

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220185-WS

Application for limited alternative rate  
increase in Hardee, Manatee, Marion, Polk  
and Pasco Counties, by Charlies Creek Utilities,  
LLC, Crestridge Utilities, LLC, East Marion  
Utilities, LLC, Heather Hills Utilities, LLC,  
Holiday Gardens Utilities, LLC, Lake Yale,  
Utilities, LLC, McLeod Gardens Utilities,  
LLC, Orange Land Utilities, LLC, Sunny Shores  
Utilities, LLC, Sunrise Water, LLC and West  
Lakeland Wastewater, LLC.

---

PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 2

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ANDREW GILES FAY  
COMMISSIONER ART GRAHAM  
COMMISSIONER GARY F. CLARK  
COMMISSIONER MIKE LA ROSA  
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, January 10, 2023

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

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

## 1 P R O C E E D I N G S

2 CHAIRMAN FAY: All right. Commissioners, next  
3 we will move on to Item No. 2. I will let our  
4 staff get set up, and then I believe we might have  
5 some folks from the utility also addressing us  
6 today.

7 So with that, Mr. Jones, when you are ready,  
8 you are recognized to present summary on Item No.  
9 2.

10 MR. JONES: Good morning, Chairman and  
11 Commissioners. Matt Jones from Commission legal  
12 staff.

13 This issue deals with filing fees associated  
14 with the limited alternative rate increase, or  
15 LARI, which have been filed in this docket. This  
16 recommendation does not address the merits of the  
17 underlying LARI. This recommendation solely  
18 addresses the rule waiver itself.

19 Staff recommends against the rule waiver for  
20 the reasons set forth in the recommendation.

21 The utility owner, Mr. Smallridge, wishes to  
22 address the Commission.

23 Staff is available for any questions.

24 CHAIRMAN FAY: Okay. Thank you for that  
25 summary, Mr. Jones.

1           With that, Commissioners, we will go to Mr.  
2           Smallridge to present to the Commission, and then I  
3           will take up any questions or comments that we on  
4           Item 2.

5           Mr. Smallridge, I know you have been before us  
6           before, and I think I mentioned last time you were  
7           here. We are mindful of notice requirements in the  
8           dockets that we discuss today, and so we've got  
9           this specific docket before us and I know your  
10          comments will be towards that, but just wanted to  
11          make sure we put you on notice that we are only  
12          taking up this docket today. And you are  
13          recognized to comment whenever you are ready.

14          MR. SMALLRIDGE: Okay. Thank you, Mr.  
15          Chairman. Good morning.

16          I filed this LARI like this for a couple of  
17          particular reasons. And after the staff report  
18          came out, I certainly recognize what staff is  
19          saying, and I don't think that they are wrong, but  
20          I don't think they are necessarily correct. And  
21          the issue that I have here is looking at this on  
22          a -- on a comparison issue.

23          I think the way that I filed this goes along  
24          with the spirit of the LARI, and why the LARI  
25          passed and made. And at that time, there was a

1 rule passed and made for the LARI. And I think  
2 that was -- that was a good thing, but the issue  
3 that I have here is that I filed this looking at  
4 the guise of if you are looking at a utility where  
5 there is somebody like me that has multiple  
6 utilities under one umbrella, or could be an owner  
7 that has two utilities, or three utilities, when  
8 you are talking about common costs looking at --  
9 looking at the whole system through the lens of a  
10 common cost, the way your staff calculates this  
11 stuff up, it's one utility. It's one -- it's one  
12 entity that shares all these common costs, and  
13 that's the way they always calculated it.

14 So by filing it the way I did, what I was  
15 hoping to do was to save my customers some money  
16 with all of these individual filing fees, and be  
17 able to accomplish the same thing the staff is  
18 going to do anyway. So that's the way I filed that  
19 like I did.

20 So looking at this report that your staff came  
21 out with, and looking at the way that I initially  
22 filed it, I think what your staff is saying is that  
23 my -- my position is that because we are looking at  
24 these companies through the lens of sharing common  
25 costs, if I were to file them one by one by one, 10

1 or 11 or 12 or 13 different utilities, your staff  
2 would have had to come up with 10 staff reports,  
3 all the things that go along with each individual  
4 filing. By filing them together, you got one staff  
5 report. One hearing. So forth and so going on.

