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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20190118-WU

Application for increase in water rates
in Gulf County by Lighthouse Utilities
Company, Inc.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 4

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

DATE: Tuesday, May 5, 2020

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

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P R O C E E D I N G S

CHAIRMAN CLARK: Moving to Item No. 4, Mr. Futrell.

MR. FUTRELL: Item 4 is the staff's recommendation on Lighthouse Utilities' request to increase rates through a file and suspend rate case.

Lighthouse is a Class B utility providing water service to approximately 1,900 customers in Gulf County. Rates were last established in 2011.

A customer meeting was held in the service territory on January 23rd, 2020. Approximately 15 customers attended, and seven spoke during the meeting.

The majority of customers commented on low water pressure issues and inquired about the infrastructure improvements that are the subject of this case.

A substantial portion of the expenses and investment that are part of this rate case are environmental compliance costs that have been or will be incurred by the utility in order to comply with a consent order with the Florida Department of Environmental Protection.

Other expenses and investment are related to

1 storm restoration and repair costs that the utility
2 incurred and will continue to incur as a result of
3 Hurricane Michael.

4 Representatives of Lighthouse Utilities would
5 like to address the Commission. The Office of
6 Public Counsel is available to respond to comments
7 and questions. And staff is available to answer
8 questions.

9 CHAIRMAN CLARK: Thank you, Mr. Futrell.
10 Mr. May, are you on the line?

11 MR. MAY: I am.

12 CHAIRMAN CLARK: You are recognized.

13 MR. MAY: Thank you, and good morning. Thank
14 you. Good morning, Mr. Chairman and Commissioners,
15 I am Bruce May with the law firm of Holland &
16 Knight appearing on behalf of the Lighthouse
17 Utilities this morning.

18 I -- I really am here just to answer any
19 questions that you may have. I have been
20 authorized to let you know, and let the parties
21 know, that if the recommendation is approved, this
22 is a PAA process and the utility does not intend to
23 protest.

24 There is one issue I just want to briefly
25 touch on, and it's concerning Issue No. 10. It's

1 the -- which is found on page 19 of the
2 recommendation. And staff is recommending that
3 revenues in the test year be increased by
4 \$57,000 -- or \$57,722 based on staff's projections
5 that usage going forward should replicate the usage
6 in 2019.

7 We certainly hope that's the case, but
8 Commissioners, no one really has a crystal ball
9 here, and no one knows what impact the COVID-19
10 situation is going to have on usage. I think this
11 is an issue you will be dealing with on much larger
12 cases going forward.

13 But while we -- we don't have a crystal ball,
14 we do know this, the Governor's executive order,
15 which took effect yesterday, reopens part of the
16 State for business, but it does not reopen vacation
17 rentals. And as noted in Issue 17 on page 31 of
18 the recommendation, the utility does have vacation
19 rentals as part of its customer base.

20 Hopefully that segment of our economy will be
21 reopened in the near future, but if vacation
22 rentals remain on the lockdown, there is no
23 guarantee or assurance that 2020 revenues will, and
24 usage, will mirror usage in 2019. At this stage,
25 we just don't know. Those issues are for another

1 day.

2 And this is not to disparage or to criticize
3 staff's recommendation at all. I think staff took
4 known and measurable information, and that's 2019
5 usage, and did the best they could with it.

6 So I just wanted to go on record to note that
7 that is an uncertainty. I think that's an
8 uncertainty in all rate cases, but I did want to
9 mention that. And that's all I really have to say,
10 other than to answer any questions that any of you
11 may have.

12 CHAIRMAN CLARK: All right. Thank you,
13 Mr. May.

14 Ms. Christensen, are you available? Any
15 comments?

16 MS. CHRISTENSEN: No, we have reviewed the
17 recommendation, and we do not have any comments. I
18 just wanted to briefly respond to what Mr. May just
19 presented.

