pumps;
24 correct?

25 **A** At Mid-County, correct.

1 **Q** Could you -- were those costs expensed or were
2 they capitalized?

3 **A** Capitalized.

4 **Q** Okay. Since the pumps were replaced and the
5 cost of replacing them was capitalized and the frequent
6 repairs will not be necessary any longer, did Utilities,
7 Inc. do anything to reduce the cost of the repairs from
8 its requested expenses in the test year?

9 **A** No.

10 **Q** You refer, on page 7, line 11, to the
11 installation of variable frequency drive motors; right?

12 **A** Right.

13 **Q** One of the reasons, maybe the principal
14 reason, but at least one of the reasons for installing
15 variable frequency drive motors is to reduce costs;
16 right?

17 **A** Correct. That's one of many factors.

18 **Q** Okay. Did Utilities, Inc. reduce the cost
19 that it's requesting in the test year reflect those
20 reduced costs?

21 **A** Well, that project is not yet finished, so
22 there's no savings yet. But there will be hopefully
23 some savings that occur.

24 **Q** Okay. And if the rate case goes forward as
25 it's currently been presented by the company, you would

1 recover the investment in the variable frequency drive
2 pumps, but you wouldn't be reducing the associated costs
3 even though they would be lower?

4 **A** There will be -- I would expect to have some
5 reduction in cost, but there's probably going to be an
6 offset of some other expense items that, that washes
7 through.

8 **Q** But we wouldn't know what those offsets are.

9 **A** This is all speculative because we don't have
10 the facilities in place yet.

11 **Q** Uh-huh. On page 7, lines 20 to 25, you
12 address the replacement of 900 linear feet of PVC water
13 main. Do you see that?

14 **A** Yes.

15 **Q** And this is the item that I was talking about
16 earlier. At line 22 you see that you refer to
17 experiencing three failures within eight months.

18 **A** Correct.

19 **Q** But you can't tell me how much was spent to
20 correct those failures.

21 **A** I did not quantify them in that paragraph, but
22 I'm sure I could look them up and quantify them.

23 **Q** Okay. But you didn't present that information
24 to the Commission.

25 **A** I did not.

1 **Q** Okay. Now based on the prior testimony, you
2 made these repairs. That means they were expensed;
3 correct?

4 **A** Well, these were pipe failures. We replaced
5 sections of pipe as a function of the pipe that failed.
6 So in this particular case, three pipe failures were
7 capital investments made that were capitalized.

8 **Q** Okay. So they were capitalized and,
9 therefore, you would be including them in rate base
10 right now.

11 **A** As a function of this rate case being
12 completed.

13 **Q** Okay. So the customers are being asked to pay
14 for the replacement of that pipe three times.

15 **A** Twice.

16 **Q** This is the third time you're talking about --
17 the third time is -- you said it hasn't been replaced
18 yet; right?

19 **A** There were three different failures, three
20 different sections of pipe, three different occasions
21 when we had to replace 20-foot sections of pipe to
22 reestablish service in the short term.

23 **Q** And you're asking now to be able to replace
24 the entire 900 feet of pipe.

25 **A** Correct.

1 **Q** Which would include those sections that were
2 previously repaired.

3 **A** Correct.

4 **Q** Mr. Flynn, if I go through the next pages of
5 your testimony to the end, can I just assume that the
6 responses you've given me with respect to how the
7 investment has been treated, whether they've been
8 capitalized or expensed and whether or not the company
9 has removed the associated cost savings from its revenue
10 requirements in this case, can I assume the answer will
11 be the same?

12 **A** Correct.

13 **MR. ARMSTRONG:** Okay. With that, Madam Chair,
14 I think we can complete -- I just want to be able to
15 talk to you in my brief in those terms -- okay? -- and I
16 won't have to go through the rest of his testimony and
17 do that.

18 **CHAIRMAN BROWN:** Okay.

19 **MR. ARMSTRONG:** Okay. So I conclude my
20 testimony -- my cross-examination.

21 **CHAIRMAN BROWN:** All right.

22 **MR. ARMSTRONG:** Thank you, Mr. Flynn.

23 **CHAIRMAN BROWN:** Thank you.

24 Mr. Sayler, you are up.

25 **MR. SAYLER:** I have quite a few exhibits to

1 pass out. If you would like to take a couple of minute
2 standing break and we can get those passed out for
3 everyone.

4 **CHAIRMAN BROWN:** All right. We'll take a
5 five-minute break.

6 **MR. SAYLER:** All right. Thank you.

7 (Recess taken.)

8 **CHAIRMAN BROWN:** Good morning. We are back on
9 the record now. If you can all please take your seats
10 and quiet the chatter, please.

11 Thank you, Mr. Sayler. So we've got, it looks
12 like, a stack of exhibits here.

13 **MR. SAYLER:** Yes, ma'am. Let me -- thank you
14 for the indulgence of a few moments to get organized.

15 You should have three different stacks of
16 papers. There's one that's paper clipped. Those are
17 the exhibits I'm going to ask questions of Mr. Flynn.
18 The next two documents are more administrative in
19 nature.

20 **CHAIRMAN BROWN:** Uh-huh.

21 **MR. SAYLER:** The first one, which the witness
22 is a non-applicable party, Commission staff, these --
23 yesterday when we were talking about needing to make up
24 some objections from time to time, we thought it would
25 be administratively efficient to identify all the

1 discovery in staff's exhibit list that we're objecting
2 to. So we've created the list based upon staff's
3 Comprehensive Exhibit List from their exhibits starting
4 155 through 194 that relate to various different
5 exhibits that staff -- related to the pro forma things
6 that are mainly coming in to support things on rebuttal,
7 things that came into the record after our witness was
8 substantially done with his testimony or finished with
9 his testimony, things of that nature. These are the
10 things we're highlighting for objection as it relates to
11 the pro forma projects.

12 And then after those couple of pages, you will
13 see several emails, and these are things that were
14 things provided to all the parties after the end of the
15 discovery cutoff starting on April 30th, May 1st, all
16 the way through May 5th. And to be honest, I think
17 these are identified on staff's Comprehensive Exhibit
18 List. I don't know if they made it onto the disk
19 because I don't know -- I haven't had a chance to go
20 back and verify what was on the thumb drive. But just
21 in an abundance of caution, these are additional things
22 that we're objecting to as coming in too late for anyone
23 to really take a look at to be able to test. So that is
24 one thing that I would like to have marked identified
25 for the hearing.

1 **CHAIRMAN BROWN:** We'll do that at this time.
2 We're going to go ahead and mark that exhibit as 276,
3 and the title of it is "OPC Objection to Specific
4 Discovery Requests Responses."

5 **MR. SAYLER:** Yes, ma'am. That sounds great.
6 And late-provided information, so.

7 (Exhibit 276 marked for identification.)

8 **MR. ARMSTRONG:** Madam Chair, if I may.

9 **CHAIRMAN BROWN:** Yes.

10 **MR. ARMSTRONG:** The Summertree Water Alliance
11 and Ms. Ryan join in the objection, if I could note that
12 for the record.

13 **CHAIRMAN BROWN:** Okay. And I'm going to turn
14 back to Mr. Friedman. Any comment?

15 **MR. FRIEDMAN:** No. I think this is an
16 expedient way to deal with OPC's objections.

17 **CHAIRMAN BROWN:** Okay. Staff, any comment?

18 **MR. TAYLOR:** No comment on that.

19 **CHAIRMAN BROWN:** Okay. Thank you.

20 **MR. SAYLER:** Would it be appropriate to move
21 this into the record now or wait until the end?

22 **CHAIRMAN BROWN:** No.

23 **MR. SAYLER:** All right.

24 **CHAIRMAN BROWN:** Okay. You have the floor.

25 **MR. SAYLER:** All right. The next exhibit

1 which we would like marked and identified is a composite
2 exhibit of Utility -- "UIF Discovery Responses."

3 **CHAIRMAN BROWN:** We're going to mark that as
4 277 with the title you just gave.

5 (Exhibit 277 marked for identification.)

6 **MR. SAYLER:** And this one are responses that
7 Mr. Flynn sponsored that Utilities, Inc. has agreed to
8 allow -- stipulate into the record without objection.
9 And they're just -- they're responses related to a
10 number of expenses and things that would be pretty
11 laborious to go through cross-examination. This is
12 another way to expedite the hearing process.

13 **CHAIRMAN BROWN:** Okay. Correct. Do you have
14 a problem entering that into the record then at this
15 time to expedite the process?

16 **MR. FRIEDMAN:** No. We can introduce both of
17 these to expedite the process as far as I'm concerned.

18 **CHAIRMAN BROWN:** As long as it expedites the
19 process.

20 **MR. FRIEDMAN:** Absolutely.

21 **CHAIRMAN BROWN:** All right. Any other
22 comments? Okay. Seeing none, we're going to go ahead
23 right now and enter in Exhibit 277 into the record,
24 again to expedite the process.

25 (Exhibit 277 admitted into the record.)

1 **MR. SAYLER:** Okay. And then the paper clipped
2 one, that is what I'm going to use for my
3 cross-examination of Mr. Flynn, and we'll get to that in
4 the due course of my questions.

5 **CHAIRMAN BROWN:** Okay. We're going to go
6 ahead and label that as 278, and the -- we'll title that
7 composite --

8 **MR. SAYLER:** Well, no --

9 **MR. FRIEDMAN:** No, no, no, no.

10 **MR. SAYLER:** No, there are five different
11 responses, so -- and they're --

12 **CHAIRMAN BROWN:** Oh, I'm sorry. Okay. So
13 we're not labeling it. No, no, no.

14 **MR. SAYLER:** No. The first one, 278, would be
15 the May 5th notice. And we can go through and label
16 them all now.

17 **CHAIRMAN BROWN:** No, we'll just do it as you
18 like.

19 **MR. SAYLER:** Okay. And, Madam Chair, at the
20 appropriate time, as it relates to when Mr. Flynn, when
21 Utilities, Inc. is going to be moving in his exhibits
22 into the record as far as his -- attached to his
23 prefiled direct testimony, we have a number of
24 objections that we're going to make to Exhibits 5A, 9,
25 13, 17, 20, 28, 33, and 34, and those are identified by

1 his identification number attached to his testimony. So
2 just giving you a heads-up.

3 **CHAIRMAN BROWN:** So I know you were tardy a
4 little bit for a family emergency, but I was wondering
5 why Public Counsel didn't object when staff did the
6 authentication at the beginning of this witness's intro.

7 **MR. SAYLER:** Well, and that's -- thank you for
8 bringing that up because I would like to lodge an
9 objection to the record -- in the record at this time as
10 it relates to that authentication of all those exhibits.
11 And the objection should be made contemporaneously, but
12 someone was sitting in my chair and -- because I wasn't
13 able to be here at this time, so. And, again, apologies
14 for not making it here timely. I had anticipated --

15 **CHAIRMAN BROWN:** That's okay.

16 **MR. SAYLER:** Okay. Thank you.

17 So for the record, we are objecting to the
18 authentication at this time.

19 **CHAIRMAN BROWN:** Okay.

20 **MR. SAYLER:** All right.

21 **CHAIRMAN BROWN:** Noted.

22 **EXAMINATION**

23 **BY MR. SAYLER:**

24 Q All right. Good morning, Mr. Flynn. How are
25 you doing?

1 **A** Good morning.

2 **Q** It's been a while since your deposition.

3 **A** A little while.

4 **Q** Okay. Would you please turn to page 10 of
5 your prefiled direct testimony. Are you there?

6 **A** Yes.

7 **Q** All right. You would agree that line 5 says,
8 "No. 32, UIF - Water Main Replacement, Orange County";
9 correct?