6 So by reading this, your staff is saying that  
7 there is more work to be done than what paying the  
8 single filing fee of \$1,000 would justify. I don't  
9 disagree with that. But I think we would all could  
10 to agree -- or we should be able to agree that by  
11 the filing the way I did, there is not 13 times the  
12 cost.

13 So I think there is two -- in my view, there  
14 is two possible -- or there is three, but maybe two  
15 possible solutions here. If we can all agree that  
16 there is more than the one filing fee, or the  
17 amount of work that consists of the filing fee of  
18 \$1,000, and -- but there is not 13 staff reports.  
19 There is not 13 final reports. There is not all  
20 this stuff that goes along with filing 13  
21 individual cases, then maybe there is some medium  
22 that could help, or that would work for everybody  
23 that would save my customers some money, but also  
24 would -- would be comfortable for -- for the  
25 Commissioners to consider along with this.

1           I think part of the -- part of the problem is  
2           the ways that the rules are set up now in me -- in  
3           trying to file something like this, which is going  
4           to be useful for companies like myself to have  
5           multiple utilities, is this -- it's the way that  
6           the current Commission rules are written.

7           And maybe part of the solution here, if the  
8           Commissioners want to consider it, is that at some  
9           point in the future some kind of a rule adjustment  
10          can be made. Because if you look at the staff  
11          report, and it says an application for a limited  
12          proceeding, No. 1, for utilities with existing  
13          capacity to serve up to 100 customers is \$200.

14          So if you go from that to No. 2, which is  
15          utility -- utilities that existing capacity to  
16          serve 101. So if I am a small utility and I have  
17          that one extra customer, it costs me, you know, two  
18          times more to file it for that one extra customer.  
19          And then if you go to No. 3, utilities with the  
20          capacity to serve 200 or more, so it goes -- the  
21          filing fee goes from 500 to 1,000. So that's the  
22          guy that really gets screwed in No. 2.

23          And, you know, it was -- there is an  
24          interesting sentence in here that, in the staff  
25          report, that, you know, these filing fees are a

1 cost of doing business, and that's not an incorrect  
2 statement. But what's not really put out there is  
3 that when you are a small utility from, you know,  
4 even up to one with 200 customers, \$500 to \$1,000  
5 is a lot of money for that utility, because these  
6 utilities just don't generate that much money.

7 Then you got the utility owner, or, you know,  
8 the company that's in charge of it, that \$500, or  
9 \$1,000, or even \$200 of income, we had to recoup  
10 that over four years, and you take that money and  
11 divide it out over four years, there is not enough  
12 money there to buy a cup of coffee with every  
13 month.

14 So it's -- it's tough, and that's the reason  
15 me, looking at these individual companies, me  
16 looking at the number of customers, and this big  
17 huge fee of all these filing fees is the way I --  
18 the way I wanted to try to file this to see if  
19 there could be some kind of relief with the guise  
20 that filing it like I did was going to save staff  
21 the multiple work over and over and over again.

22 So it may be that --

23 CHAIRMAN FAY: Mr. Smallridge, if I could just  
24 get you to wrap it up, and then I want to make sure  
25 if the Commissioners have questions for you, we can

1 get to those.

2 MR. SMALLRIDGE: I am done.

3 CHAIRMAN FAY: Okay. Great.

4 Commissioners, any questions or comments on --  
5 Commissioner La Rosa, you are recognized.

6 COMMISSIONER LA ROSA: Thank you, Chairman.

7 Mr. Smallridge, you started to kind of allude  
8 about the cost and what's being generated for each  
9 one of these utilities. Can you, maybe in more  
10 specifics, tell us what the hardship is? Is it the  
11 inability to -- for these systems to generate the  
12 filing fees as an additional cost?

13 MR. SMALLRIDGE: Well, no, because it's  
14 something that I put out in advance, and then --  
15 and then it's collected back through the customers,  
16 usually over a four-year period.

17 But if you have got-- if you have got a  
18 company with, you know, 100 to, say, 200 customers,  
19 the filing fees are put up by me. I collect them  
20 back over the four-year period, but it's still --  
21 it's still all money in the pot. It's still money  
22 that the customers have to pay back. And that  
23 amount of money is -- it's a big chunk of money if  
24 you look at that each individual system in its own  
25 merits.



