BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. UNDOCKETED

IN RE: EXAMINE REGULATORY POLICIES AND PRACTICES IN THE WATER AND WASTEWATER INDUSTRIES IN FLORIDA.
____/

PROCEEDINGS: COMMISSION WORKSHOP

COMMISSION STAFF PARTICIPATING: DOUGLAS SUNSHINE
MARK CICCHETTI
BART FLETCHER

PROCEEDINGS: COMMISSION WORKSHOP

DATE: Thursday, April 13, 2023

TIME: Commenced: 9:30 a.m.
Concluded: 11:20 a.m.

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

REPORTED BY: DEBRA R. KRICK
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P R O C E E D I N G S

MR. SUNSHINE: Good morning. Pursuant to notice, this time and place has been set for a staff rule development workshop to take input from interested persons -- persons on updating and clarifying Rule 25-30.0371, Florida Administrative Code, Acquisition Adjustments.

I am Douglas Sunshine with the Office of General Counsel. Also here on behalf of staff are Mark Cicchetti and Bart Fletcher.

All materials for today's workshops -- workshop are posted on the Commission's website under the rule development tab.

Before we begin, I would like to noted note that we have elected to have a court reporter present for this workshop, and the transcript will be published once received. Additionally, the video recording will be available for viewing on the Commission website by clicking the Watch Live and Archived PSC Events heading on the home page, and then navigating to or entering a search query for Undocketed WAW industries workshop on the subsequent page.

You may contact the Commission or reach out to me directly if you have any difficulty finding the video recording of this workshop.

As there is a court reporter, please use a microphone and introduce yourself before speaking for the benefit of those listening to the workshop on-line. Also, please be mindful not to talk over anyone as it prevents a proper transcription from being made.

At this point, does anyone have any preliminary matters -- preliminary matters or questions before we begin?

Okay. Seeing none. Mark, I will hand it off to you.

MR. CICCHETTI: Good morning, everyone. We certainly appreciate all of you being here this morning to deal with this important issue, particularly since you also had to deal with the rain. You know, they say if it rains on your wedding day, it's good luck. Hopefully raining on the day of a acquisition adjustment workshop means we are going to have a productive meeting and produce a good product for the citizens of the state of Florida.

We are going to have some very brief staff introductory comments, and then what we are going to do is go through, section by section, the proposed rule. And today we will start from the left and go to the right, and also ask if anyone else would like to make some comments, and then go to the next section.

MR. FRIEDMAN: Mark, this is Marty Friedman. I have some general -- before we go through line-by-line specific comments, I do have some just general comments about the rule I would to make that I don't -- I think should be made probably before we go through the rule section by section --

MR. CICCHETTI: Okay, but --

MR. FRIEDMAN: -- when you think is appropriate to do that?

MR. CICCHETTI: Yeah. Let us just finish up these brief introductory comments and we will do -- let everyone have some introductory comments, and then we will get to the section by section.

MR. FRIEDMAN: Thank you.

MR. CICCHETTI: Thank you, Marty.

The only one thing that I want to point out before we get to something that's in this section by section has to do with the cumulative present value of revenue requirements analysis. I just want to say that is just an example that we are putting out there right now. Nobody is required to use that, and I just wanted to put that out there before we got to the introductory comments.

Bart would also like to say something before we start.

MR. FLETCHER: Yes. Good morning.

Just a follow-up on some of the comments at the last general workshop, I wanted to make a few comments prior to going over this rule.

I am reminded something that Dr. Jamison mentioned at the recent PURC, is, you know, that he was asked to do an analysis, just do the analysis and report the results. So I kind of -- looking at some of the NAWC, slide 15 that was available on-line, comparing the consolidation with Pennsylvania versus, I wanted to look at their results versus Florida.

If you remember on that slide, it gave the number of utilities in 1983 being 333 utilities, and in 2022, it went down to 55. So that was a 278 utility reduction, or 83-and-a-half percent.

So I started looking at Florida, looking at the database that we had going back to '83, using our master commission directory, and then also looking at our current count of annual reports required in 2022 based on our ROE database that we have. So in '83, it was 634 utility that Florida had jurisdiction over. It went down to 140 -- 14. That's a 520 reduction in utilities, or 82 percent.

I will note that I am not sure how it's done in Pennsylvania, whether they have the same structure here where the counties are -- rescind or give jurisdiction to the PSC there, but I will note here, out of 67 counties, in '83 we had -- the Commission had jurisdiction over 30 counties. In 2022, it went up to 38.