10 **A** Yes.

11 **Q** And I wasn't here when you made your
12 corrections to your testimony. Did you correct the
13 reference on line 9 where it says, "PCF-33"? Should
14 that be PCF-32?

15 **A** Yes, it should.

16 **Q** All right. Thank you.

17 **A** My mistake.

18 **Q** All right. The next project is PCF-33, and
19 that's the Utilities, Inc. Buena Vista-Orangewood water
20 main replacement in Pasco County; correct?

21 **A** Yes.

22 **Q** All right. And you would agree that your
23 original estimate for that project was about
24 \$1.2 million; correct?

25 **A** Yes.

1 **Q** And when we get to rebuttal as it relates to
2 the updated costs, we will have further questions about
3 that. But you would agree that the amount in your
4 direct testimony is no longer a valid estimate; correct?

5 **A** Correct.

6 **Q** All right. Now moving on to PCF-34, and that
7 is the Summertree well abandonment estimate cost of
8 200,000; right?

9 **A** Correct.

10 **Q** All right. Let's -- we're going to explore
11 some of the steps leading up to the interconnection
12 abandonment and some of the aftereffects.

13 You would agree that Utilities, Inc. sent a
14 letter of some sort to the customers of Summertree about
15 the change in water supply from well water to Pasco
16 County water; correct?

17 **A** Yes, in December.

18 **Q** Was that in -- okay. So that was a letter
19 notifying of the change. What about the letter in
20 November as it relates to changing the disinfectant
21 process? Did you send a letter in November?

22 **A** We did. We provided a notice to the customers
23 of a change in the disinfectant methodology.

24 **Q** And in that -- in the letter regarding the
25 change, you would agree that the letter notified the

1 customers that in addition to a letter, they would be
2 getting telephone calls. Do you remember that?

3 **A** Yeah. We, we would issue a reverse 911 call
4 to the customers of record who have their telephone
5 number on file with the account.

6 **Q** Are you aware a number of the customers I've
7 spoken with said they didn't receive a call?

8 **A** I'm not aware.

9 **Q** Now would you please describe the detail -- in
10 detail the operational steps Utilities, Inc. took during
11 the change in water supply from the well being
12 disconnected and the interconnection being activated?
13 Would you describe that process?

14 **A** Could you ask that question again, please?

15 **Q** Sure. Please describe the operational steps
16 that Utilities, Inc. took during the change in water
17 supply from the well being disconnected and the Pasco
18 interconnect being activated.

19 **A** Well, first of all, the wells were not
20 disconnected upon the activation of the interconnect.
21 That occurred subsequently. You can't have both occur
22 simultaneously.

23 So what we did was identify a series of steps
24 that we would take upon the December 21st date of
25 completion and operational start point for the

1 interconnect. So we essentially switched over to Pasco
2 County Utilities being the provider through their
3 interconnect equipment; opened the valve to our system
4 to allow that flow to enter our distribution network;
5 turned off the wells to our -- turned off all of our
6 wells that are located in different locations throughout
7 the community, there's three different wells; and then
8 we proceeded to do a unidirectional flushing of the
9 system with the high velocity available at the time to
10 speed up the process of conversion from the well water
11 as the source to the Pasco County Utility water
12 throughout the distribution network.

13 Q And what do you mean by "velocity at the
14 time"?

15 A Whatever velocity was available as a function
16 of the pressure and flow through the interconnect into
17 our distribution network.

18 Q All right. So this is a velocity from Pasco
19 County, not from the old Summertree wells.

20 A That was the source of water universally
21 thereafter.

22 Q Okay. And would you please describe what a
23 chlorine burn means when referring to operating water
24 systems using the chloramine disinfectant?

25 A Typically chloramine disinfection generates

1 the accumulation of ammonia or nitrogen compounds in the
2 distribution main that is addressed typically by
3 temporarily converting back to chlorine disinfection in
4 its basic form for a period of time. The intent is to
5 have the chlorine in its basic form be more successful
6 at, at killing any biofilm that might be present --
7 excuse me -- in the piping system, and then to monitor
8 that and then eventually revert back to chloramination
9 after a period of time.

10 Q And it is your testimony you did some form of
11 chlorine burn for about seven weeks prior to the
12 interconnect?

13 A Yes. We began in early November and ran
14 through to the day of the changeover to Pasco County
15 water on December 21st.

16 Q And you believe that that took care of all the
17 biofilm that was in the system at that time?

18 A That was our expectation.

19 Q All right. Did you do any verification to
20 make sure the biofilm or -- was it tuberculation? -- was
21 taken care of or removed from the system before the
22 interconnect?

23 A Well, I'm not sure that tuberculation would
24 have been an issue. That's subject to interpretation.

25 Q Okay. And what is that? Is that like clogged

1 arteries in a pipe?

2 **A** Mineral deposition inside the main as a
3 function of the minerals in the groundwater or the
4 source water.

5 **Q** Okay. But you agree you did not actually test
6 to make sure or inspect, physically inspect the system
7 to show that it was free of any biofilm before the
8 interconnect; correct?

9 **A** No. And typically we've done burns numerous
10 times with good success at this system and other
11 systems, and you typically don't physically enter the
12 piping network to examine it. You have to do it through
13 inferred methodology.

14 **Q** Sorry. Was that --

15 **A** Inferred methodology. You have to test water
16 or look for some change that would indicate that there
17 is a successful burn.

18 **Q** Okay. And the chloramine disinfectant we've
19 heard a lot about is -- that's part chlorine, part
20 ammonia; correct?

21 **A** It's a combination of chlorine and ammonia
22 together making a compound called chlor -- called
23 chloramine that is a weaker disinfecting agent compared
24 to pure chlorine.

25 **Q** And the reason that Summertree converted to

1 that was because in the early 2000s the EPA tightened
2 the levels on TTHMs -- is that correct? -- and other
3 requirements?

4 **A** Yes. TTHM is a type of chlorine disinfection
5 byproduct, and it is regulated by DEP. DEP lowered the
6 limit to a smaller amount in the early 2000s, and that
7 triggered a need to change our disinfection methodology
8 to allow for us to avoid generating excessive TTHM
9 compounds in our water system.

10 **Q** And excessive TTHM compounds are considered a
11 carcinogen; is that correct?

12 **A** Yes, they are.

13 **Q** Okay. And that conversion of chloramines
14 disinfectant, that affected not only Summertree but many
15 Utilities, Inc. systems and, in fact, many other public
16 water systems throughout the state?

17 **A** Across the country.

18 **Q** Across the country. All right.

19 Now during the continuous chlorine burn from
20 November 7th -- or early November to December 21st, did
21 Utilities, Inc. do any -- I guess it's called flush
22 scouring high pressure velocity to ensure that any
23 debris, whether it's iron deposit or sediment or things
24 in the line, were removed prior to the interconnection?

25 **A** No. We had accomplished that on the day of

1 the termination of the burn.

2 Q Okay. And you did that -- describe flush
3 scouring. I saw it in the US Water Services report, and
4 how is that different from regular flushing?

5 A A unidirectional flush is designed to start at
6 a certain point where the, in this case, where the water
7 is entering the distribution network, and then
8 sequentially using fire hydrants or other flushing
9 blow-off devices to move the water from the entry point
10 throughout the network at hopefully a high velocity.
11 The velocity is designed to be sufficient to scour any
12 sediment or any material that might be in the water main
13 and put it in suspension so it can travel through the
14 mains and out the fire hydrant and that way exit the
15 system. And then sequentially repeat the process from
16 the beginning point to the distribution's farthest
17 points.

18 Q Help me understand. That is where -- I
19 understand normal flushing where you just open up the
20 dead ends to allow water to refresh the system. And
21 unidirectional flushing, that is a scouring process;
22 correct?

23 A Yes.

24 Q Okay. And do you add extra pressure to that
25 process, or do you just close up all the hydrants and

1 only open up one so it's high pressured through that
2 portion of the system? I'm trying to understand how
3 this process works.

4 **A** The pressure provided by the well operation is
5 the starting point. It doesn't change materially. What
6 is different is to control the isolation valves in the
7 distribution network in such a way that water can only
8 pass -- travel in one direction only and thereby
9 maximize the velocity of the water moving through the
10 piping system.

11 **Q** All right. And the letter from US Water where
12 they talk about scouring, is that what you did?

13 **A** Yes.

14 **Q** Okay. And you said you accomplished this
15 prior to the interconnection or after the
16 interconnection?

17 **A** The day of the interconnection.

18 **Q** The day of the interconnection. Using
19 Summertree wells and pressure or using the Pasco water?

20 **A** There was only one water source as of the day
21 of the connection, which was the interconnect with Pasco
22 County.

23 **Q** So prior to turning the valve to interconnect
24 to Pasco County, Summertree did not do any
25 unidirectional flushing or scouring; correct?

1 **A** We did on our own system with our own wells in
2 prior occasions, but we did not do that in December of
3 this past year.

4 **Q** All right. And how long after that
5 interconnection took place did Utilities, Inc. start
6 taking -- decommissioning the wells, the chlorine
7 treatment system, things of that nature?

8 **A** Sometime in January.

9 **Q** Sometime in January. And once that equipment
10 was decommissioned or removed from the Summertree
11 system, you would agree Utilities, Inc. no longer had
12 the ability to do a chlorine burn; correct?

13 **A** We had no ability to do a chlorine burn the
14 minute we started using water from Pasco County
15 Utilities irrespective of the wells.

16 **Q** And also there was no way to increase the
17 water pressure in the Summertree system; is that
18 correct?

19 **A** Well, we don't have any sources of water
20 pressure other than the county's delivered pressure at
21 that point.

22 **Q** All right. Isn't it true when you were
23 planning to switch the water supply from your wells to
24 Pasco County water, Utilities, Inc. did not consider
25 whether there would be any operational issues following

1 the interconnect with respect to the water quality?

2 **A** No.

3 **Q** I mean, are you agreeing that you didn't
4 consider it or did you consider it, that the
5 interconnect could affect the water quality?

6 **A** We had -- we consider what might be possible
7 impacts or changes as a function of the changeover,
8 although we did not expect significant ones.

9 **Q** Okay. So when your -- the effects of the
10 water quality, you expected some minor ones --
11 correct? -- such as -- go ahead. Can you describe some
12 of the minor impacts you had expected?

13 **A** We weren't sure whether we could predict
14 accurately whether there would be zero impacts, but we
15 didn't really have any expectation that the water
16 quality provided by Pasco would be anywhere significant
17 different from our own water, and, therefore, we didn't
18 really materially have any material impact expected.

19 **Q** All right. Now what kind of notice to the
20 customers was provided as it relates to the flushing as
21 far as needing to open up their hose bibs or run their
22 water, not run their water filtration system? Was any
23 type of notice provided to the customers prior to the
24 interconnect?

25 **A** Just what was information contained in our

1 notice in December.

2 Q And that would be a letter from Mr. Hoy?

3 A And I sent out a letter as well.

4 Q Okay. But if the -- but if there's a letter
5 from Mr. Hoy, did you work with him on that letter?

6 A I looked at it.

7 Q Okay. So getting back to my prior question,
8 in the -- was it the CPH report as it relates to the
9 options to change the water supply either to a
10 self-treat option or interconnect with Pasco County, did
11 that report do any kind of in-depth analysis of the
12 attributes of Pasco County water as compared to the
13 attributes of the Summertree water?

14 A We sampled the water from Pasco County to see
15 if there was any significant difference that would be of
16 concern. There wasn't really anything that was alarming
17 or different.

18 Q All right. And the same question, within the
19 six months leading up to the change, was there any
20 subsequent in-depth analysis of the different types of
21 water attributes for Pasco versus Summertree that you
22 performed other than just a basic test?