1           COMMISSIONER LA ROSA: Was there any  
2 supporting documentation given to staff for a  
3 hardship like this?

4           MR. SMALLRIDGE: Yes.

5           COMMISSIONER LA ROSA: What type of  
6 documentation? Was it financial records, or --

7           MR. SMALLRIDGE: Yeah, they -- I submitted all  
8 the financial records.

9           COMMISSIONER LA ROSA: Okay. Chairman, I  
10 would like to see if I could get maybe staff's  
11 opinion on just some of his comments in specifics  
12 maybe to what they've received as far as, you know,  
13 the finances as a hardship. Is it truly a  
14 hardship?

15           I understand what's being asked, I think. I  
16 understand the situation, so I am just trying to  
17 kind of maybe understand can we get to an area that  
18 -- that helps, or maybe it doesn't.

19           CHAIRMAN FAY: Yeah, sure.

20           Mr. Richards or Mr. Jones, maybe address  
21 Commissioner La Rosa's question regarding this --  
22 the hardship requirement, and what's been submitted  
23 in the record.

24           MR. RICHARDS: Good morning, Commissioners.  
25 Chris Richards.

1           If I understand your question correctly,  
2           Commissioner La Rosa, it's -- are you asking about  
3           the hardship -- you know, the -- the cost of the  
4           filing fee is the cost to do business.

5           COMMISSIONER LA ROSA: I am asking if Mr.  
6           Smallridge provided financials that staff was able  
7           to review to see if this qualifies or meets a  
8           threshold of whether this is truly a hardship.

9           MR. RICHARDS: There has not been anything  
10          placed in the docket file, or provided to staff.

11          COMMISSIONER LA ROSA: No financial records of  
12          the utilities?

13          MR. RICHARDS: No, sir, not, you know,  
14          demonstrating cash on hand, or anything like that.  
15          Just what they requested.

16          COMMISSIONER LA ROSA: And this is a question  
17          that we spoke about, you know, in discussion as we  
18          were briefing on this. Is there any duplication of  
19          services that staff has on these 14 different  
20          utilities when they are analyzing each one  
21          individually?

22          MR. RICHARDS: Not really a duplication. We  
23          have to make sure that each individual system quali  
24          -- first of all, qualifies for the LARI. There are  
25          standards that have to be met, and we have to check

1           that each system qualifies. Then we have to run  
2           the calculation on each one, and make sure that  
3           each one does not exceed the allowed 20 percent.

4           So as far as a math process would go, we've  
5           got to do it all 13 times. You know, we know,  
6           okay, the big pot of money that he is asking for is  
7           this, but I have got to make sure, for example, you  
8           know, Lake Yale, one, do they qualify? Then I have  
9           to figure out how that's all allocated, and then I  
10          have got to make sure that they don't exceed the  
11          allowed 20 percent. And then I got to do it for  
12          the next one and the next one.

13          So it's 13 steps. You know, it's -- it's the  
14          same work done, but it's got to be done 13 times to  
15          make sure each one qualifies, and that it's fair to  
16          each of the customers for each of the systems.

17          COMMISSIONER LA ROSA: And just for my  
18          understanding -- I still consider myself a new  
19          Commissioner -- when we hear these -- these  
20          individual cases, would we make a decision on each  
21          one individually, not on 14 carte blanche?

22          MR. RICHARDS: That's correct, sir. When I  
23          would do the recommendation, I would come to the  
24          Commission, and I may say, Commissioners, 10 of  
25          these qualify for the LARI. This is what we are

1 recommending for their increase. And the others, I  
2 have to make adjustments so they do not exceed the  
3 20 percent allowed. So we would have to come in  
4 our recommendation and break out each individual  
5 system.

6 COMMISSIONER LA ROSA: And if we wanted -- if  
7 we saw something that wanted -- that, you know, we  
8 wanted to flag, and maybe we didn't agree with  
9 that, we could pull that one out and say, this one  
10 doesn't qualify and have that discussion here as a  
11 commission?

12 MR. RICHARDS: Yes, sir. We have done that in  
13 the past, where Mr. Smallridge submitted a LARI for  
14 multiple utilities, and we had to go through and  
15 tell him to remove certain pieces of that because  
16 they did not qualify.