So just looking at some more information based on my research of transfers that occurred after the acquisition adjustment rule became effective August 1st, 2002, to the present. There have been 84 transfers of an IOU to a governmental utility authority; 85 transfers from an IOU to another IOU; 30 TMODs, or transfer majority organizational control; two transfers from an exempt entity to an IOU; and seven transfers from IOU to an exempt entity.

Now, under the policy presently codified in 20 -- Rule 25-30.0371, acquisitions have continually occurred. To illustrate the consolidation results of jurisdictional water and wastewater utilities, there were 201 annual reports required to be filed in 2003, and 114 in 2022. Which represents a 48.28 percent reduction since the acquisition adjustment rule became effective.

With that said, I would note that there are factors other than transfers to governmental utility authorities or exempt entities that affect the number of water and wastewater annual reports filed with the Commission, such as original certificates and in the county giving and rescinding jurisdiction over investor-owned water and wastewater utilities.

And also there could be factors like just consolidation that was experienced with Sunshine Water's predecessor, Utilities Inc. of Florida. In 2016 when they had the rate case for rate consolidation, there were 11 revenue requirements for water, 14 for wastewater. That was a total of 25 revenue requirements. And after the rate consolidation was approved, it went to two, one for water and wastewater. And prior to that corporate reorganization, collapsing about 11 or 12 affiliate companies down to one company, Utilities Inc. of Florida.

So those are my opening comments just to reflect what results have been under the present rule.

MR. CICCHETTI: Okay. Thank you, Bart.

Marty.

MR. FRIEDMAN: Thank you. Marty Friedman on behalf of Sunshine Water Services.

Sunshine Water Services believes that the acquisition adjustment rule should identify broadly applicable considerations, but not be overly prescriptive, quantitatively or cookie-cutter. Every acquisition is unique and brings forth a distinct set of facts and evidence. Therefore, allowing each acquisition to be assessed on a case-by-case basis according to a well-defined list of considerations makes for sound policy and affords the Commission sufficient description -- discretion in each situation.

Setting formulistic, quantitative or strictly objective measures or timelines as the determining criteria would unnecessarily restrict the relevant practical considerations for an acquisition and, thus, limit the Commission's ability to make a reasonable determination based upon the evidence applicable to its specific set of facts.

The company believes that its modifications -- and we have submitted to the staff our suggested changes. If anybody needs a copy, I have got -- I think I have distributed most of them, but I have got other copies if somebody is interested in one.

We believe that our modifications to the proposed rule allow for a broadly applicable method for acquisition adjustment approval. Importantly, to does so while maintaining focus on customer benefit and appropriate prioritization of non-viable systems.

The definition of the proposed rule for non-viable utility largely mirrors to the definition from Missouri. However, the Missouri code uses a customer count threshold as an overreaching factor foregoing embedding other criteria. This means that the smaller utilities that have current violations are deemed non-viable regardless of their potential to provide safe and adequate service in the future.

In addition to primary water quality standards, the Commission should also consider secondary water quality standards as required or ordered by the Commission. Secondary water quality standards have been a major issue in most rate cases of recent, more so than primary, because the standard of secondary most of the time is whether the consumer adequately likes their water smell or taste.

This proposed rule retains the current considerations for the Commission in approving an acquisition adjustment; however, they are tied, in this case, only to non-viable utilities and not appear to apply to viable utilities.

We see no reason that these considerations should not be relevant for an analysis of any acquisition whether the seller is viable or not. Even if the system does not meet a standard or criteria for a, quote, non-viable status, the acquiring utility may be able to demonstrate that it can provide benefits such as cost efficiencies, capital access, compliance with regu-- reliability improvements, the seller may be viable but unwilling or unable to make certain improvements that support long-term adequate service.

Sellers may also not have the resources or administrative support to offer enhanced customer services, such as prompt service orders, call center responses, alternative payment options and access to customer assistance programs. These possibilities are generally accounted for in acquisition approval standards as the enhanced managerial operation or technical capabilities of the acquirer, and should be considered by the Commission in relevant to proposed transfers.

It's also not common for the Commission to set separate criteria for non-viable and viable systems. Instead, states normally apply relative factors and include viability of the system just as one consideration.