23 A No. We assumed that water quality would be
24 relatively constant.

25 Q All right. Are you familiar with the water

1 quality issues that have made the news related to Flint,
2 Michigan?

3 **A** Somewhat.

4 **Q** Are you aware that some of those issues
5 resulted after Flint, Michigan, changed its water
6 source?

7 **A** That's my understanding.

8 **Q** All right. And I understand that some water
9 sources can actually add stuff on the inside of the pipe
10 because it's -- I guess it's accretion, I might have the
11 wrong terminology, and then other types of water can
12 actually take stuff out of the pipes because it's a
13 little bit of a different chemical composition. Are you
14 familiar with that?

15 **A** No.

16 **Q** You're not? Okay.

17 Was there any kind of pressure differential
18 analysis done between Utilities, Inc.'s Summertree
19 system and the pressure coming from Pasco?

20 **A** Yes.

21 **Q** Can you describe that?

22 **A** I asked the design engineer that Pasco County
23 Utilities had hired to design the interconnect to
24 confirm his analysis of whether water pressure would be
25 adequate for purposes of providing service to our

1 customers as well as providing fire flow throughout the
2 distribution network.

3 Q All right. And you were assured that there
4 would be adequate pressure; is that correct?

5 A Yes. The engineer identified that a fire
6 hydrant can flow as much as 700 gallons per minute
7 without reducing the water pressure in the distribution
8 network below 20 psi --

9 Q All right.

10 A -- which is a mark.

11 Q Okay. And you would agree that since the
12 interconnection, there's been some trouble maintaining
13 the proper disinfectant levels throughout the system;
14 correct?

15 A Correct.

16 Q And we heard yesterday that, I believe, Pasco
17 County admitted sometimes the water they provide to you
18 doesn't have the proper disinfectant level; correct?

19 A I don't know if they admitted it yesterday,
20 but it was the case that that was occurring.

21 Q But on the days when utility -- when Pasco
22 County is providing adequate or more than adequate
23 levels of disinfectant to the Summertree system, you
24 would still agree that Summertree has issues maintaining
25 adequate disinfectant levels; correct?

1 **A** Yes. We had, we had identified the importance
2 of identifying residual chlorine throughout the
3 distribution network after the switchover. And so in
4 that context, we were adjusting our flushing schedule,
5 our remaining tool, to manage the distribution network
6 in order to reduce water age, thereby reduce the dropoff
7 of the chlorine residual as the water moved through the
8 network.

9 **Q** Okay. And for all your systems that use
10 chloramines, do you test for the levels of ammonia in
11 the water?

12 **A** No.

13 **Q** No. And that would be true also for
14 Summertree.

15 **A** Correct. We were not using ammonia as a test
16 kit at the time.

17 **Q** Okay. And is there any kind of DEP
18 requirement that you test for ammonia or chlorine levels
19 in the water as it relates to when you use a chloramine
20 disinfectant process?

21 **A** No.

22 **Q** Would you agree that the industry standards
23 recommend that you be able to test for both chlorine and
24 ammonia?

25 **A** I'm not aware of an industry standard that

1 identifies that.

2 **Q** All right. And you would agree that the
3 absence of ammonia in the water, there can be several
4 causes for that; correct?

5 **A** And it depends on what kind of ammonia you're
6 talking about as well.

7 **Q** All right. And one of the common reasons for
8 the absence of ammonia in the water is that there's some
9 sort of biologic presence, whether it's biofilm or
10 bacteria, that is removing that ammonia from the water;
11 correct?

12 **A** If it's removing free ammonia, that would be
13 the assumption.

14 **Q** Okay. But when -- doesn't the chloramine
15 process, the chlorine and the ammonia, break back down
16 into their free chemical states?

17 **A** It could. It depends on the water age.

18 **Q** Okay. And ammonia is something that we use to
19 fertilize plants; correct?

20 **A** It's a nutrient.

21 **Q** It's a nutrient. So you would agree that some
22 recent test results show that in some parts of the
23 Summertree system there's been little to no ammonia;
24 correct?

25 **A** Correct.

1 Q All right. And --

2 A Free ammonia.

3 Q No free ammonia. Okay. And at this time it
4 is true that you don't know what is removing the ammonia
5 from the water; correct?

6 A I'm sorry. Say that again.

7 Q At this time you do not know definitively what
8 is removing the ammonia from the water in the Summertree
9 system; correct?

10 A Well, we do monitor the ammonia currently, and
11 so we're trying to track that and see how it changes
12 over time.

13 Q Okay. And you would agree that US Water
14 Services Corp. has recommended a chlorine burn for the
15 Summertree system to kill whatever biofilm is in the
16 system; correct?

17 A Yes. I had conversations with Gary Deremer of
18 US Water Service in April to dialogue about what his
19 investigation determined and to enlighten me so I could
20 better understand what we needed to do to address those
21 issues.

22 Q All right. And in your experience as a --
23 running water and wastewater systems, have you had a
24 similar situation in your -- is it 30-plus years of
25 utility experience?

1 **A** No. We have chloramination disinfection
2 occurring at other of our facilities and have not had
3 really any serious issues with their performance or with
4 a burn, periodic burn. But every location has a water
5 quality difference in terms of what the water quality is
6 in the groundwater that's feeding that system. So no
7 two systems are identical.

8 **Q** Okay. Would you take a look at the first
9 exhibit identified, description "May 5th Notice of
10 Temporary Change in Disinfectant Process," and --

11 **CHAIRMAN BROWN:** We're going to go ahead and
12 mark that as Exhibit 278 with the title that you just
13 stated.

14 (Exhibit 278 marked for identification.)

15 Mr. Flynn, you've got a copy of it?

16 **THE WITNESS:** The notice?

17 **CHAIRMAN BROWN:** Yes.

18 **THE WITNESS:** Yes.

19 **CHAIRMAN BROWN:** Okay.

20 **BY MR. SAYLER:**

21 **Q** And what it means -- temporary change, that
22 means -- this is -- how temporary? How long is the
23 temporary change going to last?

24 **A** It's not permanent. It's going to last as
25 long as it's necessary to accomplish the goal before

1 changing it back to the original design.

2 Q All right. And whenever you do some sort of
3 change in the disinfectant process, do you have to
4 notice the Department of Environmental Protection?

5 A No, you don't have to. Typically we do. It's
6 customary to do so.

7 Q Okay. And at the top of this, it says,
8 "Customers" -- it's a notice that says, "Customers of
9 Utilities, Inc." How is this provided to the customers
10 at Summertree?

11 A We mailed this out last week on Wednesday, the
12 3rd, I believe, and then we also did a reverse 911 call
13 on that day.

14 Q When you say "reverse 911" --

15 A We generate our -- a message to deliver to the
16 customers' phones.

17 Q Do you send emails to your customers?

18 A No.

19 Q Text messages?

20 A No.

21 Q Do you put a notice on your website that
22 there's been a change?

23 A No.

24 Q Okay. Social media, Facebook, Twitter --

25 A No.

1 **Q** -- giving the notice out? Okay.

2 As it relates to the Commission's current
3 finding or determination that Summertree has
4 unsatisfactory water quality, would you agree that the
5 situation at Summertree is currently fluid, no pun
6 intended?

7 **A** What -- excuse me. What, what Commission
8 description are you referencing?

9 **Q** In the 2000 -- in Docket No. 120209, the
10 Commission determined that the water quality provided by
11 Utilities, Inc. was unsatisfactory mainly related to the
12 secondary water quality issues; correct?

13 **A** Correct.

14 **Q** And as of your test results that you provided
15 sometime in early January, the water test showed that
16 you were -- you had satisfactory secondary water
17 quality; correct?

18 **A** Yes. We sampled at six locations in the
19 distribution network as well as the POE, the point of
20 entry at the interconnection, and those results were
21 consistent with secondary drinking water standards.

22 **Q** And you would agree that your next secondary
23 water quality test per that -- the most recent order out
24 of the limited proceeding docket is required sometime
25 around early July -- correct? -- late June, early July?

1 **A** June, last week of June or sooner. It's up to
2 us to decide whether it's any sooner, but that's the
3 maximum duration.

4 **Q** Okay. So at least every six months the
5 Commission wanted a secondary test result; correct?

6 **A** Correct.

7 **Q** All right. And you would agree that right now
8 Utilities, Inc. is having challenges maintaining primary
9 disinfectant levels; correct? Or, excuse me, let me
10 rephrase my question.

11 You would agree that right now Utilities, Inc.
12 is having difficulty maintaining the chlorine in the
13 system as it relates to satisfying the primary water --
14 drinking water quality requirements for the state;
15 correct?

16 **A** No. The residual -- chlorine residual
17 requirement is not in the primary or secondary drinking
18 water standards.

19 **Q** Okay. But you would agree -- well, where is
20 the chlorine residual required by the DEP?

21 **A** It's by DEP rule.

22 **Q** Okay. So it's not a primary or secondary, but
23 it's still necessary to ensure safe drinking water to
24 customers?

25 **A** Absolutely, yes.

1 Q All right.

2 A It's one of the many levels of protection of
3 the distribution network. There's, like, five or six or
4 seven different layers of protection built into the
5 regulatory framework of DEP to assert -- to assure that
6 the water is meeting drinking water standards adequate
7 for public health and consumption.

8 Q And on a monthly basis, Utilities, Inc. checks
9 the -- several places within the Summertree distribution
10 system for the bacteria E.coli; correct?

11 A Correct.

12 Q And that's required by DEP rule.

13 A Correct.

14 Q And that is the only bacteria that Utilities,
15 Inc. is required to test for; correct?

16 A That's the DEP requirement.

17 Q And that is mandated by the EPA, which the DEP
18 then also mandates for all Florida drinking water
19 systems?

20 A Yes, and it's uniform across the country.

21 Q All right. You would agree that the DEP or
22 the EPA don't require testing for any other types of
23 bacteria in drinking water systems; correct?

24 A Not that I'm aware of.

25 Q All right. And as it relates to -- I'll move

1 on to my next question.

2 Well, let me ask you this: How long do you
3 think it's going to take to fully resolve and
4 permanently resolve this disinfectant issue with the
5 Summertree system? Is it going to take a month, three
6 months, six months, 12 months? Do you have any idea?

7 **A** I would suggest that Gary Deremer's comments
8 to me might be more accurately predicting the time
9 frame, given his more varied experience with
10 chloramination issues in distribution systems in many
11 different places around Florida and around the country.
12 So giving deference to his recommendations, it may be a
13 month of a burn's duration. And then thereafter it may
14 be adequate -- it may be necessary to do a burn
15 periodically based on whatever monitoring information is
16 generated over time.

17 **Q** And you agree that you're currently installing
18 some sort of temporary chlorine -- temporary equipment
19 to be able to allow Summertree to do burns within its
20 system; correct?

21 **A** No. We completed the installation on last
22 Thursday, and that's why the burn started on Friday.

23 **Q** Is that a temporary chlorine burn system or a
24 permanent one?

25 **A** It's, it's whatever is necessary to get the

1 burn underway today. It may be -- it may morph into
2 something more structurally permanent. It may be
3 perfectly fine the way it is. So it's to be determined.

4 Q Okay. Now the equipment that you used to
5 chlorinate the Summertree system previously, was any of
6 that able to be repurposed for this chlorine burn?

7 A No, none of it.

8 Q None of it.

9 And at what point in the future will
10 Utilities, Inc. notify the Commission as it relates to
11 having fully resolved not only the secondaries but also
12 these issues with the chlorine?

13 A It's subject to whatever the Commission
14 requires of us.

15 Q Okay. And would it be fair for the Commission
16 to maintain unsatisfactory until such time that
17 Utilities, Inc. fully resolves all these new issues with
18 the Summertree system?