17 COMMISSIONER LA ROSA: The reason I ask that  
18 is that clearly hypothetical, the reason I am  
19 asking is so that if we did see something, we would  
20 have to consider that individually, kind of call  
21 it, you know, within a certain silo and not as  
22 carte blanche across the board?

23 MR. RICHARDS: Yes, sir. So for example, if  
24 you saw something in Lake Yale you didn't like, we  
25 would have to focus on Lake Yale, correct that

1 issue. It would have no bearing on the others.  
2 They would all have to be done.

3 COMMISSIONER LA ROSA: Okay. All right. Can  
4 I throw it back to Mr. Smallridge?

5 CHAIRMAN FAY: Yeah.

6 COMMISSIONER LA ROSA: And you mentioned that  
7 there was financials given. Staff is saying that  
8 there was not financials given. I feel like we are  
9 kind of in a between, so how do we -- can we  
10 clarify that?

11 CHAIRMAN FAY: Yeah. Mr. Smallridge, if you  
12 want to respond, your welcome to do so.

13 MR. SMALLRIDGE: Thank you.

14 Yeah, when I submitted to the docket file on  
15 the utilities that were -- that were in here, we  
16 submitted to staff all the increase -- we submitted  
17 to staff -- I don't have it in front of me, so I  
18 can't go through it line by line, but we submitted  
19 to staff all of the proforma items that we were  
20 asking for.

21 And in this, the purpose of this LARI for me  
22 was to get these utilities up to the rate of return  
23 so I could afford -- the utilities could afford to  
24 pay the filing fees. That was the purpose of the  
25 filing initially, and then also to add some

1 proforma items that I had had to, again, keep these  
2 utilities from operating at a deficit.

3 So if the staff was to look at the paperwork  
4 they have, they would see the utilities are  
5 operating in a deficit, and that's why I filed the  
6 LARI in the first place.

7 COMMISSIONER LA ROSA: Is that the only  
8 hardship that you would be requesting -- or that  
9 you are requesting? Are there other hardships  
10 besides financials?

11 MR. SMALLRIDGE: Well, no. I mean, there is  
12 not necessarily -- I don't know if you and I are  
13 defining a financial hardship in -- in the same  
14 definition.

15 As far as the filing fees go, there -- there  
16 is no financial hardship because I, the utility  
17 owner, pay them in advance and collect them from  
18 the utility for the next four years. But it's  
19 still a fee to my customers that I am trying to  
20 save them the money.

21 And your staff says that they look at these  
22 individual things 13 times, or whatever the  
23 multiple is, that's true. But there is certain  
24 parts of filing these together that they are not  
25 doing 13 times over and over again.

1           So there is -- to me, there is a cap. There  
2           is a part there to where if I was to file them 13  
3           individual utility rate cases as opposed to one,  
4           yes, there is multiples of work, but there is not  
5           the multiples of work to filing it 13 times over  
6           and over and over again in separate dockets. And  
7           that's where I feel that my customers should get  
8           some kind of savings. That's the fairness issue.

9           And again, I think part of the problem here is  
10          there is not a rule that particularly advances  
11          this. I don't know that I am the only one that's  
12          ever filed this like this. But I went back to the  
13          dockets and couldn't find anything else. So it may  
14          be that there is just not an applicable rule that  
15          allows this to happen, and maybe the Commissioners  
16          could consider that in the future.

17          COMMISSIONER LA ROSA: And maybe --

18          MR. SMALLRIDGE: To me, it's a fairness -- the  
19          answer to your question, Commissioner, I think it's  
20          a fairness issue to my customers. That's what I am  
21          trying to get the point across. And I think  
22          this -- filing this the way I did provides an  
23          avenue for this type of work to be done, and to be  
24          able to save the customers a little bit of the  
25          filing fees.

1           COMMISSIONER LA ROSA: I understand. And  
2 maybe that is a consideration that we could have  
3 down the road when it comes to rule-making and  
4 adjusting the rules that we currently have in  
5 place.

6           CHAIRMAN FAY: Okay. Great, yeah.

7           And, Commissioner La Rosa, and then I will  
8 come to you, Commissioner Clark. I had the same  
9 thought. I am sympathetic to what Mr. Smallridge  
10 is saying, but the rule is pretty prescriptive and  
11 fairly clear as to what could be done or not be  
12 done.