20 And we do recognize that COVID has created
21 some usage issues across industry, however, we are
22 setting rates going forward for the future, and so
23 I think the best information that we have available
24 on normal usage is 2019, and that usage would
25 reflect a similar usage of 2017 before Hurricane

1 Michael.

2 So that's probably the most reflective of
3 where the company will be when things return to
4 normal, and I think that's what we need to set
5 rates on at this point, is what we would expect
6 normal to be going forward so that the rates are
7 designed to capture their normal usage going
8 forward.

9 And with that, I will end my comments. Thank
10 you.

11 CHAIRMAN CLARK: Thank you, Ms. Christensen.

12 All right, Commissioners, any questions?

13 COMMISSIONER POLMANN: Yes, Mr. Chairman.

14 CHAIRMAN CLARK: Commissioner Polmann.

15 COMMISSIONER POLMANN: Thank you, Mr.

16 Chairman.

17 I appreciate the comments from the utility and
18 also from OPC. I wanted to just make an over -- an
19 overall comment.

20 I reviewed this item in briefing with staff.
21 We had a fairly broad discussion. And in
22 particular in reference to a comment that we just
23 heard, we did discuss with staff the uncertainty
24 issues. And I wanted to acknowledge the comments
25 that we heard, and the fact that I think that staff

1 did address that very well. I discussed that, and
2 I am very satisfied with the way that was -- that
3 was dealt with.

4 I want to recognize the uncertainty issue. I
5 think staff did a good job. I am satisfied with
6 the response to the questions that I had with
7 staff, and I -- I think it's been appropriately
8 addressed.

9 There were a number of other items of
10 questions I had with staff. They addressed that.
11 I am satisfied with all of the issues here.

12 I believe the recommendations do appropriately
13 address this and that this item has been dealt with
14 in the public interest. And, Mr. Chairman, I would
15 move approval of all the issues as staff
16 recommended.

17 CHAIRMAN CLARK: I have a motion. Do I have a
18 second?

19 COMMISSIONER GRAHAM: Second.

20 CHAIRMAN CLARK: I have a second.

21 Any --

22 COMMISSIONER BROWN: I will second.

23 CHAIRMAN CLARK: We have a motion and a
24 second.

25 Any discussion or any other questions from any

1 other Commissioners?

2 Commissioner Brown?

3 COMMISSIONER BROWN: Thank you.

4 I do feel compelled to ask just a few minor
5 questions on the item, and also appreciate what the
6 utility has been through since Hurricane Michael.
7 And it's been a long journey to get to this limited
8 proceeding, so I -- I do acknowledge that.

9 One thing, though, I want to ask is one of the
10 customers raised the issue about noticing boil
11 water notices electronically, and this is more of a
12 question for staff. I know DEP does not require
13 that. It could be a more convenient, more
14 streamlined process.

15 Is this something that we could consider in
16 the future, and maybe participating with a more
17 in-depth discussion with DEP about how to handle --
18 for certain utilities. This is a Class B, a larger
19 Class B. We have several Class B water cases
20 before us today. This one happens to be a larger
21 one. Is this something that we can talk with DEP
22 about more in the future?

23 CHAIRMAN CLARK: I will ask Mr. Futrell to
24 answer it or direct it to staff.

25 MR. FUTRELL: Commissioner Brown, I am going

1 to direct this first to Ms. Knoblauch, who handled
2 this particular issue, and give her first chance to
3 respond.

4 CHAIRMAN CLARK: Ms. Knoblauch, you are
5 recognized.

6 MS. KNOBLAUCH: Thank you. This is Emily
7 Knoblauch.

8 Yes. So as Commissioner Brown pointed out,
9 this is covered under a DEP rule. So as you said,
10 the utility is issuing notices according to the
11 rule, so they have to be issued either by mail, or
12 they can be hand-delivered. They also have to be I
13 issued in a newspaper, but the rule does not
14 specify that they cannot be issued in a different
15 method in addition to those two methods as well.
16 So I don't think the rule excludes issuing them
17 through electronic means, via text or email. But I
18 will just point out that, as far as the utility,
19 that would be additional costs that would be passed
20 along to the customers.