19 A Again, that's up to the Commission to decide,
20 not me.

21 Q All right. Thank you. Would you turn to the
22 next exhibit labeled Lake Placid Service Hearing?

23 **CHAIRMAN BROWN:** We're going to go ahead and
24 just for ease, go ahead and mark that as 279, and the
25 title --

1 **MR. SAYLER:** Let's go ahead and mark the next
2 one because I'm going to get to that pretty quickly.

3 **CHAIRMAN BROWN:** Okay. The next -- well, 279
4 will be marked as "Lake Placid Service Hearing."
5 280 will be marked as "UIF's Response to OPC's POD 43."

6 (Exhibits 279 and 280 marked for
7 identification.)

8 **MR. SAYLER:** All right. Thank you.

9 **CHAIRMAN BROWN:** I'm sorry. I think we were
10 at two seventy -- "Lake Placid Service Hearing" is 279,
11 and 280 is "UIF's Response to OPC's POD 43."

12 **MR. SAYLER:** All right. Thank you.

13 **BY MR. SAYLER:**

14 **Q** Would you take a moment and look at the
15 Utilities, Inc. response to -- that I've labeled "Lake
16 Placid Service Hearing." It's a response to staff's
17 13th set of interrogatories, and specifically the last
18 page.

19 **A** Okay.

20 **Q** All right. I did not have the privilege of
21 attending all the service hearings, but I understand
22 that Mr. Mike Baker attended the Lake Placid service
23 hearing; is that correct?

24 **A** Yes. Yes, I talked to him.

25 **Q** All right. And according to this chart, there

1 were three questions: "Why does the H2S smell in the
2 water appear every four to six weeks?" and the next two
3 questions. And it says that PCF -- is that you,
4 Mr. Flynn?

5 **A** Yes.

6 **Q** All right. Can you describe the follow-up
7 that you've done with Mr. Baker for the Commission? I
8 understand that you were going to follow up with him
9 after the hearing.

10 **A** Yeah. As I recall, and I don't, I don't have
11 my notes in front of me, I believe we contacted him
12 after, after the meeting was over after we had done some
13 legwork to better answer his questions.

14 **Q** And are you -- do you, do you know if he was
15 satisfied with that, or do you have -- you don't recall,
16 you don't have your notes with you?

17 **A** Actually I talked to him after the customer
18 meeting and answered, I think, one of these questions,
19 if not two of them, and he was satisfied with that. So
20 as far as I know, he was satisfied after our effort to
21 dialogue with him.

22 **Q** All right. Thank you.

23 Would you look at the next response, please,
24 Utilities, Inc.'s response to OPC POD 43? And 43 says,
25 "Sandalhaven contractual services." Do you see that?

1 **A** Yes. Uh-huh.

2 **Q** And you would agree that that was provided to
3 Public Counsel on January 7th; correct?

4 **A** I assume so, yes.

5 **Q** That's right above Mr. Friedman's address.

6 **A** Correct. Right. Correct.

7 **Q** I've got a couple of questions about these
8 invoices, if you know the answer.

9 Could you look at the first invoice for \$500?

10 **A** Yes.

11 **Q** Can you identify what this is for? It says,
12 "Application fee, Tampa 122614, Florida Department of
13 Environmental Protection," but can you explain what this
14 is for?

15 **A** It was a fee paid to the county for purposes
16 of -- I'm sorry -- not for the county, for the
17 Department of Environmental Protection associated with
18 the application for the lift station improvements.

19 **Q** And earlier, under "Sandalhaven master lift
20 station improvements," it says, "Professional services
21 through December 14, 2014." Do you see that?

22 **A** Yes.

23 **Q** And you would agree that that was before the
24 test year?

25 **A** Correct.

1 **Q** And is this an item you believe should be
2 capitalized?

3 **A** Yes.

4 **Q** All right. And if this item is in the test
5 year expenses, you would agree that it should be
6 reclassified as such; correct?

7 **A** Correct.

8 **Q** All right. The next exhibit for \$504, can you
9 identify what it's for?

10 **A** Well, the next invoice?

11 **Q** The next page, sorry, not the next exhibit.
12 My apologies.

13 **A** I'm sorry. Say it again.

14 **Q** The next page for -- that's the next invoice
15 which was for \$504.

16 **A** Yes.

17 **Q** Okay. Are you there? Can you identify what
18 this invoice is for?

19 **A** Yes. It's for engineering services associated
20 with the, the design and engineering support for the
21 master lift station on Lift Station 4 that was built.

22 **Q** All right. And is this an item that should be
23 capitalized?

24 **A** Yes.

25 **Q** And if it's included in test year expenses,

1 you would agree it should be reclassified; correct?

2 **A** Correct.

3 **Q** But you would also agree that these were for
4 services provided outside of the test year; correct?

5 **A** It was for services provided in support of the
6 engineering -- in support of the capital project to
7 install the new lift station.

8 **Q** All right. The next invoice, please, and this
9 one is for \$2,817. Do you see that?

10 **A** Yes.

11 **Q** What is that for? The same thing that we've
12 been discussing?

13 **A** Yes, the same thing, same project.

14 **Q** Same project. Prior to the test year, it
15 should be capitalized. And if it's in expenses, it
16 should be reclassified; correct?

17 **A** Yes. It was part of the -- it was engineering
18 support for the capital project.

19 **Q** All right. Mr. Flynn, would you turn to, to
20 your description in your testimony about Exhibit PCF-9?
21 That is on page 5 of your testimony.

22 **A** You're talking about my direct testimony or my
23 exhibits?

24 **Q** Your direct testimony. For the most part, I
25 have a line of questions about a lot of your pro forma

1 projects, and I will be, for the most part, referring to
2 the -- your direct testimony, not the exhibit itself.
3 All right?

4 **A** Page 5?

5 **Q** Page 5. What was the basis for the \$450,000
6 in additions -- excuse me. When you filed on August
7 31st, 2016, what was the status of this TTHM HAA5 study
8 project? Was it in progress, had it been started, or
9 was it on the to-do list?

10 **A** It was a project to be done beginning end of
11 2016.

12 **Q** All right. And how did you come up with the
13 \$450,000 estimate?

14 **A** We asked the engineering firm for some kind of
15 a ballpark understanding of what they thought it would
16 be necessary to complete the engineering work.

17 **Q** All right. And that was a ballpark estimate
18 from the engineering firm. Was it an official
19 engineering study?

20 **A** No. The engineering -- an engineering study
21 was done to evaluate options for a treatment upgrade at
22 our Lake Rose water plant, and that was done in 2015 or
23 '16. And so we were -- I guess it was 2015. And so
24 this is the project associated with the engineering
25 design work that would be done to actually design the

1 improvements.

2 Q So it was a different engineering study that
3 formed the basis for this estimate for Exhibit PCF-9 --
4 correct? -- for this project?

5 A We used our engineering work in providing the
6 analysis of treatment options to help us identify an
7 estimate of what the engineering costs would be for the
8 design work.

9 Q All right. And on line 5, it says, "To be
10 submitted within 60 days." Do you see that?

11 A Yes.

12 Q And at the time you filed your testimony, you
13 did not -- you didn't actually have any type of exhibit
14 for PCF-9; correct?

15 A Correct. We had gone out to bid on the
16 engineering work and had not yet received back the
17 information yet.

18 Q And on October 31st, in response to staff's
19 deficiency letter, you refiled all of your exhibits; is
20 that correct?

21 A Yes.

22 Q All right. Would you turn to actually
23 PCF-9 in that exhibit? It's -- there's not a header in
24 the top right-hand corner typical of most exhibits, but
25 there's a page number at the bottom of page 145.

1 **CHAIRMAN BROWN:** Mr. Sayler, you said PCF-9?

2 **MR. SAYLER:** PCF-9.

3 **CHAIRMAN BROWN:** I've got no exhibit provided
4 at the time of filing. Is there a supplement that
5 you're looking at?

6 **MR. SAYLER:** Yes, ma'am. I'm looking at what
7 they provided on October 31st.

8 **CHAIRMAN BROWN:** Okay.

9 **MR. SAYLER:** And actually this might --

10 **CHAIRMAN BROWN:** Let me, let me ask staff to
11 point us to where we can find that.

12 **THE WITNESS:** The document I'm looking at here
13 doesn't show Exhibit 9, PCF-9, but I have it on my
14 computer.

15 **MR. SAYLER:** Okay.

16 **CHAIRMAN BROWN:** Just a second, Mr. Sayler.
17 I'd like the Commissioners to have what you're -- the
18 exhibit that you're looking at.

19 **MR. TAYLOR:** Give us just a moment.

20 **CHAIRMAN BROWN:** Okay. Would you like a
21 five-minute moment?

22 **MR. TAYLOR:** If we could, that would be
23 helpful.

24 **CHAIRMAN BROWN:** Okay. We're going to take a
25 five-minute break.

1 **MR. TAYLOR:** Thank you.

2 **CHAIRMAN BROWN:** Thank you. Stick around.

3 (Recess taken.)

4 **CHAIRMAN BROWN:** Staff, are you ready?

5 Mr. Sayler, is there any way you could skip
6 over this line of questioning and come back?

7 **MR. SAYLER:** Actually I think Mr. Friedman and
8 I can discuss this and agree to a stipulation or just an
9 understanding of what happened.

10 **CHAIRMAN BROWN:** I'll note that we are back on
11 the record. Thank you.

12 **MR. SAYLER:** Okay. Mr. Friedman and I talked
13 over the break, along with some of your staff. The
14 utility filed their testimony on August 31st, and that's
15 the testimony that has been marked and identified in
16 staff's Comprehensive Exhibit List. In response to
17 Commission staff's deficiency notice, Mr. Flynn refiled
18 all of his rebuttal exhibits as of October 31st, and
19 that's what I'm asking questions of mainly because, one,
20 there's a page number on it, so I can figure out which
21 exhibit is what, and also one of his exhibits, PCF-9 --
22 actually all the ones that were missing -- some of the
23 ones that were missing on staff's hearing exhibit showed
24 up on October 31st. Some did, some didn't. And the
25 ones that showed up on October 31st, for example, PCF-9,

1 at the back of the page say, "PCF-9, engineering, Lake
2 Grove's water treatment plant upgrades," and it says,
3 "held for future use."

4 **BY MR. SAYLER:**

5 **Q** And, Mr. Flynn, you would agree that that's
6 what you identified on the back of all those exhibits
7 you updated, excuse me, as of October 31st. The ones
8 that you provided information for, you provided it, and
9 the ones you didn't have any information, you just said,
10 "Held for future use." Correct?

11 **A** Correct.

12 **Q** All right. Now --

13 **CHAIRMAN BROWN:** I have just a question.
14 These were filed and updated in the rebuttal.

15 **MR. SAYLER:** No, ma'am.

16 **CHAIRMAN BROWN:** No? Okay.

17 **MR. SAYLER:** This is part of the original
18 curing of the MFR deficiencies. Maybe Mr. Friedman can
19 explain the process a little bit. But they -- in
20 response, this is what they provided.

21 **CHAIRMAN BROWN:** Yes, I'd love to hear from
22 Mr. Friedman.

23 **MR. FRIEDMAN:** No. But you're right, in the
24 rebuttal it was all -- all of the documentation is
25 provided.

1 **CHAIRMAN BROWN:** All the documentation is
2 provided. It's just provided in the rebuttal.

3 **MR. FRIEDMAN:** I think the point that
4 Mr. Sayler is making is that to the extent during our
5 initial filing, if we did not have documentation yet
6 because all these projects weren't done, we put a
7 placeholder, and the placeholder was held for future
8 use.