For example, Kentucky, Indiana, Texas, Oregon and Iowa were states that set broad criteria, but identify troubled, small, distressed or non-viable status as an additional consideration for the approval of an acquisition adjustment.

MR. CICCHETTI: Marty, it seems like you are going through section by section rather than just giving some brief introductory comments.

MR. FRIEDMAN: All right. Well, I can -- I can -- we will deal with the rest of these as we go through. Let me -- okay, I will wait and do the rest of them as we go through them.

MR. CICCHETTI: Okay. Yeah. We are going to do them section by section. I don't mean to cut you off, I just thought you were going to just give some brief introductory comments.

MR. FRIEDMAN: Well, that was. I was going to briefly describe the sections, but I can do it in detail when we go through it if you would like.

MR. CICCHETTI: Okay. Thank you.

Does anyone else have -- would like to make brief introductory comments?

Susan.

MS. CLARK: I will introduce myself. I am Susan Clark with the Radey Law Firm, and with me is Aaron Silas, who is the Director of Regulatory Operations for Central States Water Resources. We are here to comment on the rule.

I would just say, in response to Marty's comments, we have looked over what he has suggested, and we find much to be in agreement with. We would only say that we -- we do work in Missouri, and we have seen, you know, the notion of viable and non-viable categories -- catheterizations work, but, you know, we are open to whatever makes sense, and we are happy to participate in this rulemaking.

I would also like to take the opportunity to thank the staff, particularly you, Mr. Sunshine. You have been very helpful to us when we've had inquiries. You have told us where to get things on the website, and it's very much appreciated, so thank you.

MR. CICCHETTI: Troy, before we start, we do have copies of Sunshine's comments. They are on the side table there by the front of the side table, and also of the notice and the attachments to the notice.

Troy.

MR. RENDELL: I will be brief. Tory Rendell with U.S. Water Services.

First of all, I applaud the staff's efforts to examine this rule in an attempt to make it better and easier to -- to use. I always keep the phrase, you know, keep it simple, you know, and not overcomplicate things.

I too have read Sunshine Water's comments, and I am in agreement with them, and I support their -- their comments. I think it makes it a little -- a little less complicated. Also, I don't want to see the Commission going to a hearing on what's viable and not viable. I mean, that's just a tough issue to go to hearing on.

So overall, I do support, you know, Sunshine's efforts, and I appreciate the opportunity.

MR. DETERDING: Good morning. F. Marshall Deterding here from the law firm of Sundstrom &

Mindlin. I just wanted to make a few comments on one specific area, the Commission is considering action on.

I was unable to attend the last meeting, and I'm probably going to have to leave this one early, but I have listened to the recording and reviewed most of the documents that the other entities have offered from the industry, and I agree with both of those. So I just wanted to touch base on one issue, and that is the subject of the negative acquisition adjustments, which I don't think got a great deal of discussion at the last meeting.

I noticed that the Sunshine proposal does leave intact what the original version of that subsection (5) is, and I am in agreement with that.

I agree with the comments of several of the folks at the last meeting that systems being acquired and under net book value often involve systems with operational and financial stress issues, but I disagree that those are the only such acquisitions that occur under net book value. There may be any number of circumstances that place the owner of these systems in a situation where they are willing to accept less than net book value for those systems, and those circumstance can often be nothing more than the inability of the owners to obtain capital for some other need, and therefore, a desire to dump a utility company that they own.

Secondly, the most likely to be impacted by the current rule on negative acquisition adjustment is whether -- whether troubled systems or not are very small ones, mom and pops. The negative acquisition adjustment recognized in rate setting serves no purpose other than to penalize these small systems, their cash strapped owners and potential buyers, and to provide a windfall to the ratepayers. The simple threat of such recognition substantially reduces the likelihood that a small system in need of capital improvement, or just in need of more professional consolidated management will find a willing buyer.

It also ensures that once recognized, the imposition of a negative acquisition adjustment will cause the utility system to be operated at even thinner margins than the already razor thin ones that small capitally intensive water and wastewater systems operate at.

Then they will, for the rest of the life of the utility assets, bear the burden of this reduction and investment, which makes them less attractive for acquisition and the consolidation that the Commission has expressed an interest in seeing, as well as teetering on the edge of insolvency as a stand-alone system.

I have heard comments at the first workshop about the importance of adherence to original cross principles unless there are very good reasons for departure from it, yet the same people who caution you and champion the existing rule on negative acquisition adjustments fail to note that it clearly strays from the original cost principle, with no sound basis for such a departure.