13           I just -- and you can defer on this question,  
14 Mr. Smallridge, if you are not sure, but did you  
15 consider the potential of consolidation, where you  
16 would just file one with all of these utilities? I  
17 mean, is that something you have taken into  
18 consideration?

19           MR. SMALLRIDGE: Yes, I have. Over the years,  
20 as utilities have come onboard, I have tried to --  
21 I have considered doing them. I have, multiple  
22 times and multiple different ways, several  
23 different ways to do it. And there are some ins  
24 and outs and goods and bads along with that. You  
25 know, they have to be waived.



1           When you -- when you -- when you break these  
2           little systems up from Class C utilities you become  
3           a Class B or Class A utility. Now you have to get  
4           into different filing rules. You have to hire  
5           consultants and accounts, and all of that kind of  
6           stuff. And just to file a rate case becomes a lot  
7           more expensive, a lot more time-consuming.

8           And so I look back to each individual company  
9           and look at, you know, what would happen if I took  
10          this company that had 50 customers and combine it  
11          with this company that had 600 customers, and it's  
12          just -- I just don't see the advantageous part for  
13          the customers themselves to be able to take these  
14          from Class C utilities to a Class A utility, which  
15          is what I would end up doing.

16                 CHAIRMAN FAY: Okay. Thank you.

17                 Yeah, Commissioner Clark, you are recognized.

18                 COMMISSIONER CLARK: Thank you, Mr. Chairman.  
19                 A couple of comments and observations.

20                 I appreciate, Mr. Smallridge, your intent to  
21                 try and save the customers some money. That's  
22                 always a top priority and a concern. But at the  
23                 same time, we have responsibilities as  
24                 Commissioners.

25                 The quick math on this was about a

1 two-and-a-half cent per month cost per customer  
2 over the four-year period based on the aggregated  
3 number of customers, and so the real concern here  
4 is you have to front the money, you are out the  
5 interest cost of those dollars over a four-year  
6 period. So we are -- bottom line, we are probably  
7 in the \$2,500 real cost range to you, would that be  
8 a fair accurate assessment?

9 MR. SMALLRIDGE: I am sorry, say that last  
10 part again. What did you say, 2,500?

11 COMMISSIONER CLARK: That would your interest  
12 cost on the dollars you put out up front that you  
13 are going to be collecting over the next four years  
14 from the customers at a rough cost of six percent?

15 CHAIRMAN FAY: To be honest with you, Mr.  
16 Chair -- or Commissioner, I haven't calculated it  
17 out. So I will take --

18 COMMISSIONER CLARK: It's the interest cost on  
19 the dollars that you are fronting is the real cost  
20 to you, is that correct? It's the real cost to the  
21 shareholder?

22 MR. SMALLRIDGE: Yes.

23 COMMISSIONER CLARK: Okay. I think my point  
24 here is, again, I have no -- no objection to  
25 looking to ways to consolidate and save the

1 customers money, but at the same time, from a  
2 Commission perspective, we are bound here by a  
3 statute that requires us to establish a fee, which  
4 we have been discussing in the big broader picture  
5 of our regulatory assessment fees.

6 We don't have, in my opinion, an accurate  
7 reflection of our true cost divided out amongst the  
8 utilities that we are regulating, and especially in  
9 this case. If you look at the real time and the  
10 real dollars that are involved, no matter how much  
11 we pair this down and consolidate it, the  
12 application fee doesn't near begin to cover the  
13 cost of the Commission. We are already subsidizing  
14 smaller utilities with larger utilities' costs that  
15 are being assessed to them.

16 So I think that's a bigger picture question  
17 that we, as the Commission, are going to have to  
18 address at some point in time, and that's the  
19 accuracy and the fairness of the regulatory fee to  
20 begin with.

21 I think my key point here is, and my question  
22 to staff would be, to make sure I have a clear  
23 understanding, is under the statutory requirements,  
24 we have an application fee, but the rule actually  
25 is what establishes the amount of the fees, is that

1 a correct statement?

2 MR. JONES: Yes, sir. That is correct.

3 COMMISSIONER CLARK: So we don't have the  
4 ability to waive the statute. We do have the  
5 ability to waive a rule, but without some sort of  
6 fee in place, or some sort of system in place in a  
7 rule, we -- I guess I am trying to say we really  
8 can't waive a statute -- we can't waive this  
9 because we don't have any alternative for an  
10 application fee. We would have to come up with  
11 something on the spot, as opposed to just flat out  
12 waiver, is that a fair statement?