21 COMMISSIONER BROWN: And I do recognize that.
22 I think this is something, though, that we could
23 maybe explore down the road and see how this could
24 streamline the process for the utility, quite
25 frankly, and save them costs hand-delivering boil

1 water notices to almost 2,000 customers, versus
2 text messaging, e-mailing, doing something more
3 convenient.

4 But I would ask our Deputy Executive Director
5 or our Executive Director to maybe just put this
6 idea in the back burner for us to -- to look at as
7 we move forward during the year. This is a large
8 utility. It could probably save a lot of time,
9 energy and costs, as well as complying with the
10 safety and health and welfare of the public.

11 Mr. Chairman, I have two additional questions
12 for staff. One -- another one deals with the
13 excessive unaccountable water on page 13, Issue 5.
14 We've got almost 20 percent unaccounted --
15 excessive unaccounted for water, it's at 16.8. I
16 just want a little bit of background for the group
17 and how we can remedy that, and if the -- any --
18 any improvements are remedying that.

19 MR. FUTRELL: And I believe, Mr. Chairman,
20 that's Ms. Knoblauch.

21 MS. KNOBLAUCH: This is Emily Knoblauch again.

22 Yeah, actually the excessive unaccounted for
23 water, the utility indicated that that was mainly
24 due to the aerators that are in place at the
25 moment, and the new proforma project that they are

1 requesting in this rate case should help to remedy
2 that.

3 It's basically the aerator, they are losing
4 water from that, so the new proforma project is
5 replacing it. The current aerators that are used
6 is a spray aerator. That should hopefully address
7 the unaccounted for water that was calculated in
8 this rate case.

9 COMMISSIONER BROWN: Would we have any
10 assurances from that within a year, per se?

11 MS. KNOBLAUCH: So the -- the new aerator
12 system, the sprayer and mixer, that is supposed to
13 go into effect at the end of 2020. So we probably
14 wouldn't actually see the adjustment in the
15 unaccounted for water until probably 2021.

16 COMMISSIONER BROWN: Is there any type of
17 report that we have currently in place, though,
18 that can address -- again, it's a pretty high
19 amount. One of the highest I have seen. Is there
20 any type of report that could provide us that since
21 this limited proceeding is dealing directly with
22 that issue?

23 MS. KNOBLAUCH: For Issue 5, we do not have
24 any reporting requirements. I do not know of any
25 prior proceedings where we required the utility to

1 report back on the excessive unaccounted for water.
2 I don't know if -- if you guys want to add that
3 requirement. I don't know if there is anything
4 that would exclude that from being added.

5 COMMISSIONER BROWN: Thank you, Emily.

6 You know, Commissioners, we have a very
7 sophisticated limited proceeding here, rate case,
8 pardon me, with -- with significant time, legal
9 fees, accounting fees, engineering fees, a lot of
10 time has been put into this to address some of
11 these issues like unaccounted for excessive water.
12 I think it would make sense for us, since we are
13 putting the onus on the utility here, to come back,
14 at least -- I mean, I think we should have that
15 information to make sure that the proforma costs
16 are actually working. There has been a lot of
17 money that is being requested here today for this
18 size of utility, and I think it would be beneficial
19 for the customers to at least know that maybe in a
20 year, 2021, at least we have some type of report
21 that shows that 20 percent almost is -- is
22 diminishing.

23 MR. BALLINGER: Commissioner Brown, this is
24 Tom Ballinger, can I speak a second?

25 COMMISSIONER BROWN: No. Just joking.

1 MR. BALLINGER: One other thing to consider,
2 part of the unaccounted for water was based on an
3 estimate of extinguishing four fires. So that flow
4 was an estimate to conclude how much was
5 unaccounted for. There could have been a lot more
6 water associated with extinguishing those fires,
7 and not necessarily leaks and just the overflow of
8 these filters. So the number we have now is based
9 on estimates of other uses, which I think have a
10 big impact.