The Public Counsel has cautioned you that the current rule was implemented after much negotiation give and take. I submit to you that there was little or no participation by the mom and pops who are primarily affected by that rule in developing it.

In any case, the fact that certain parties were able to get this punitive rule in place decades ago does not, in itself, present you with a reason to keep this unprecedented counterproductive rule. No other state has ever seen fit to enact such a rule or policy.

If one goal of the Commission is to -- the promotion of consolidation of systems, then I think that no rule or policy that has done more to discourage that result than the negative acquisition adjustment and the threat of imposition of that rule.

I urge the Commission staff to do away with the current rule, and to replace it with something that recog-- that says that recognition of a negative acquisition adjustment in rate setting will not occur going forward.

Thank you, and I appreciate everything staff has done on this, and all the issues that you are covering.

MR. CICCHETTI: Thank you, Marty.

Office of Public Counsel.

MS. CHRISTENSEN: Good morning, Mr. Cicchetti. Patty Christensen with the Office of Public Counsel. With me is Charles Rehwinkel, Deputy Public Counsel, Marshall Willis, one of our accountants, Danijela Janjic and Ali Wessling, also attorneys with the Office of Public Counsel.

We have drafted our changes to the proposed rule. We can hand those out. I think it might facilitate going through section by section and make it easier for all the parties. We can do that now if you would like.

We have not had the opportunity to review Sunshine's comments or the proposals from Marty. We can try and take a look at those as we go section by section and offer our comments as best we can. They may need additional thought from our office to really give a full feedback on them.

I am not sure how far we are off as parties as to what we are trying to accomplish regarding the positive acquisition adjustment and potential changes to the rule for that.

I will say this: Regarding the negative acquisition adjustment, as Mr. Deterding said, there was very little comment on that, and we stand by the previously adopted rule and would not advocate for any changes to the rule. That was negotiated, albeit a while ago, I am sure this Commission staff has memories of, you know, the types of litigation that occurred when negative acquisition adjustments in the rule had not been clearly defined. We don't want to have to go back to additional those days, you know, and we think that the rule works, and has worked for over 10 years without really -- and essentially took away the litigious aspects related to negative acquisition adjustments. And I am sure this commission is well aware that the Commission, even prior to the rule adoption, had a long history of making adjustments for negative acquisition.

So our comments today are primarily focused on trying to address the positive acquisition adjustment; making it clear; making it, contrary to what Marty said, making it objective, quantifiable, so that there is not a whole lot of undue subjectivity to make it clear to all the parties from the rule what's expected when they come in and request a positive acquisition adjustment, and make it clear for all parties what the expectations will be. And that's the spirit in which we made our comments and we can address the specifics as we go through each section of the rule.

MR. CICCHETTI: Thank you, Patty.

I think this is a good time to mention that what staff has in mind is we are going to take into consideration everything that we hear at this workshop, and the postworkshop comments, and we anticipate another meeting, another workshop where a new rule that reflects all that we have been learning at some future date, so please be on the lookout for that.

Now, is there anyone that's not at the front table that would like to make introductory comments?

Seeing none, we can start going through section by section. And what I intend to do is, each section, give you some idea of what staff was thinking when they came up with this proposed rule, and then we will go one by one and hear all the parties' comments.

One other thing before we get to that. If there is anything that's missing out of this proposed rule, please do not hesitate to let us know, or provide it in your post-hearing comments.

Okay. Section 1 has to do with the definitions. And we thought it was important to add some definitions, particularly if we were going to get away from the criteria of extraordinary circumstances.

And what we've proposed is with regard to what a positive acquisition adjustment is, and what a negative acquisition adjustment is, pretty much the standard of what's already existing. And then we wanted to introduce the concepts of viable and non-viable.

And we did see in the comments and in what was presented at the last workshop, that other states have followed this procedure. And we thought it was very useful, because we think, to a great extent, with certain other changes that were made, that non-viable is pretty much what is currently on the books.

Most of the time, extraordinary circumstances meant a troubled system, and so we wanted to define a troubled system, or a non-viable system, so that there wouldn't be any confusion about the difference between a viable and a non-viable system. And I do want to say that we thought some of the contributions that Sunshine contributed in coming up with a definition were very good, and we will take those into consideration.