13 MR. JONES: Yes, sir. That's correct.

14 COMMISSIONER CLARK: Okay. Thank you. That's  
15 all my questions.

16 CHAIRMAN FAY: I want to go to Commissioner  
17 Passidomo, and then make sure staff doesn't have  
18 anything to add before we've take up further  
19 discussion on this.

20 Commissioner Passidomo, you are recognized.

21 COMMISSIONER PASSIDOMO: Thank you, Mr.  
22 Chairman.

23 I have to agree with Commissioner Clark's --  
24 you know, the sentiment, of course, that you are  
25 trying to save customers money, and that's -- you

1 know, we are always looking to do that, but I mean,  
2 I don't -- I would like to even stay a little bit  
3 more focused here versus going, you know,  
4 revisiting any, in the larger context. I mean,  
5 what's in front us here, you know, the statute --  
6 the variance statute is pretty clear whether we get  
7 a waiver or not, it's those two prongs there, and I  
8 am pretty sure I heard you, you know, just a moment  
9 ago say there is really is no substantial hardship.  
10 So I am just -- I can't get past that.

11 So I think this is another time where we  
12 really need to just stay clear of what the statute  
13 requires of us. And because these are, you know,  
14 they are not consolidated systems, that there was  
15 individual assessments being made for each utility,  
16 that, you know, our hands are kind of tied right  
17 now with what the statute requires of us.

18 CHAIRMAN FAY: Great. Thank you, Commissioner  
19 Passidomo.

20 And, staff, anything else to add before the  
21 Commission takes it up for discussion?

22 MR. HETRICK: I would like to, if I could --

23 CHAIRMAN FAY: Yes, Mr. Hetrick.

24 MR. HETRICK: -- Mr. Chair, complete

25 Commissioner Clark's thought on this. And he is

1 absolutely correct that the Legislature doesn't  
2 provide a mechanism to reduce the fees to small  
3 systems, and that, by statute, we are mandated to  
4 cover the cost of regulation.

5 But the Commission does have the authority to  
6 waive the statute, but we need to remind ourselves,  
7 or be reminded what the law is on that under  
8 Chapter 120. And Chapter 120 allows waivers from  
9 agency rules for two circumstances.

10 No. 1, that the purpose of the underlying  
11 statute will be, or has been achieved by other  
12 means. That's No. 1. In that regard, the purpose  
13 of this statute is that the Commission has to be  
14 compensated for the work it performs. So I don't  
15 think there has been any demonstration here by  
16 other means that that underlying purpose of the  
17 statute would be met.

18 The other thing is that the application of the  
19 rule has -- there has to be a hardship or a  
20 violation of the principle of fairness. But both  
21 of these requirements need to be met, and there  
22 needs to be some evidence that there is no other  
23 way out here. This -- I believe this utility could  
24 have mitigated that hardship by phasing the filing  
25 of these systems. And we have to keep in mind that

1           this is not a consolidated system.

2           So I think at the end of the day, while the  
3           Commission has the authority to grant waivers, it  
4           needs to keep in mind what the law is on the  
5           granting of those waivers under Chapter 120. And  
6           that's the point I wanted to complete Commissioner  
7           Clark's thought on, so thank you.

8           CHAIRMAN FAY: Anything else? All right --

9           MR. SMALLRIDGE: Mr. Chairman, Mr. Clark asked  
10          me a question. Can I answer it?

11          CHAIRMAN FAY: Yeah. Sure, Mr. Smallridge.  
12          Go ahead.

13          MR. SMALLRIDGE: I want to say, Commissioner  
14          Clark, that I think it's important to keep in mind  
15          that you are always going to subsidize these small  
16          systems, and somebody like me, that's trying to  
17          operate them and keep them going, I want to give  
18          you an example.

19          I recently had a lightning strike at Alturas  
20          Utilities. And for me to get that one well going  
21          back, it was \$31,000, and insurance paid for about  
22          half of it. So I got the other half that had to  
23          come out of my pocket and pay it in advance, but  
24          that utility generally makes about \$800 a year.