9 And then I think the other point that
10 Mr. Sayler was making is then when we filed a response
11 to the deficiency letter, we did provide some more
12 information for those that we had information at that
13 time. But even then we still had some placeholders.
14 And then as we go through discovery and, you know, we're
15 getting more documentation, we're providing that in
16 response to discovery, and in his rebuttal testimony
17 it's all included.

18 **CHAIRMAN BROWN:** So all of the information is
19 there.

20 **MR. SAYLER:** In rebuttal.

21 **MR. FRIEDMAN:** In rebuttal.

22 **MR. SAYLER:** Now in -- and I don't want to get
23 into the reason for our motion to strike, but in their
24 direct case there is a lot of missing pieces. On
25 October -- or September 30th -- or, excuse me,

1 August 31st, there were a bunch of missing pieces, and
2 on October 31st they provided a couple of those pieces.

3 **CHAIRMAN BROWN:** And this is the line of
4 questioning you're going down, PCF-9?

5 **MR. SAYLER:** Correct.

6 **CHAIRMAN BROWN:** That we don't have up here
7 either.

8 **MR. SAYLER:** Okay. And I don't know if the
9 deficiencies -- what I'm asking questions of is even
10 part of the record. I don't see it identified here, the
11 response to the deficiency response where Mr. Flynn
12 refiled all of his exhibits.

13 **CHAIRMAN BROWN:** I will give you full latitude
14 to ask questions.

15 **MR. SAYLER:** Certainly.

16 **CHAIRMAN BROWN:** Okay.

17 **MR. SAYLER:** Okay. Thank you. And -- okay.
18 And hopefully through the line of questions, that will
19 make things -- and I did ask staff -- or actually staff
20 volunteered to make a copy of PCF-9 as an illustration
21 of the -- what we think are deficiencies with the
22 original filing and the pro forma projects.

23 **CHAIRMAN BROWN:** Okay. Thank you. We have
24 it. It could be included, and I don't know if we should
25 mark this as a separate exhibit. Which do you prefer?

1 **MR. SAYLER:** Why don't we mark it as a
2 separate exhibit for clarity.

3 **CHAIRMAN BROWN:** Okay. Okay. We're going to
4 go ahead and mark what has just been distributed. The
5 title is "Exhibit PCF-9," and that will be marked as
6 281. Thank you for all that clarification. Again, full
7 latitude.

8 **MR. SAYLER:** Certainly. And just one
9 clarification. Just PCF-9 as of October 31st.

10 **CHAIRMAN BROWN:** All right. "PCF-9 Exhibit as
11 of October 31st." You may proceed.

12 (Exhibit 281 marked for identification.)

13 **BY MR. SAYLER:**

14 **Q** Okay. All right. Mr. Flynn, we were on your
15 PCF-9 as filed October 31st. Do you recall me asking
16 you some questions about that?

17 **A** Yes.

18 **Q** All right. When -- in your direct testimony
19 related to this project, you said you'd provide it
20 within 60 days. Do you recall that from your direct
21 testimony?

22 **A** Yes.

23 **Q** All right. And you would agree that
24 October 31st is roughly 61 days after your original
25 filing on August 31st; correct?

1 **A** Correct.

2 **Q** All right. And in your refiled exhibits, did
3 you provide an exhibit entitled PCF-9; correct?

4 **A** Correct.

5 **Q** And you would agree that PCF-9, when you turn
6 to the next page, says, "Held for future use"; correct?

7 **A** Yes.

8 **Q** And let's turn to PCF-13 in your August
9 filing -- or your October 31st filing.

10 **CHAIRMAN BROWN:** Again, staff, we have no
11 exhibit provided at the time of filing for PCF-13.

12 **MS. HELTON:** Madam Chairman, just to be clear,
13 we struggled, the staff struggled putting together all
14 of this information.

15 **CHAIRMAN BROWN:** I'm getting that.

16 **MS. HELTON:** And when we realized the state
17 that we were in, we made a phone call to Mr. Friedman.
18 And Mr. Friedman said, "No, we didn't provide you
19 anything, so do as you have done in the case with
20 respect to the notebooks that you have, and it will all
21 be fleshed out during the course of the hearing."

22 **CHAIRMAN BROWN:** So it wasn't, it wasn't
23 discussed to maybe provide an errata or anything to that
24 effect?

25 **MS. HELTON:** Well, it was -- there was some

1 information provided, I think, during the course of
2 discovery, but staff did not go and hunt and peck that
3 information --

4 **CHAIRMAN BROWN:** Of course.

5 **MS. HELTON:** -- and put it into the notebook
6 for you. And it's my understanding that the complete
7 exhibits were provided in Mr. Flynn's rebuttal
8 testimony.

9 **CHAIRMAN BROWN:** And that's my understanding.
10 It's just a little sloppy, and it's hard for us to keep
11 track of and it does not make our job easy right now.
12 So I know you want to ask questions on PCF-13, but --

13 **MR. SAYLER:** Well, perhaps my question will
14 help.

15 **BY MR. SAYLER:**

16 **Q** Mr. Flynn, you would agree that you did not
17 provide a PCF-13 either on August 31st or October 31st;
18 correct?

19 **A** Correct.

20 **Q** And that's why we don't have a PCF-13 as part
21 of your direct case; correct?

22 **A** Correct.

23 **Q** All right. And if I were to ask you the same
24 question about PCF-17, you would agree that it still
25 says, "Held for future use"; correct?

1 **A** Yes.

2 **CHAIRMAN BROWN:** So, Mr. Sayler, you're going
3 to ask, I guess, substantive questions on these exhibits
4 in the rebuttal; is that correct?

5 **MR. SAYLER:** Yes, ma'am. I'm just
6 establishing that -- in their original filing what they
7 did and did not provide for review by the Commission or
8 Public Counsel.

9 **CHAIRMAN BROWN:** I'm giving you full latitude
10 to ask questions on the front end of the direct as well
11 as on the rebuttal side. Okay?

12 **MR. SAYLER:** All right. Thank you. Thank
13 you, ma'am.

14 **BY MR. SAYLER:**

15 **Q** Same question for PCF-20, you did not -- you
16 just provided an exhibit that says, "Held for future
17 use"; correct?

18 **A** Yes.

19 **Q** And there is no exhibit when you filed your
20 original testimony; correct?

21 **A** Yes.

22 **Q** And on -- same question on, for the PCF-20
23 item. On August 31st there was no exhibit, and when you
24 refiled it on October 31st, it said, "Held for future
25 use"; correct?

1 **A** Yes.

2 **Q** All right. Same two sets, lines of questions
3 for Exhibits PCF-33 and 34. Nothing was provided on
4 August 30th, and it says, "Held for future use," on
5 October 31st; correct?

6 **A** Yes.

7 **Q** All right. I'm going to move on to a
8 different line of questions, but I'm going to return to
9 the topic a little bit later in my cross.

10 Let's look at page 4, PCF-6. On page 4, lines
11 11 through 14, that's where you identify the LUSI Oswalt
12 Road water main relocation project; correct?

13 **A** Yes.

14 **Q** All right. And on line 13 I believe it says,
15 "PCF-7."

16 **A** Yes. I think that was a typo.

17 **Q** Okay. And in your August 31st testimony, you
18 said it'll be submitted within 30 days; correct?

19 **A** Yes.

20 **MR. SAYLER:** All right. And now let's --
21 Madam Chair, I'm not going to ask questions about his
22 October 31st version of PCF-6 because you don't have a
23 copy of it.

24 **CHAIRMAN BROWN:** Thanks. Are you going to
25 hold that off for rebuttal?

1 **MR. SAYLER:** I can. I just wanted to clarify
2 for the record that they did provide something on
3 October 31st.

4 **CHAIRMAN BROWN:** That's fine. Thank you.

5 **BY MR. SAYLER:**

6 **Q** And you provided some documentations for this
7 project on October 31st; correct?

8 **A** I believe so.

9 **Q** All right. Do you have a copy of staff's
10 Comprehensive Exhibit List?

11 **A** No.

12 **Q** Let me give one to your counsel to give you.

13 **MR. SAYLER:** Marty, I've got one with a tab.

14 **BY MR. SAYLER:**

15 **Q** I've got one with a tab in it.

16 **A** Thank you.

17 **Q** If you'll turn to page 5.

18 **A** Yes.

19 **Q** Labeled on staff's Comprehensive Exhibit List
20 No. 42 and 43. Do you see that?

21 **A** Yes.

22 **Q** All right. You have a PCF-5A. Do you see
23 that?

24 **A** Yes.

25 **Q** You would agree a PCF-5A was not provided on

1 August 30th; correct?

2 A Yes, that's correct.

3 Q Or 31st. And I don't believe a PCF-5A was
4 provided on October 31st; is that correct?

5 A I don't recall.

6 Q Okay. And for PCF-6, you would agree that you
7 did not provide that on August 31st; correct?

8 A Correct.

9 Q Same question for PCF-9. Turn to the next
10 page.

11 A Yes.

12 Q All right. Same question for PCF-12.

13 A Yes.

14 Q Thirteen.

15 A Yes.

16 Q Same question for 17.

17 A Yes.

18 Q Twenty.

19 A Yes.

20 Q All right. For 22.

21 A Correct.

22 Q Twenty-three.

23 A Right.

24 Q Twenty-four.

25 A Correct.

1 Q Same question for 25.

2 A Correct.

3 Q Same question for PCF-26, you did not provide
4 it as of August 30th?

5 A Correct.

6 Q For PCF-27.

7 A Correct.

8 Q Twenty-eight.

9 A Correct.

10 Q Twenty-nine.

11 A Correct.

12 Q Same questions for 33 and 34, that those were
13 not provided as of August 30th; correct?

14 A Correct.

15 **MR. SAYLER:** All right. Madam Chair, that's
16 the first time I've ever asked questions of the
17 Comprehensive Exhibit List in a hearing.

18 **BY MR. SAYLER:**

19 Q To speed up this line of questions, for all
20 the projects that you didn't provide anything for in
21 your direct testimony filed August 30th, how did you
22 generally come to form the basis for those numbers for
23 all the numbers -- for all the projects we just
24 identified? What was the process for coming up with
25 some sort of plug number?

1 **A** Typically it reflected conversations with my
2 managers, my staff, as to what would be the estimated
3 budget to accomplish those individual projects.

4 **Q** And by coming up with that plug number then,
5 you were able to give that to Ms. Swain to come up with
6 some form of revenue requirement for your original
7 filing; correct?

8 **A** Correct.

9 **Q** All right. And as I was driving to the
10 Commission this morning, I was able to listen to the
11 summary of your testimony. When you filed your direct
12 case, the original amount of pro forma projects was
13 right about \$30 million; is that correct?

14 **A** Yes.

15 **Q** And I believe in your summary you said it was
16 about \$36 million in pro forma projects; is that
17 correct?

18 **A** It was almost 37.

19 **Q** Almost 37. So somewhere between August 30th
20 and April 3rd the amount of pro forma projects increased
21 by almost \$7 million; correct?

22 **A** In the aggregate, correct.

23 **Q** In the aggregate. So that's almost a 17,
24 18 percent increase over what you originally asked, if
25 I'm doing my math correctly?

1 **A** Okay.

2 **Q** The math percentages are what they are;
3 correct?

4 **A** I haven't calculated it.

5 **Q** Okay. Okay. Would you go to the Mid-County
6 electrical improvements project in your testimony? I
7 think it's Exhibit PCF-14. Are you there? It's on
8 page 5 of your testimony.

9 **A** Yes.

10 **Q** Okay.

11 **A** I've got it.