But we were looking specifically at Connecticut, and what we've added for a non-viable utility, that it's in violation of statutory or regulatory primary water quality standards that affect the quality of service provided. And as you -- you can see all these. I don't think I need to read them to you, but I would like to hear folks' comments with regard to the definition of the non-viable system.

MR. FRIEDMAN: Yeah, this is Marty Friedman.

As you can tell by our analysis, the definition of non-viable is something we need to work on, but it -- it's -- we don't think there is a differentiation when it comes to an acquisition adjustment, but having a good definition of non-viable is important.

On that section you were talking about, I am curious as to why you limit it to primary water quality standards and not include secondary water quality standards, since the Commissioners are -- certainly stress secondary water quality in every -- in every situation, and then the rule requires that you -- that you do that. So secondary is very important in Florida, and it's -- to ignore that, I think is not appropriate.

MR. CICCHETTI: Well, that's a good point. And after we hear from everyone else, we can see if we need to consider secondary water quality standards with regard to a system being non-viable.

MR. FRIEDMAN: Thank you.

MR. DEASON: Yeah, I just have a few comments.

I just want to, you know, echo Marty's comments about the secondary water quality standards. That kind of hits home with me with my company.

Just as an example, in Lake County, we have a system in Pembroke, and they've had secondary water quality issues with iron for a long time. And that's something that we are going to address, and we are going to -- I think we finally were able to investigate the issue and come up with a -- something that is going to require a lot of capital improvement. We think it's something that's going to resolve the issue. And it's only going to serve about 1,200 customers. That's it. And we have over 70,000 in the state. And -- but the capital, not counting the increased O&M, just the capital improvements are $9 million for just a secondary water quality issue.

So on a stand-alone basis, a 1,200-customer system would not be able to spend the cap -- or typically have not going to have the capital to spend just to address a secondary water quality issues. But since I'm consolidated, we are a larger utility, we can spread that over a much, much larger customer base to make it something that can be done, versus something that cannot be done.

So I would just, you know, encourage you to consider secondary water quality issues, because just looking at Pembroke, my ROE is lower than it should be because of that secondary water quality issue. And that's something that the Commission takes seriously, and I think it definitely should be included.

Also, another thing you want to look at is a situation of systems that either zero or negative rate base. In my experience, when I investigate those as for potential acquisitions, the only way you can get to that little of a rate base is if you have completely neglected any capital improvements over the life of your utility. So every one I have seen, they are in dire need of capital improvements. They need to be made. It is past due in that sense.

So I think you definitely need to include those situations, and include those in the definition as well.

MR. CICCHETTI: There are a number of cases we've had regarding the secondary water quality standards, the utility was directed to get with the customers to explain what it might cost to correct that secondary water quality standard's problem, and in a number of instances, the customers decided that they didn't want to have to bear that cost.

You talk about a $9 million investment in order to improve a secondary problem. Do you think that should be incorporated into the rule as a definition of non-viable, or is it just something that the Commission should take into consideration?

MR. DEASON: I think it's something they should take into consideration. Absolutely. I would like to see it in the definition, because even in spite of us doing what the Commission ordered us to do, talk with the customers, saying, here's an option, here's what it would cost, and the customers decided not to, in spite of that, the Commission still decided to lower our ROE in those instances.

So basically we are put in a position where we -- we are basically being told indirectly, you need to address this issue. It has to be done, or else you are still going to continue to be punished in the future. And that's what we intend to do.

So if they are going to take it that seriously, I think it needs to be included in the definition.

MR. FRIEDMAN: And to reiterate that, since that was one of the systems in Pembroke, that -- if that were a stand-alone utility, even though it met all primary standards, you had customers that were

-- that were very dissatisfied with the water. And as was pointed out, we got a ding on the ROE because of that.

That system, if it were a stand-alone, it would not be able to afford to do the improvements to bring that system to be where the customers will be happy with it. That system would be non-viable if it were a stand-alone system. And that's the kind of system that you want to look at and say, well, you know, it's well run, you know, it's well managed, but it needs an infusion of capital that doesn't justify spending and so you have either got a bunch of -- and that's the one we did where we actually had a customer meeting with the HOA and we explained what if cost, and they just didn't want to go -- they didn't want us to go forward with it.

But you have got to include secondary here as a -- as a factor in determining whether a utility is non-viable or not, because you have stressed -- the Commission stresses secondary standards so much that you just can't ignore it.