11 COMMISSIONER BROWN: Tom, is there anything we
12 can do, though, I mean, since the proforma costs
13 are supposed to mitigate that -- that any excessive
14 unaccounted for amount? And this seems to be a lot
15 for this utility. Is there anything that we can
16 do, some type of measure?

17 MR. BALLINGER: It's really -- the amount is
18 really not out of line with what we've seen in
19 other utilities, and the proforma is not being
20 installed just for unaccounted for water. The
21 proforma is being installed for other purposes. It
22 has a side benefit of reducing the unaccounted for
23 water.

24 I have no problem with getting reporting back.
25 That's fine. I just wanted you to be aware that

1 the amount is based on several factors.

2 COMMISSIONER BROWN: Thank you.

3 Yeah, I so would like -- I mean, given the
4 size of this case, I think that it would be
5 beneficial. I think a report at the end of 2021
6 would not -- at least some type of filing would be
7 beneficial to the Commission as well as to the
8 customers, irrespective of the fires.

9 Mr. Chairman, the other issue I have -- not
10 issue I have, but question I have for Issue 13, on
11 page 22, it's regarding the directors. And I
12 understand that the staff is recommending a
13 reduction from what the utility has requested.
14 This is a minor question -- minor issue. I just
15 kind of wanted clarification for the record.

16 Again, we are dealing with a Class B utility.
17 We have two other cases today before us that are
18 also similarly situated Class B utilities that
19 don't happen to have directors.

20 Why is staff saying in this statement the
21 duties have not changed for either the president or
22 the director since the last rate case, yet they are
23 asking -- they are giving the directors each \$3,000
24 increases? I am just curious what the directors'
25 responsibility to warrant that \$3,000 increase,

1 which is in excess of the CPI index since the last
2 rate case.

3 MR. FUTRELL: Mr. Chairman, Mr. Andrews is on
4 the phone that can answer that question from AFD.

5 CHAIRMAN CLARK: Okay.

6 MR. ANDREWS: Yes, this is Dylan Andrews.

7 When we looked at the directors' fees for this
8 case, we have data requests with the utility and
9 they indicated that the present salary is well
10 below the average of a manager of a utility of this
11 size, according to the AWWA survey.

12 COMMISSIONER BROWN: I'm not talking about the
13 president. I'm not talking about the president.

14 MR. ANDREWS: Yes, ma'am. The utility
15 requested that we include the president with the
16 directors' fees together for their director -- or
17 for their management salary in this case. So in
18 looking at the fee for all of them together, we
19 found a way to put those altogether to find them
20 within the range with AWWA. Their increase from
21 6,000 in the last case to 9,000, what we are
22 recommending in this case, is more than the --
23 what -- it's -- I guess -- you said it's more than
24 the CPI index, but it is not a significant increase
25 that we found, and they have had more experience in

1 managing and dealing, and then the utility also
2 indicated that the directors have increased
3 responsibilities due to the hurricanes that have
4 come in recently, storm hardening and those sorts
5 of things.

6 COMMISSIONER BROWN: Thank you.

7 So you combined the president's salary, which
8 you think is below the AWWA benchmark, with the
9 directors to give you a fair kind of market value
10 of the overall salaries; is that right?

11 MR. ANDREWS: Yes, Commissioner. Yes,
12 Commissioner.

13 COMMISSIONER BROWN: I don't have a problem
14 with that. I am just curious why this particular,
15 not publicly traded utility, has directors and we
16 don't have a description of what those directors
17 actually do, and then the utility was requesting
18 additional bonuses and an increase in their
19 compensation. Just it's not clear. And I am not
20 saying I have a -- again, I seconded the motion. I
21 don't have a problem with it. I just want more
22 clarification about why this is justified when the
23 other Class B utilities that are before us today do
24 not even have directors.

25 MR. ANDREWS: These directors, as far as a

1 data request in this case, they have directors
2 meetings a couple times a year, I can't remember,
3 and they are on-call, as far as what their duties
4 are, and they answer emails throughout the year,
5 and are on-call to the president to provide
6 guidance, I guess, to figure out the course of
7 action for this utility, as far as what's their
8 actual duties are. As far as comparing this to the
9 other utilities, there may be --

10 MR. FUTRELL: Mr. Chairman --

11 MR. ANDREWS: -- rate case, I can't really
12 speak to those personally.

13 COMMISSIONER BROWN: I am sorry, are they
14 directly affiliated with the affiliate real estate
15 company? Have you looked into that?

