

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20190124-WU

PETITION FOR LIMITED
ALTERNATIVE RATE INCREASE
IN LAKE COUNTY BY RAINTREE
WATERWORKS, INC.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 9

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Thursday, October 3, 2019

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

REPORTED BY: ANDREA KOMARIDIS
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Next is Item No. 9.

3 By the way, Mr. Rubin, I like the color of
4 your shirt.

5 MR. RUBIN: Thank you, sir.

6 MR. GRAVES: Good morning, Commissioners.
7 Robert Graves with Commission staff. Item No. 9 is
8 staff's recommendation addressing Raintree
9 Waterworks' application for a limited alternative
10 rate increase under Rule 25-30.457.

11 Staff has determined that the utility meets
12 the eligibility requirements under this rule, which
13 allows a utility to apply for an increase in rates
14 no greater than 20 percent. Staff's recommendation
15 is that the Commission approve Raintree's
16 application in the amount of 20 percent.

17 Representatives from OPC and the utility are
18 present to address the Commission. Staff is also
19 available to answer any questions that you may
20 have.

21 CHAIRMAN GRAHAM: Thank you, staff.

22 OPC.

23 MR. DAVID: Yes, Tad David on behalf of the
24 Office of Public Counsel.

25 Good morning, and thank you for the time this

1 morning. First, OPC does not oppose the
2 recommended approval of the rates that have been
3 requested. And while we don't object or oppose the
4 recommended rate increase in -- in this docket, I
5 would like to simply note that OPC has ongoing
6 concerns regarding the current procedures and
7 language of the limited alternative rate increase
8 rules.

9 I also note that the -- that amendments to all
10 of the rules related to these LARIs and the
11 procedures are currently in the rule-development
12 process. Hopefully the resulting revisions will
13 address all of OPC's concerns.

14 And with -- but with that being said, once
15 again, we do not object to or oppose the
16 recommendation made in this docket.

17 Thank you.

18 CHAIRMAN GRAHAM: Thank you.

19 Mr. Rendell.

20 MR. RENDELL: Good morning, Commissioners,
21 Mr. Chairman. Troy Rendell on behalf of Raintree
22 Waterworks. I'm here to support staff's
23 recommendation. I would like to make a comment
24 that I've been working with O- -- Office of Public
25 Counsel on the rule to address their concerns as

1 well as mine.

2 As I previously said at a -- at an agenda
3 prior that approved three other ones, my filing
4 is -- you know, I worked -- I got the rule passed
5 when I was on staff. And we did address OPC's
6 concerns at that time through workshops, and the --
7 the recommendation, when we approved -- when you
8 approved the rule, had several changes to
9 accommodate OPC's concerns. And we look forward to
10 working -- continuing to work with the Office of
11 Public Counsel to -- to amend the rule as -- as
12 needed.

13 CHAIRMAN GRAHAM: Thank you, sir.

14 Commissioners. Commissioner Polmann.

15 COMMISSIONER POLMANN: Thank you,
16 Mr. Chairman.

17 I appreciate the utility and -- and OPC
18 working on the rule as -- and cooperating with
19 staff. This is encouraging. I understand that
20 there are some issues that need to be addressed
21 and -- and improved.

22 In the meantime, it seems that there is a need
23 here with the utility to -- to make improvements
24 and -- and recover for the additional costs. And,
25 under those circumstances, Mr. Chairman, I would

1 move the staff recommendation.

2 CHAIRMAN GRAHAM: Is there a second?

3 COMMISSIONER FAY: Second.

4 CHAIRMAN GRAHAM: It's been moved and
5 seconded.

6 Commissioner Brown.

7 COMMISSIONER BROWN: Thank you.

8 And I also appreciate Public Counsel and the
9 utility coming together to talk about the rule.
10 The way that it is currently drafted, I think,
11 needs a little bit of help. I -- and so, I'm
12 looking forward to seeing what the final product
13 is.

14 It just, you know, with -- with the additional
15 pass-throughs that are in place right now that have
16 been increased over the past few years, along with
17 staff's overt effort to encourage utilities to come
18 in annually for price indexes, I wonder where this
19 rule kind of fits in in all that.

20 20 percent is a -- it's not something to shy
21 away from here, and I think there should be
22 clarification about what those extenuating
23 circumstances are to warrant the 20-percent
24 increase rather than just showing that you're
25 under-earning.

1 So -- and I know the -- you meet the
2 qualifications of the rule. I just think that it
3 needs to be addressed here.

4 Mr. Rendell, what are those circumstances?

5 MR. RENDELL: Sure. I've had conversation
6 with Mr. Kelly and Mr. David on this particular
7 case. I actually -- when I file these, I do a
8 couple of things. One is I run it through what a
9 SARC model would be and what a potential increase
10 would be.

11 I did that with this one, and -- and I was
12 coming up with around 28, 29 percent, which is
13 above the 20, but we're willing not to come in
14 because of the -- you know, the regulatory costs
15 and the time line.

16 I also provided additional information that's
17 not required by rule. We're actually ins- --
18 replacing a hydro- -- hydropneumatic tank. That
19 should be delivered in the next couple of weeks.
20 And that's a -- cost about 40 to \$60,000.

21 I just did the financials yesterday on -- on
22 the utilities. And through year-end to date in
23 August, for Raintree, we're at, like, .1 percent
24 ret- -- rate of return. So, we're not even at
25 1 percent, so --

1 COMMISSIONER BROWN: I appreciate that. I
2 asked staff that in my briefing, and they weren't
3 able to clarify, so -- and my understanding is,
4 under the rule, there's intention to come in for a
5 full-blown rate case, correct? Or is --

6 MR. RENDELL: If it -- if it's -- if it's
7 protested, then the utility comes in for a SARC.
8 If it's denied, I can come in for a staff-assisted
9 rate case. You know, that -- that was the
10 intention of the rule when -- when we wrote -- when
11 I wrote it, when I was with staff, was the -- the
12 utilities just did not want to come through a SARC.
13 It's just time-consuming and costly on both the PSC
14 and -- and the utilities.

15 There need- -- there needed to be another
16 mechanism to at least get them a little bit closer
17 to compensatory rates outside of a rate case.
18 Indexes are typically very small. It's 1 percent.
19 The pass-throughs -- they're very limited to what
20 they have -- has been increased, but you know, when
21 you're making capital investments and some of the
22 other expenses that's not allowed to be pass-
23 through increases, then this -- this kind of fills
24 that void between --

25 COMMISSIONER BROWN: That's good.

1 MR. RENDELL: -- an index and a full SARC.

2 COMMISSIONER BROWN: So -- so, in theory, I
3 completely agree. I think that would -- that makes
4 sense. I just think having a little more
5 information about the need to com- -- you know, I
6 think you've met it under the current rule, but it
7 would give me a little more comfort. So, I
8 appreciate you clarifying.

9 With that, I'm ready to call the question.

10 CHAIRMAN GRAHAM: All right. We have a motion
11 and a second on the floor.

12 Seeing no further discussion, all in favor,
13 say aye.

14 (Chorus of ayes.)

15 CHAIRMAN GRAHAM: Any opposed?

16 By your action, you have approved the staff
17 recommendation on Item No. 9.

18 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
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IT IS FURTHER CERTIFIED that I
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attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 14th day of October, 2019.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021