MR. CICCHETTI: Susan.

MS. CLARK: Excuse me, I was going to address your draft, and then maybe if we turn to Marty's, we can address those as well.

One thing I noticed was you do not have a definition of viable. Was that intentional? Was it -- you know, if -- you are either -- if you are not non-viable, you are viable.

MR. CICCHETTI: Yeah. That's correct.

MS. CLARK: In section D, and this appears twice, you have the phrase "in violation of", and my question is do you require an actual citation from the regular -- regulating entity, or would it include the instances where the utility is in violation of the standard but there has been no citation issued?

And we ask that question because it's not unusual for an acquiring utility to find, when they inspect the plant, that the utility being acquired is operating in violation of requirements but just hasn't been cited yet.

The other thing we had a question about was you have those criteria, the first three criteria (d)(1), (2) and (3), and we were wondering what is -- what is sort of -- why do you have one and two when three is sort of a catchall?

MR. CICCHETTI: That's a good point, and we've thought about that, and perhaps we can just go to three as the catchall.

MS. CLARK: Okay. But some of this may be cured by what Sunshine has suggested, but you have answered that question for us.

What information or evidence would you require to show that the utility is not reasonably expected to furnish and maintain safe and adequate services and facilities in the future?

MR. CICCHETTI: Bart.

MR. FLETCHER: Just off the first impression is, is if there is duration of noncompliance that's cited in the earlier subsections, that would come to mind. And if you see communication from the utility and maybe DEP or the Health Department, where there is lack of communication continual, stuff of that nature comes to my mind.

MR. CICCHETTI: I think it would be on a case-by-case basis, and the Commission would have to determine whether or not it was considered non-viable. That would be part of the process.

MS. CLARK: But then the question is what evidence are you looking for?

Mark, I am not trying to put you on the spot. I am just suggesting that maybe we want to look at fleshing that out a little bit.

MR. FLETCHER: Okay. I think we can -- like going through this process, we will take the comments under advisement as far as further refinements of the rule.

MS. CLARK: Okay. And that's an area we could address.

I think my next question is on subsection (2), so we will wait on that.

MR. CICCHETTI: Troy.

MR. RENDELL: I echo the comments of Sunshine. I, too, have had utilities that got dinged on ROE because of secondary standards, in spite of the fact the utility invested millions of dollars to address through either forced restoration or iron filter removal. And secondary standards are -- can be a tricky issue in rate cases, where the utility is doing the right thing but, you know, customers still aren't happy. So I do echo the -- Sunshine's comments on the secondary.

And I do support many of the proposed changes they have here that actually adds and enhances, such as, you know, inability to make the repairs, or historical inability to put investment into the utility, which would lead to a negative rate base potentially, so I just -- that's it.

MR. CICCHETTI: Thank you, Troy.

Public Counsel.

MS. CHRISTENSEN: Hi, this is Patty Christensen with the Office of Public Counsel.

We provided our comments. As you can see in section (1)(b), we had additional language that we added for the definition of positive acquisition adjustment, adding the language "full or partial amount of the purchase price that is greater".

That was to be consistent with some of the other changes that we are proposing throughout the rule to bring in the idea that a positive acquisition adjustment may either be granted in full or part, or requested in full or part into the definitions section.

We also had some concerns, I think that were echoed by Ms. Clark, regarding what type of evidence needed to be provided. We put in some language that I think gives a descriptive of the type of evidence that we think would need to be provided.

We haven't looked at the factors that some of the other utilities have provided in the comments, but we will as we go through and think about those and possibly provide response comments on our opinion on those.

And we will certainly consider whether or not secondary water quality standards should be included when evaluating whether or not a system is non-viable. We will take that into consideration as well as some of the other factors that have been addressed, and we can provide our comments then.

I mean, we -- we do recognize that there have been some valid concerns laid out by the companies that if they are going to be -- have their ROEs adjusted for secondary water quality, that maybe that would be an appropriate factor. So we will consider that and we will provide our thoughts on that in the reply comments.

Thank you.

MR. CICCHETTI: Thank you, Patty. And looking at what you have proposed here, I think it could be very helpful. And for those on Granicus, I will just read it.

It states: Based on the purchaser's, purchaser's submission of competent, substantial evidence that constitute -- that constitutes a demonstrable, verifiable and quantifiable showing that the utility is not reasonably expected to furnish and maintain safe and adequate service facilities over the next five years.