12 **Q** Would you please describe the process for
13 securing bids from contractors for large projects that
14 involve drawings, contract documents, project manuals
15 prepared by the registered professional engineer? Would
16 you describe that process?

17 **A** Well, we, we solicited engineering firms to do
18 the engineering design work associated with this
19 project, and from that point we developed the plans to a
20 point where we could go out to bid, solicited bids from
21 qualified contractors, received bids on bid opening day,
22 then reviewed those bids.

23 **Q** All right. And when it comes to project
24 manuals, you would agree Public Counsel requested those
25 in our first request for production of documents No. 15

1 to your knowledge?

2 **A** I assume so.

3 **Q** All right. And to your knowledge, were those
4 project manuals provided?

5 **A** We don't have project manuals.

6 **Q** Okay. And what's the project manual for, if
7 you don't use it?

8 **A** I don't use it, so I can't answer that
9 question.

10 **Q** Okay. Fair enough.

11 So when your -- when you have a -- for a
12 project like Mid-County electrical improvements, are the
13 bidders provided a bid form to submit their proposal on?

14 **A** Typically -- our engineers that we typically
15 use do so. On this particular project, we used a
16 different engineer, one who was -- had expertise in
17 electrical engineering design, and he, for some reason,
18 didn't generate a bid form to utilize.

19 **Q** Okay. And is there a deadline by which all
20 bidders must submit their proposals when you send out an
21 RFP?

22 **A** Yes.

23 **Q** All right. And how do you go about evaluating
24 bid proposals received from contractors? And this is
25 just -- not just for Mid-County electrical but in

1 general for all your projects.

2 **A** Assuming the design of the project is adequate
3 and comprehensive, the bids should reflect the cost to
4 construct the project under that set of plans.

5 **Q** Okay. So you send out a request for proposal,
6 and they provide back to you the cost, along with all
7 the design engineering documents? Or do you have the
8 design engineering documents done first, and then you
9 send it out to bid?

10 **A** The engineering design is completed. The
11 design includes plans descriptive of the project, and
12 those are used in the bid package for contractors to
13 utilize to quantify how much it's going to cost to build
14 the project.

15 **Q** And were those engineering design documents
16 provided to Public Counsel in response to discovery? Do
17 you know?

18 **A** I think they were.

19 **Q** Okay. And when you go about evaluating those
20 bid proposals, do you have a ranking system? How do you
21 go about figuring out choosing which contractor to go
22 with? Always the lowest price or one with the best
23 relationship? I'm trying to understand your process.

24 **A** Typically it's low price, assuming that all
25 the contractors who bid equally comprehend the work and

1 equally evaluated the cost in order to quantify the cost
2 properly.

3 **Q** All right. Could there be an instance where
4 you don't go with the lowest bidder because you don't
5 have a relationship with them?

6 **A** Not really. I can't recall an instance where
7 that was a critical factor.

8 **Q** Can you describe conditions under which you
9 would say a bidder is considered nonresponsive and then,
10 therefore, automatically dropped from consideration?

11 **A** If the bid, if the bid date, bid submittal
12 date arrives and someone chose not to bid, then they're
13 not going to be considered.

14 **Q** Okay. So if they're late, they're not going
15 to be considered. What if they -- say you have three
16 bids come in for a project. Two contain all the
17 information you requested, but one just sends in a
18 one-page document saying, "Here's my price." Would you
19 automatically drop that bid?

20 **A** No.

21 **Q** But you would consider that bid compared with
22 the other two bids; correct?

23 **A** Hypothetically it could be adequately
24 informative as to what the price of the project would
25 be.

1 **Q** Now do you think you would normally select
2 that one-pager over somebody else who has put in a good
3 bid package?

4 **A** It may be. It's a function of the competency
5 of the contractor. It could also be a function of their
6 performance with similar work.

7 **Q** All right. Mr. Flynn, you have done many rate
8 cases with the Public Service Commission; correct?

9 **A** Many.

10 **Q** And you have seen -- it is common that for pro
11 forma projects, the Commission staff prefers -- or the
12 Commission, I should say, prefers three, at least three
13 bids when considering a pro forma project; correct?

14 **A** Yes. And that's our customer -- company
15 policy as well. We always solicit multiple contractors,
16 unless there's a definitive reason not to.

17 **Q** All right. So -- and this is a hypothetical.
18 If -- say in one of your prior rate cases where you're
19 submitting a pro forma project, if you submitted to the
20 Commission request through a data request, "Here's three
21 bids for a project; two of them contain a lot of
22 information and one contains one page," do you think the
23 Commission staff would say that's adequate or do you
24 know?

25 **A** Well, the bid typically is only one or two

1 pages.

2 Q But there are supporting documents that go
3 with that bid; correct?

4 A Typically not.

5 Q Okay. All right. I do have questions about
6 PCF-13, Longwood Grove's I&I remediation, not from the
7 exhibit, which hasn't been provided, but from your
8 description of it on page 5. Would you turn there,
9 please?

10 A Yes.

11 Q Would you please read the first two sentences
12 of that project, starting with, "Remedy gravity mains"?

13 A "Remedy gravity sewer main, manhole, and sewer
14 lateral deficiencies situated within Longwood Grove's
15 subdivision by the use of pipe liners, cured-in-place
16 pipe, or excavate and replace techniques to remedy the
17 deficiencies found in the I&I study."

18 Q Okay. And this project will promote a
19 reduction in the base influent flow into the Wekiva Hunt
20 Club water -- wastewater treatment plant; correct?
21 Wastewater treatment plant; correct?

22 A The Wekiva Hunt Club wastewater treatment
23 plant, correct.

24 Q Okay. And as we've already established, this
25 is a project that you are seeking cost recovery for.

1 Now if this project promotes the reduction in base
2 influent flow, shouldn't that result in a reduction of
3 costs?

4 **A** In a future test year, I'm sure it will.

5 **Q** I mean, as soon as it's installed, goes into
6 service, won't it start reducing I&I?

7 **A** I would hope so, but that's a function also of
8 whether I&I is occurring on the day it's completed,
9 which may not be the case.

10 **Q** And you would agree that the types of costs
11 that would be impacted are purchased power chemicals and
12 maybe even sludge removal with less I&I?

13 **A** Potentially.

14 **Q** Okay. Flip to -- turn to page 7, PCF-22.
15 It's your Sanlando Autumn Drive water main replacement
16 project. Do you see that?

17 **A** Yes.

18 **Q** Would you read the first two lines of the
19 description?

20 **A** "Replace 900 lineal feet of 6-inch thin wall"

21 --

22 **THE COURT REPORTER:** Okay. Okay. Slow down,
23 please.

24 **THE WITNESS:** Sorry.

25 **MR. SAYLER:** And I've been accused of talking

1 fast.

2 (Laughter.)

3 **THE WITNESS:** "Replace 900 lineal feet of
4 6-inch thin wall PVC water main, associated isolation
5 valves, and water services in The Springs subdivision
6 after experiencing three pipe failures within
7 eight months on that street, each of which caused
8 significant property damage to certain residents, as
9 well as temporary loss of service to approximately
10 45 customers."

11 **BY MR. SAYLER:**

12 **Q** All right. Now when you have a pipe failure
13 and there's significant property damage such as
14 undermining sidewalks, destroying yards, replacing sod,
15 or any other damage, the utility pays for that; correct?

16 **A** Correct.

17 **Q** And then does the utility, in turn, consider
18 that an expense or something -- if it happened in the
19 test year, would that be an expense that the customers
20 would eventually pay for, or is that a cost that the
21 shareholders cover?

22 **A** Well, it depends on what occurred as to
23 whether there was a capitalization of that response or
24 whether it was expensed.

25 In this case, the three pipe failures required

1 replacing segments of pipe that were damaged and
2 unusable. The project -- I'm sorry. The responses to
3 those three failures were capitalization of those
4 efforts.

5 Q Okay. So the repair efforts are capitalized;
6 correct?

7 A They were not repairs. They were replacing
8 pipe segments.

9 Q Okay. But the property damage resulting from
10 those, who pays for that ultimately? The customers or
11 the utility?

12 A Well --

13 Q I mean, let me rephrase the question. Does
14 the -- is the utility liable for those costs if they
15 damage a customer's property?

16 A Yes.

17 Q All right. And then the utility, if they pay
18 for those costs, then who, in turn, ends up paying for
19 the costs, reimburses the utility for those costs
20 they -- for the damage caused to that customer?

21 A Well, assuming that our insurance would not
22 cover the cost because of what was involved and the
23 utility would invest the capital to make the repairs to
24 return service to the customers, ultimately the cost
25 will show up in rates, I would assume.

1 **Q** All right. So for the most part, damage under
2 these situations is covered by insurance; correct?

3 **A** It may be. It depends on the circumstances
4 and the insurance coverage.

5 **Q** Okay. And you are seeking recovery for
6 insurance costs in customer rates; correct?

7 **A** It may have already been decided. I don't --
8 I couldn't tell you off the top of my head, but --

9 **Q** Okay. Now in your description, it says that
10 "These three pipe failures occurring in eight months."
11 You would agree that once those sections were replaced,
12 the replacement should reduce going-forward costs;
13 correct?

14 **A** There were three segments of pipe within the
15 900-foot window that had failures. The 900-foot window
16 encompassed all those failures.

17 **Q** Okay. So you replaced the 900-foot segment;
18 correct?

19 **A** Correct.

20 **Q** So you don't anticipate any additional costs
21 within that 900-foot segment; correct?

22 **A** Correct. It's good pipe.

23 **Q** And wouldn't replacement costs -- excuse me.
24 When you have replacement costs, you have not only the
25 cost of the pipe but also the cost of labor to go out

1 and replace those pipes; correct?

2 **A** Yes.

3 **Q** Is that labor capitalized or expensed?

4 **A** It's one invoice or one amount identified on
5 an invoice for the work completed by the contractor. We
6 don't separate the labor from the materials.

7 **Q** Okay. So you don't anticipate any additional
8 costs in that -- for that section of pipe going forward;
9 correct?

10 **A** Correct.

11 **Q** All right. The same question: With that pipe
12 being replaced, you're no longer anticipating any
13 significant property damage to those customers
14 hopefully?

15 **A** Hopefully not.

16 **Q** Okay. All right. Would you turn to PCF-26?
17 This is the Sanlando Inflow and Infiltration Study and
18 Remediation Project, Phase II.

19 **CHAIRMAN BROWN:** Mr. Sayler, where is it
20 referenced in the direct for us Commissioners up here?

21 **MR. SAYLER:** Yes, ma'am. It's on page 8,
22 lines 16 through 21.

23 **CHAIRMAN BROWN:** Thank you.

24 **BY MR. SAYLER:**

25 **Q** And there it says you're cleaning and videoing

1 inspecting 84,000 -- is that linear feet?

2 **A** Yes.

3 **Q** Of gravity sewer main to identify and locate
4 deficiencies in the collection system to reduce base
5 inflow to the Wekiva Hunt Club --

6 **A** Correct.

7 **Q** -- wastewater treatment plant.

8 And these are one of the projects that are
9 completed and is part of your rate increase; correct?

10 **A** Yes.

11 **Q** All right. And shouldn't this project result
12 in a reduction of costs?

13 **A** In the future, correct.

14 **Q** And those costs being purchased power,
15 chemicals, and maybe sludge removal; correct?

16 **A** Purchased power and chemicals for sure.

17 **Q** Okay. On page 9, line 25, you have the PCF-31
18 Tierra Verde, Tierra Verde gravity sewer main
19 replacement, Phase 2. Do you see that?

20 **A** Yes.

21 **Q** Would you read the description, the one- or
22 two-line description you have for that?