25          So that's why I wanted to get back to my point

1           about these filing fees. And you would think, you  
2           know, the \$500, the filing fee for that particular  
3           utility is not a lot. And, yes, the customers pay  
4           it back over the four-year period. It's a big sum  
5           of money, and I -- I don't know the stats, but I  
6           would say that most of the utilities that are small  
7           like that don't even operate at their own rate of  
8           return.

9                   CHAIRMAN FAY: Okay. Commissioner Clark.

10                   COMMISSIONER CLARK: Mr. Smallridge, I agree  
11           with you, and you certainly have -- my hat is off  
12           to you for taking on the challenge of running a  
13           small utility. I realize it's not easy. It's --  
14           there is a lot of investment that has to go into  
15           this, and I support the concept of consolidation.  
16           And I think that's probably one of the only ways we  
17           are going to fix some of the problems that we have  
18           with our smaller utilities. The inability to get  
19           capital where capital needs to go to be able to  
20           make the improvements in these systems are going to  
21           be from folks like you that are taking these  
22           challenges on. And I want to be supportive of  
23           that. I really do.

24                   I sympathize with the customer that has to pay  
25           the additional cost. I sympathize with the owner



1           that's being burdened with these outrageous costs.  
2           But at the same time, as the Commission, we have a  
3           responsibility to the entire citizens of Florida,  
4           and I think we have to figure that balance out.

5           I certainly don't disagree with anything you  
6           have said today. I just don't see this as a place  
7           where we have the type of flexibility I would love  
8           to be able to give you here myself. Thank you,  
9           though.

10           CHAIRMAN FAY: Thank you, Commissioner Clark.  
11           Commissioner La Rosa.

12           COMMISSIONER LA ROSA: Thank you, Chairman.

13           And I think Commissioner Clark just said it  
14           perfectly, so I won't say a whole lot, just to say  
15           this, is that I do want Class C systems to become  
16           Class A systems. I am absolutely on board with  
17           that. I have said that many, you know, multiple  
18           times.

19           I am not an attorney so I won't even pretend  
20           to try to understand Chapter 120, but I think it  
21           was said very well by our General Counsel, maybe  
22           that's what needs to be considered, just spelling  
23           out some of the things that are here currently in  
24           statute into our rules to give better guidance  
25           moving forward, to better understand what those

1 thresholds are and what can be done, but, you know,  
2 I understand the discussion that's had. I think  
3 our own Commissioners have made a great point, and  
4 thank you, Chairman, but I just wanted that to be  
5 on the record.

6 I am onboard. I do not like when government  
7 is in the way, and I am looking for a way to get  
8 government out of the way of this situation.  
9 Unfortunately, we are just not there. We can't get  
10 to that threshold.

11 CHAIRMAN FAY: Great. Thank you, Commissioner  
12 La Rosa.

13 And I think, Mr. Smallridge, you did spark a  
14 greater debate on this issue and how it impacts  
15 these small utilities, so I appreciate your time in  
16 being here today.

17 Commissioners, we -- this -- we are not taking  
18 up the actual changes on these utilities. This  
19 would be just for the rule waiver for Item 2 here.  
20 So with that, if there are any more comments, I'm  
21 open to that. If not, we can take a motion on Item  
22 2.

23 COMMISSIONER LA ROSA: Chairman, motion to  
24 approve Item 2.

25 CHAIRMAN FAY: Okay. We have a motion from

1 Commissioner La Rosa to approve staff's  
2 recommendation on Item 2.

3 COMMISSIONER CLARK: Second.

4 COMMISSIONER GRAHAM: Second.

5 CHAIRMAN FAY: We have a second.

6 All that approve say aye.

7 (Chorus of ayes.)

8 CHAIRMAN FAY: With that, show none opposed.

9 We will show Item No. 2 passing unanimously.

10 Commissioners, with that, that will conclude  
11 our Agenda meeting for today. Thank you so much.

12 (Agenda item concluded.)

13

14

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

CERTIFICATE OF REPORTER

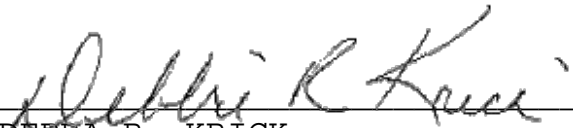
STATE OF FLORIDA )  
COUNTY OF LEON )

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 18th day of January, 2023.

  
DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH31926  
EXPIRES AUGUST 13, 2024