16 CHAIRMAN CLARK: Commissioner Brown, Mr.
17 Futrell is wanting to answer a couple of these
18 questions. Let's give him --

19 MR. FUTRELL: Perhaps some of these questions
20 maybe could be directed by Mr. May, perhaps --

21 CHAIRMAN CLARK: I am going to get to Mr. May.

22 MR. FUTRELL: -- unless someone else from AFD
23 would have a little more insight into the larger
24 picture that Commissioner Brown is raising.

25 CHAIRMAN CLARK: Mr. May, we will go ahead --

1 we will go ahead and turn you to real quick, if you
2 don't mind, if you could address Commissioner
3 Brown's concern regarding the president's salary
4 and the directors' salaries. And also I would like
5 to ask you to address her request regarding a
6 follow-up report maybe by the end of 2021 on
7 excessive loss of water. Would you address both of
8 those issues and give us a company position,
9 please?

10 MR. MAY: Yes, Mr. Chairman and Commissioner
11 Brown, those are excellent questions.

12 With respect to the president's salary and the
13 four directors that were allowed in staff's
14 recommendation, you are correct that if you combine
15 all of those, the combined salaries are still below
16 the AWWA benchmarking numbers.

17 In addition, the actual directors, this is a
18 unique -- this is a unique utility. It's a utility
19 that has -- it has one of the largest geographic
20 service areas of any Class B utility in the state.
21 It has about 1,800 customers, which is about twice
22 the size of the utility that you will be addressing
23 later today.

24 In addition, it's -- this utility is uniquely
25 situated geographically along a coastline that was

1 devastated by Hurricane Michael. As a result, the
2 not only the president, but the board of directors
3 themselves had to take an active hand to get this
4 utility back on its feet.

5 To complicate matters further, funding and
6 financing for this particular project froze as a
7 result of Hurricane Michael, it froze even harder
8 as a result of COVID. These directors have been
9 working diligently trying to find financing to move
10 this project along. And again, this is a unique
11 situation.

12 That's kind of the Reader's Digest answer to
13 your question on that. If you have -- if you have
14 other issues, I can -- I will try to explain
15 further. But again, I think this is a unique
16 situation. The directors are actively involved
17 hands-on with this utility, particularly in light
18 of the hurricane. And when you combine the
19 directors' fees with it, with the salary of the
20 president, the officer salaries will still fall
21 below the AWWA benchmark.

22 With respect to your first question on the
23 excessive unaccounted for water. The excessive
24 unaccounted for water under this -- in this case is
25 around 16.8 percent. I agree with Mr. Ballinger,

1 this is not out of -- outside of the parameters of
2 what you see in other rate cases.

3 In addition, the way the rule works for
4 excessive unaccounted for water, there is a penalty
5 provision if excessive unaccounted for water
6 exceeds 10 percent. So the utility is getting
7 penalized by 6.8 percent. There is 6.8 percent
8 reduction in purchase power costs and chemical
9 costs in this rate case.

10 As far as the report at the end of 2021, we --
11 I don't -- I think I can speak for the utility. We
12 don't have a problem in providing that report at
13 all. We would simply ask that if -- if it does
14 show that excessive unaccounted for water is
15 alleviated or reduced as a result of these for
16 proforma projects, that the Commission consider at
17 that point in time reducing the penalty that's
18 embedded in this -- in this rate case.

19 COMMISSIONER BROWN: I agree. I think that
20 makes adequate sense, and maybe we need to look at
21 that moving forward for other utilities who have
22 those penalties associated with excessive
23 unaccounted for water as well as proforma that
24 fixes that.

25 Thank you, Mr. May. I think you resolved any

1 potential concerns I had. I think the utility is
2 unique dealing with these issues and appreciate the
3 providing the clarification on all the issues.