23 **A** "Excavate, remove, and replace 40 lineal feet
24 of collapsed 8-inch vitreous clay sewer main in the road
25 right-of-way of 8th Avenue to reduce groundwater

1 infiltration and reduce the risk of a sanitary sewer
2 overflow caused by sewer backups."

3 Q And you would agree that by reducing
4 groundwater infiltration and reducing the risk of
5 sanitary sewer overflows, you would agree that should
6 result in a reduction of costs?

7 A I would expect so.

8 Q And those costs would be purchased power,
9 chemicals, materials, and supplies that are needed to
10 clean up those overflows?

11 A No. There's no chemicals. There's no
12 purchased power. Well, there's purchased power, but
13 very little.

14 Q Okay. So when you clean up an overflow, how
15 do you clean up an overflow if you don't use chemicals
16 or -- I mean, what do you use to clean up an overflow?

17 A Typically you have a contractor vacuum up the
18 volume of whatever spill that hasn't percolated into the
19 ground.

20 Q All right. And that is an expense of the
21 utility to clean up; right?

22 A Correct.

23 Q So cleanup expenses should be avoided with the
24 replacement of this section; correct?

25 A Correct.

1 **Q** Same page, page 10, the Orangewood water main
2 pipe replacement project, do you see that? Would you
3 read the description?

4 **A** On page 10, what line?

5 **Q** On page 10, line 11 through 17.

6 **A** Yes. "Design; obtain permits; remove and
7 replace 2-inch, 4-inch, and 6-inch asbestos cement and
8 galvanized iron water mains, hydrants, service laterals,
9 and isolation valves in the Orangewood and Buena Vista
10 water systems that have reached the end of their service
11 life, caused loss of pressure due to tuberculated pipe,
12 generate excessive water loss, require frequent repairs,
13 and generally degrade customer service.

14 **Q** Would you explain to me or describe what is
15 tuberculated pipe? I asked you a question earlier, but
16 I didn't quite understand what it is.

17 **A** It's mineral deposition inside the water mains
18 that ends up partially obstructing the flow of water
19 through the pipe.

20 **Q** All right. And that could be caused either by
21 minerals or the composition of the pipe. Say, if it's a
22 cast iron pipe, it could tuberculate or --

23 **A** It's typically a mineral deposition from the
24 groundwater's mineral content.

25 **Q** Okay. And this project will address the

1 excessive water loss of frequent repairs in the
2 Orangewood system; correct?

3 **A** Correct.

4 **Q** And that should result in a decrease of costs
5 such as purchased power, chemicals, materials, supplies,
6 and miscellaneous expenses.

7 **A** In a future year after it's completed,
8 correct.

9 **Q** All right. And what other types of costs will
10 it reduce? I mean, you --

11 **A** Chemicals.

12 **Q** Chemicals?

13 **A** Yeah.

14 **Q** What about repair costs for the, for the
15 systems; correct?

16 **A** Repair costs.

17 **Q** All right. All right. Look at PCF-35. It's
18 a couple of projects down. It spans pages 10 and 11.
19 You would agree that this project, which is described as
20 the water main replacement in Pinellas County, that
21 would address excessive water loss and frequent repairs
22 as well?

23 **A** Yes.

24 **Q** All right. And if I asked you the same
25 question as I did for the water main replacements in

1 Pasco-Orangewood, you'd have the same answers?

2 **A** Correct.

3 **Q** And you would agree that many of these pro
4 forma projects, once placed in service, should reduce
5 O&M costs or capitalized repairs for Utilities, Inc.
6 going forward; correct?

7 **A** Yes, in some future year.

8 **Q** All right. And you would agree generally that
9 new projects, renewed or replaced infrastructure, is
10 generally less expensive to maintain than older plant
11 nearing the end of its useful life; correct?

12 **A** Generally speaking.

13 **Q** And you would agree that Utilities, Inc. did
14 not project or include any of the expected cost savings
15 associated with these projects in your rate case;
16 correct?

17 **A** Correct. We had no way to quantify how much
18 that would be.

19 **Q** All right. Thank you.

20 **MR. SAYLER:** The next exhibit, Madam Chair.

21 **CHAIRMAN BROWN:** We are at 282.

22 **MR. SAYLER:** This one is "UIF's Discovery
23 Responses to OPC POD 15 and Staff's Interrogatory 197."

24 **CHAIRMAN BROWN:** Okay. We will identify it as
25 such. Again, that's 282.

1 (Exhibit 282 marked for identification.)

2 Mr. Flynn, do you have a copy of it in front
3 of you?

4 **THE WITNESS:** Yes.

5 **CHAIRMAN BROWN:** Okay.

6 **BY MR. SAYLER:**

7 **Q** Mr. Flynn, once you've taken a -- are you --
8 do you need to flip through it, or shall I just ask you
9 the questions?

10 **A** I'm not sure which question you are --

11 **Q** Well, just flip through it generally. When
12 you've flipped through it, let me know.

13 **A** Go ahead.

14 **Q** All right. You would agree we've already
15 established that there are a number of projects that
16 Utilities, Inc. didn't provide any cost information --
17 any supporting documentation for costs in your direct
18 testimony filed on August 30th and October 31st;
19 correct?

20 **A** On August 31st and --

21 **Q** Yes, sir.

22 **A** On August 31st, correct.

23 **Q** All right. And then subsequent when you
24 corrected your deficiencies; correct?

25 **A** Correct.

1 **Q** All right. Would you please turn to the first
2 page, which says, "Notice of service." Do you see that?
3 It's dated September 16th; correct?

4 **A** Yes.

5 **Q** And you would agree that Public Counsel, or
6 former Public Counsel, Ms. Danielle Roth, served this to
7 you, and it contains OPC's first set of interrogatories
8 and first request for production of documents; correct?

9 **A** Yes.

10 **Q** And if you will turn to the next page, you
11 would agree that this is a response from your counsel,
12 Mr. Friedman, dated January 9th that says, "Here are the
13 responses to OPC 1st PODs Nos. 1 through 34 except for
14 No. 15." Do you see that?

15 **A** Yes.

16 **Q** If you'll turn to the next page, and this is
17 dated February 6th, and it says, "Supplemental responses
18 to OPC's 1st PODs No. 21 and partial 15." Do you see
19 that?

20 **A** Yes.

21 **Q** And if you turn to the next page, it says,
22 "Utilities, Inc.'s responses to OPC's 1st request for
23 production of documents 1 through 34"; correct?

24 **A** Yes.

25 **Q** If you'll turn to the next page, you would

1 agree that this is OPC's request for POD 15; correct?

2 **A** Correct.

3 **Q** All right. And would you read that into the
4 record, sir?

5 **A** The whole paragraph?

6 **Q** Yes, please.

7 **A** "Please provide all documents supporting the
8 requested pro forma plant additions discussed in
9 Mr. Flynn's testimony at pages 3 through 13 and found on
10 each of the MFR Schedules A3 for each of the systems.
11 These documents should include, but not be limited to:
12 Invoices, budgets, budget requisitions, signed
13 contracts, bids, bid evaluations, purchase orders,
14 invoices, engineering studies, cost benefit analyses
15 conducted by or for the company, DEP correspondence and
16 other requirements of the DEP for the proposed plant
17 additions, and any other documents management relied
18 upon for evaluating plant additions and improvements.
19 Documentation already provided in Exhibits Nos.
20 PCF-1 through PCF-47 may be excluded from this
21 response."

22 **Q** Okay. And that was our initial request which
23 we submitted to Utilities, Inc. September 16th; correct?

24 **A** Yes.

25 **Q** And Utilities, Inc.'s response says, "All such

1 documents are being produced"; correct?

2 **A** Yes.

3 **Q** All right. And you would agree that this
4 request covers not only the information that was
5 provided in your testimony filed on August 31st, but
6 also it also applies to the corrected exhibits that you
7 filed on October 31st; correct?

8 **A** Yes.

9 **Q** All right. So if a document wasn't provided
10 on August 31st or October 31st, you would agree that it
11 should have been provided in response to Public
12 Counsel's 15, POD 15?

13 **A** Optimally.

14 **Q** What was your testimony? Optimally?

15 **A** Optimally. I can't provide what I don't have.

16 **Q** All right. So, yes, if you have it, you would
17 provide it. If you don't have it, you wouldn't provide
18 it; correct?

19 **A** Correct.

20 **Q** All right. Turn to the next page. I will
21 represent to you, Mr. Flynn, that this is a screenshot
22 from our computer file that shows what was provided to
23 Public Counsel on September -- January -- excuse me,
24 February 6th. Do you see that?

25 **A** Yes.

1 **Q** And you would agree that PCF-6 is on there;
2 correct?

3 **A** Yes, it is.

4 **Q** And that was one of the ones missing from
5 August 31st; correct?

6 **A** Yes.

7 **Q** Same question for amended PCF-20. Do you see
8 that?

9 **A** Yes.

10 **Q** It wasn't provided but it's provided now.
11 Same question and answer for amended PCF-33 and 34;
12 correct?

13 **A** Yes.

14 **Q** All right. Now do you see anything for 9?

15 **A** No.

16 **Q** Thirteen?

17 **A** No.

18 **Q** PCF-17?

19 **A** No.

20 **Q** Twenty-eight.

21 **A** No, 28 was a project that we determined -- we
22 decided to postpone.

23 **Q** Okay. So project 28 was initially part of
24 your request for cost recovery, and you've deferred that
25 to a future rate case; right?

1 **A** Future time.

2 **Q** Okay. But you would agree that you provided
3 PCF-20, 33, and 34 to Public Counsel as of February 6th;
4 correct?

5 **A** Yes, that's my understanding.

6 **Q** Okay. And at the time it was provided -- to
7 your recollection, was Public Counsel's original
8 testimony due on February 23rd?

9 **A** I'm sorry?

10 **Q** Public Counsel's originally filed testimony
11 was due February 23rd -- correct? -- and we requested an
12 extension and it was granted until March 6th; correct?

13 **A** That's my understanding, yes.

14 **Q** Okay. Would you turn to the next page? You
15 would agree that this is a request from Commission
16 staff. It's 7th set of interrogatories Nos. 167 through
17 179. Do you see that?

18 **A** Yes.

19 **Q** Turn to No. 179, the next page.

20 **A** Okay.

21 **Q** You would agree that the question says,
22 "Utilities, Inc, or UIF, did not provide any supporting
23 documents for the projects identified in the exhibits
24 listed below and have been requested in staff's 5th
25 request for production of documents No. 8. If

1 supporting documents are not available for this request,
2 please explain why not and if this project should be
3 excluded from the Commission's consideration in this
4 case"; correct?

5 **A** Yes.

6 **Q** All right. And there it identifies PCFs 1, 9,
7 13, 17, 20, 28, 33, 34, and the Sanlando Shadow Hills
8 generator -- electrical generator. Do you see that?

9 **A** Yes.

10 **Q** What is the Sanlando Electrical (sic) Hills
11 generator? What project is that?

12 **A** That's a component of our Shadow Hills
13 diversion project.

14 **Q** And that is -- the Shadow Hills diversion
15 project is identified as PCF-27; correct?

16 **A** Yes.

17 **Q** All right. And to your knowledge, discovery
18 responses were due within 20 days after they were
19 initially requested; correct?

20 **A** I assume so.

21 **Q** All right. Would you turn back to the page of
22 the screenshot?

23 **A** Okay.

24 **Q** For the dates listed where it says, "Date
25 modified," do you see where it says, "1/26/17"?

1 **A** Yes.

2 **Q** You would assume that means the date is
3 January 26, 2017; correct?

4 **A** Yeah.

5 **Q** All right. And I'll represent to you in the
6 course of this case, to expedite things, Public Counsel
7 and Utilities, Inc. used something called a drop box
8 where files are transferred but also sometimes things
9 are submitted on a thumb drive to your knowledge?