4 MR. MAY: Thank you, Commissioner Brown.

5 I will be glad to answer any other questions.
6 I will go on mute.

7 CHAIRMAN CLARK: All right. Thank you,
8 Commissioner Brown.

9 Any other questions from any Commissioners?

10 COMMISSIONER POLMANN: Mr. Chairman --

11 CHAIRMAN CLARK: Commissioner Graham. One
12 second, Commissioner Polmann.

13 COMMISSIONER GRAHAM: I just want to make sure
14 that we are -- where we at. We have a motion on
15 the floor by Doc Polmann and duly seconded?

16 CHAIRMAN CLARK: Yes.

17 COMMISSIONER GRAHAM: Maybe make an amendment
18 to add Commissioner Brown's concerns?

19 CHAIRMAN CLARK: If Commissioner Brown would
20 like to require that, or just take the utility's,
21 just an agreement that they are going to provide
22 this. It's your call.

23 COMMISSIONER BROWN: I would love to require
24 it, if we could, because I think Mr. May brings up
25 a good point. If we have a report, then we can

1 look at whether the proforma costs are remedying
2 the excessive unaccounted for water. So I would
3 ask that the utility -- a friendly amendment to
4 have a report by the end of 2021 to indicate any
5 excessive unaccounted for water, and see if this
6 gives us the ability to address that at a later
7 date.

8 CHAIRMAN CLARK: All right. We are going to
9 consider that a friendly amendment, unless I see
10 any objections. No objections --

11 COMMISSIONER GRAHAM: Question.

12 COMMISSIONER POLMANN: Mr. Chairman.

13 CHAIRMAN CLARK: Commissioner Polmann, one
14 more comment.

15 COMMISSIONER POLMANN: Thank you.

16 CHAIRMAN CLARK: Commissioner Polmann.

17 COMMISSIONER POLMANN: I would suggest,
18 Commissioner Brown, based on the comments from Ms.
19 Knoblauch, what we are looking for, I think, since
20 there is uncertainty in how the excessive
21 unaccounted for water was calculated, that what --
22 the one particular item where there is a direct
23 evidence of loss of water was the aeration
24 treatment system, as compared to, for example, the
25 fire flow, which is a gross estimate, we have a

1 proforma project to operate the treatment work, and
2 that is on a schedule, if you will, with an
3 anticipated completion date, but that's, you know,
4 calendar-based.

5 So my suggestion, if you will, is that we --
6 we use that as a point of reference rather than
7 picking 2021, and perhaps you would accept a future
8 period of time as, for example, 12 months following
9 completion of a proforma project as a due date for
10 a report, and then consideration, if you wish, as a
11 review of the penalty, which is what the utility
12 asked for. I was not inclined to go that way, but
13 if that's the Commission's desire, I am just
14 suggesting that we use a reference point as a
15 proforma completion date as 12 months.

16 COMMISSIONER BROWN: I think that's fair, Mr.
17 Chairman.

18 CHAIRMAN CLARK: Okay. All right. So your
19 point is that the reporting requirement will come
20 at specific intervals during the next upcoming year
21 when things are accomplished, is that my
22 understanding?

23 COMMISSIONER POLMANN: Yes. I would simply
24 ask Ms. Knoblauch if she thought that was
25 reasonable, 12 months following completion of the

1 aeration project.

2 CHAIRMAN CLARK: Ms. Knoblauch, would you like
3 to respond?

4 MS. KNOBLAUCH: Yes. That sounds good,
5 especially, as Commissioner Polmann pointed out,
6 these are estimates of when the project will be
7 completed, so that seems reasonable.

8 CHAIRMAN CLARK: Okay.

9 COMMISSIONER POLMANN: Mr. Chairman, do you
10 need anything else to clarify that motion or --

11 CHAIRMAN CLARK: No, sir, we are considering
12 that -- we are considering that a friendly
13 amendment to it. We are all on the same page here.