10 **A** To my knowledge, yes.

11 **Q** Okay. And my understanding is the response to
12 our discovery was served on February 6th, and then we
13 received a USB drive from your counsel I think the same
14 day or maybe the next day at an Agenda Conference?

15 **A** May have been.

16 **Q** Do you know that?

17 **A** May have been. I don't know. I can't say for
18 sure.

19 **Q** But you would agree that the last -- this
20 shows that the last date that these files were modified,
21 meaning the saved date, the last saved date, was
22 January 26th?

23 **A** Correct.

24 **Q** Do you know why it took almost a week before
25 Public Counsel received these documents even though

1 they're in finalized form at that time?

2 **A** I don't know.

3 **Q** All right. And when we filed this case
4 back in September -- or, excuse me, when you filed --
5 when we submitted our discovery in September, the
6 discovery time clock was 30 days; correct?

7 **A** Correct.

8 **Q** And by agreement of counsel to smooth things
9 along, in conjunction with Commission staff, we agreed
10 to forego filing motions to compel in our first, second,
11 and third sets of discovery because you were actively
12 responding to audit requests from the staff; is that
13 correct?

14 **A** That's my recollection.

15 **Q** All right. And then this filing was deemed
16 complete on November 22nd; correct?

17 **A** It was.

18 **Q** All right. And so as of that date, 30 days
19 from that date would have been January 28th; correct?
20 Or, excuse me, November 22nd to December 22nd would have
21 been about 30 days later; correct?

22 **A** Yes.

23 **Q** All right. And again by agreement of counsel,
24 we agreed that the responses could be served on
25 January 9th; correct?

1 **A** That's my understanding.

2 **Q** All right. But yet we received these
3 responses on or about February 6th; correct?

4 **A** Yes.

5 **Q** And -- but you don't know why we didn't
6 receive those on or about January 26; correct?

7 **A** That's what I said.

8 **Q** All right. All right. Turn to -- flip
9 forward a few pages to where you get to Utilities, Inc.
10 of Florida's response to staff's 7th set of
11 interrogatories 167 to 179. Do you see that?

12 **A** Yes.

13 **Q** And if you will flip to the very -- hold your
14 finger there, but flip to the very last page.

15 **A** Okay.

16 **Q** All right. The very last page says -- is
17 dated -- it's -- at the top right-hand corner, it shows
18 a Commission Clerk document number. Do you see that?

19 **A** Yes.

20 **Q** And that was dated what?

21 **A** March 3rd.

22 **Q** All right. And down below it says it was
23 submitted on March 2nd. Do you see that?

24 **A** Yes.

25 **Q** Do you know why it would be dated March 3rd if

1 it was submitted on March 2nd?

2 **A** No.

3 **Q** Are you familiar with the Commission's
4 process, if a filing comes in after 5:00 p.m., it's
5 dated the next day?

6 **A** No.

7 **Q** Okay. Now flip forward a page. There's an
8 email from Mr. Friedman to myself. Do you see that?

9 **A** Yes.

10 **Q** All right. What time was this response sent
11 to Public Counsel, or at least we were aware of these
12 interrogatories being placed in a drop box?

13 **A** 5:42 p.m. on March the 2nd.

14 **Q** All right. And I will represent to you that
15 Mr. Friedman and I had some email correspondence, and
16 we -- and he provided invitations to our expert witness
17 to have access to these documents.

18 Now flip back a couple of pages to the
19 response. It's where Mr. Friedman's address block is
20 there. Do you see that?

21 **A** For 179?

22 **Q** Yes, for 179.

23 **A** Okay.

24 **Q** And you will agree that Utilities, Inc.
25 provided an amended PCF-1. When you mean amended, does

1 that mean to you change from what you originally filed?

2 **A** It was an update of the information that was
3 previously provided, if any.

4 **Q** Same question as it relates to amended PCF-9.
5 Was that an update to what was originally provided in
6 testimony?

7 **A** Yes.

8 **Q** You would agree that nothing was provided in
9 testimony for PCF-9; correct?

10 **A** We had an exhibit that said, "Held for future
11 use," and that was updated.

12 **Q** Correct. Same question for amended PCF-13.
13 Nothing was provided and -- but now this is the first
14 time anyone has received any documents related to
15 PCF-13; correct?

16 **A** Yes.

17 **Q** And that was March 2nd; correct?

18 **A** Yes.

19 **Q** Or after 5:00 p.m. on March 2nd.

20 And for PCF-17, amended means it was different
21 from your original PCF-17 in your testimony; correct?

22 **A** Correct.

23 **Q** All right. And you would agree this is the
24 first time anyone from Public Counsel or staff had
25 access to the information contained in PCF-17; correct?

1 **A** Correct.

2 **Q** And you would agree that for amended PCF-20,
3 33, and 34, that was previously provided to Public
4 Counsel on February 6th or -- February 6th; correct?

5 **A** Correct.

6 **Q** And now amended PCF-27, Shadow Hills
7 diversion, this is your project. If you will turn to
8 your testimony, page 9, at line 7. Are you there?

9 **A** Yes.

10 **Q** All right. It says, on lines 3 through 7,
11 "260,000 for engineering services plus an engineering
12 estimate of \$3.9 million to construct the facilities for
13 approximately \$4.2 million." Do you see that?

14 **A** Yes.

15 **Q** And in your amended response to this project,
16 you would agree that the cost is now -- had increased
17 to -- how much was it? \$7.9 million?

18 **A** \$7.78 million.

19 **Q** \$7.78 million, almost doubling the cost from
20 what was originally provided in your testimony.

21 **A** Correct.

22 **Q** Okay. No further questions from this exhibit.
23 Would you turn to the last exhibit titled
24 "Amended Exhibits PCF-20, 33, and 34."

25 **CHAIRMAN BROWN:** We're going to give that

1 Exhibit No. 283 with the same title you just mentioned.

2 (Exhibit 283 marked for identification.)

3 **MR. SAYLER:** Would you -- thank you.

4 **BY MR. SAYLER:**

5 **Q** Would you take a moment to review that while
6 I'm writing this down, Mr. Flynn?

7 Are you there, sir?

8 **A** Yes.

9 **Q** All right. You would agree that you testified
10 earlier in response to the other exhibit that this
11 information was provided to us on February 6th; correct?

12 **A** Yes.

13 **Q** All right. And would you look at these -- the
14 first set of documents related to the Pennbrooke water
15 treatment plant electrical improvement? Do you see
16 that?

17 **A** Yes.

18 **Q** It's about five unnumbered pages. Do you have
19 that?

20 **A** Yes.

21 **Q** All right. And if you look at the top
22 left-hand corner, it says, "Amended PCF Pennbrooke," and
23 there's a notation that this was added by OPC. Do you
24 see that?

25 **A** Yes.

1 **Q** All right. I will represent to you when we
2 got these documents, there was no Bate stamp page
3 numbering on it, but I will represent to you that these
4 are the documents that we received as of that date. All
5 right?

6 And what exactly is this document? It says,
7 "Add change form, new project budget change." What
8 exactly is this form? Is this a Utilities, Inc. form?

9 **A** Yes. It's our, our own company documentation
10 form to identify elements that make up the project.

11 **Q** All right. And this project was \$420,000
12 estimated at the time?

13 **A** Correct.

14 **Q** And that was estimated at the time of -- I
15 guess the start date says, "1/30/17"; correct?

16 **A** Yes.

17 **Q** All right. And this is all the documents that
18 you provided to Public Counsel as it relates to this
19 project; correct?

20 **A** Correct.

21 **Q** These are just your internal documents that
22 explain why you're doing this project, the internal
23 justifications, but there's no supporting cost
24 information for it; correct?

25 **A** Correct.

1 **Q** There's no bids, no contracts, nothing else;
2 correct?

3 **A** As of that date.

4 **Q** All right. Turn to the next document that
5 says, "Agreement Form." At the top left-hand corner is
6 something Public Counsel added that says, "Amended
7 PCF-33, UIF-Orangewood." Do you see that, that
8 contract?

9 **A** Hang on.

10 **Q** Sure.

11 **A** Yes.

12 **Q** Okay. You would agree that this is the
13 Orangewood replacement project PCF-33; correct?

14 **A** Yes, it's the contract with the contractor to
15 execute the --

16 **Q** Right. And under scope of work, it does say,
17 "Orangewood-Buena Vista water main replacement."

18 **A** Yes.

19 **Q** All right. Please look through this contract.
20 Do you -- it's how many pages? Four pages?

21 **A** Yes, it is.

22 **Q** All right. And I'll represent to you this is
23 what was provided to us on February 6th. Why is there
24 no internal document -- add change form, new project --
25 included in this? Wouldn't you have developed one by

1 the time you signed a contract?

2 **A** Yes.

3 **Q** And you agree that this agreement is dated
4 December 12th; correct?

5 **A** Yes, it is.

6 **Q** Do you know why this wasn't provided much
7 earlier than February 6th?

8 **A** I don't know. Must have been an oversight.

9 **Q** All right. And you would agree that there's
10 no bid forms attached with this response to amended
11 PCF-33; correct?

12 **A** Correct.

13 **Q** So there's nothing to verify that the
14 \$2,066,888 is supported; correct?

15 **A** Correct, not with this document.

16 **Q** All right. And if you look in your direct
17 testimony, as of August 31st, the water main replacement
18 was about 1.2 million cost; correct?

19 **A** It was.

20 **Q** All right. So somewhere between that date and
21 the time you signed the contract, it increased by a
22 million dollars.

23 **A** Yes, it did.

24 **Q** All right. Turn to the last exhibit, amended
25 PCF-34. Do you see that?

1 **A** Yes.

2 **Q** All right. This is the Summertree well
3 abandonment project which we are all so familiar with.
4 And this is a document similar to what you provided for
5 No. 20; correct?

6 **A** Yes.

7 **Q** All right. And you would agree that there
8 were no bids, estimates, or anything attached to this;
9 correct?

10 **A** Correct.

11 **Q** And this is the sum total of what you provided
12 to us on that date?

13 **A** Right.

14 **Q** All right. Now I don't have an exhibit for
15 what was provided to -- in response to staff's
16 discovery, but do you have any reason to believe that
17 the responses to staff's discovery for PCF -- amended
18 PCF-20, amended PCF-33, and amended PCF-34 are different
19 from what was provided to Public Counsel?

20 **A** I don't recall.

21 **Q** All right. Would it surprise you to know that
22 they're identical to what was provided? What you
23 provided to Public Counsel is the exact same thing you
24 provided to staff on that date?

25 **A** I'd have to check. I'd have to check. I'm

1 not sure.

2 Q Okay. Thank you.

3 MR. SAYLER: All right. Madam Chair --

4 CHAIRMAN BROWN: Yes.

5 MR. SAYLER: -- that ends my examination of
6 Mr. Flynn. However, I know we're about to -- well, if
7 we're going to go into further questions, and at the
8 appropriate time I'll object to the exhibits attached to
9 his -- identified on staff's hearing exhibit list.

10 CHAIRMAN BROWN: I believe there are many more
11 questions for Mr. Flynn from staff as well as from the
12 bench. But now seems like a nice time to take a break.
13 It is roughly 12:30. We will come back here at 1:30.
14 We are in recess. Thank you.

15 (Transcript continues in sequence with Volume
16 4.)

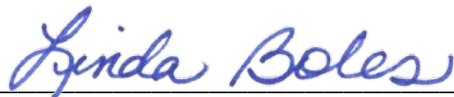
1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

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

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

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

18 DATED THIS 12th day of May, 2017.

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23
24
25


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