14 Are we all in agreement? Commissioner Brown,
15 that satisfies your concerns?

16 COMMISSIONER BROWN: It does, I do want the
17 ability, though, for the Commission to look at
18 whether the proforma projects are working for the
19 issue of the un -- you know, excessive unaccounted
20 for water. I think that is a very smart issue to
21 raise by the utility to look at because they are
22 being penalized for that amount.

23 CHAIRMAN CLARK: All right.

24 COMMISSIONER BROWN: I think we should have
25 that added to the friendly amendment, at least the

1 Commission shall address any issues associated with
2 the un -- excessive unaccounted for water.

3 CHAIRMAN CLARK: So right now, the -- the
4 current motion would read as the -- we are
5 approving the staff recommendation with a
6 modification that the utility report back 12 months
7 after completion of the project with a report on
8 how that has affected excessive water usage; is
9 that correct?

10 Commissioner Brown, did you have any other
11 point on that? Did I miss something?

12 COMMISSIONER BROWN: No thank you.

13 CHAIRMAN CLARK: All right. Commissioner
14 Graham?

15 COMMISSIONER GRAHAM: I just want to make sure
16 I have this correct.

17 So they will get back to us with a report
18 explaining if they still have the excessive water
19 use. If they do not have the excessive water use,
20 are we going to eliminate that penalty and make
21 that a staff function, that financial -- that
22 financial penalty?

23 CHAIRMAN CLARK: Director Baez, you want to
24 address that?

25 MR. BAEZ: To Commissioner Graham's question,

1 it's my -- it's our general understanding that, you
2 know, though -- though Mr. May makes a good point,
3 right, that the onus is on the utility to file
4 for -- for that adjustment.

5 CHAIRMAN CLARK: Right.

6 MR. BAEZ: I mean, nothing -- at least as we
7 sit here now, nothing about this motion puts the
8 Commission in an affirmative position to have to
9 address it upon filing of the report.

10 COMMISSIONER GRAHAM: Okay. So it's -- it's
11 not going to automatically -- no, they are going to
12 file the report, and then the burden is upon them
13 to come back after that report.

14 MR. BAEZ: And make their case.

15 CHAIRMAN CLARK: A limited proceeding or --

16 MR. BAEZ: Something of the sort.

17 COMMISSIONER GRAHAM: Do we need to go through
18 all that? I mean, if the report shows that the
19 problem is fixed, why do we force them to come back
20 again? Why don't we tie all of that together?

21 MR. BAEZ: My -- my reaction to that is that
22 we are dealing -- we are dealing with dollars and
23 math and percentages, and so I don't know how they
24 all work together after that proforma project comes
25 in. That's -- that's something that has to get

1 established. I mean, we know that there is
2 nominally at least a six-percent -- Mr. May called
3 it a penalty. It's an adjustment. We can quibble
4 with the words, but if that's what they want to
5 address, that should be substantiated at the time,
6 and not in advance, I guess.

7 COMMISSIONER GRAHAM: Fair enough. I am just
8 trying to understand.

9 MR. BAEZ: So that's not -- that -- that whole
10 process that we've kind of -- that's not part of
11 the motion.

12 CHAIRMAN CLARK: Correct.

13 All right. Is everyone clear on what we are
14 voting on?

15 Okay. With that said, we will call for the
16 vote.

17 Commissioner Graham?

18 COMMISSIONER GRAHAM: Aye.

19 CHAIRMAN CLARK: Commissioner Polmann?

20 COMMISSIONER POLMANN: Aye.

21 CHAIRMAN CLARK: Commissioner Brown?

22 COMMISSIONER BROWN: Aye.

23 CHAIRMAN CLARK: Commissioner Fay?

24 COMMISSIONER FAY: Aye.

25 CHAIRMAN CLARK: By your vote, the motion is

1 approved.

2 Thank you very much. Okay --

3 MR. MAY: Mr. Chairman, I will be signing off.

4 CHAIRMAN CLARK: Thank you, Mr. May. I

5 appreciate your participation.

6 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED this 15th day of May, 2020.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020