MS. CHRISTENSEN: We had some additional tweaks to that language. After "showing", we were going to take out "that the utility is". And after the word "five years", I think -- I think that was -- we struck through your language "in the future".

So the sentence would read: Based on the purchaser's submission of competent, substantial evidence that constitutes a demonstrable, verifiable and quantifiable showing, not reasonably expected to furnish and maintain safe and adequate service and facilities over the next five years.

MR. CICCHETTI: Thank you. And with regard to -- oh, Susan.

MS. CLARK: I just would make it clear that I think that goes to the quality of the evidence, not the factors you would consider. So I kind of think it's out of place, and I would further comment that it implies the Commission doesn't do this in every instance. That, you know, the standard for you all in an administrative hearing is competent, substantial evidence.

MR. CICCHETTI: Okay. And just to get to the point of viable versus non-viable, we wanted to make clear that with a non-viable system, there is going to be a lot of qualitative evidence that the

Commission needs to take into consideration. There might be some demonstrable quantitative, if the utility is insolvent or unable to pay its debts, et cetera.

With a viable system, we think it's important, given the nature of what we are dealing with, the cost of the investment devoted to the public service, that there be a quantifiable benefit for a viable system, so that we don't have the type of things that we are concerned about happening if rate base is being set at greater than net book value.

For example, if the market value statute actually gets implemented, at this point, it says that the Commission will determine whether or not that's in the public interest. And how would you determine that if you are not going to look at something along the lines of here's what we expect rates to be if this system is not acquired, and here's what we expect rates to be if the system is going to be acquired.

We think there needs be a quantification of that benefit to the best of -- of our ability to provide those estimates, so that we don't get into a situation where the customers are going to pay substantially more simply because a system was purchased and the name was changed.

And so that was our idea between delineating between non-viable and viable, and what would be required to show if a viable system is being purchased.

And with that, I think we can go to -- unless somebody wants to make some comments.

MR. FRIEDMAN: Mark, I was just goes to go say if you are creating that bright line between viable and non-viable makes it extremely important that we get the definition of non-viable correct.

MR. CICCHETTI: Agreed.

MR. REHWINKEL: Mark.

MR. CICCHETTI: Yes.

MR. REHWINKEL: I just want to just make a general comment from the Public Counsel's office.

What we put forward to you with our suggestions are suggestions. The spirit that we have approached this is to try to come and work constructively to find a solution that meets the reasonable concerns that the industry has raised, and that the Commission has enveloped in this process. So I think today, what we are not going to do is to get into a kind of a counter response to each thing that's brought up.

We are putting this out here for you to consider. There is some good language that Sunshine has put out here for you to consider. We would expect that you are going to consider all this, and maybe take some of this, and take some of that, and take some of what you think and put another product out.

So we look forward to that. And I think it would be -- we think this is a very constructive process that you are doing, and we look forward to making it work.

MR. CICCHETTI: Thank you, Charles.

All right. On to section 2.

MR. HETRICK: Mark, I had one question.

I just wanted to get a reaction on OPC's, the non-viable utility, number three, over the next five years versus in the future. I mean, I -- I don't know what in the future means. I know that's our language, but what do you think about five years, any of the parties?

MR. FRIEDMAN: I -- this is Marty Friedman.

I mean, five years is, I think, an arbitrary number and doesn't provide the flexibility for a particular circumstance that it may be because of certain issues, supply chain issues, lots of issues to be able to make -- improve on the quality of service. So I don't think there should be a definitive five-year cutoff, if it's five years and one month, too bad, you are out.

So I think there needs to be the flexibility to let the utility show you why that time period that they are picking makes sense and benefits the customers.

MS. CLARK: We would agree with Marty's comments.

MR. CICCHETTI: And, Keith, from the staff's perspective, the reason we threw in five years in in instances where we did was it's our belief that if you can't show that purchasing the system, and you are going to show benefits to the customers, if that can't be done in five years, I really question whether it can be done at all.

And also, given the severe consequences of setting rate base above net book value without a justification, you start running into intergenerational problems. Do we want people paying a much higher rate today so that someone 30 years from now is going to get the benefit and we are going to show in this analysis that over a

30-year period it will work out?

So that -- that was our thinking in limiting our analysis to a five-year period. It doesn't necessarily have to be etched in stone. We could draft it so that the Commission has -- has, you know, discretion if they want to go a little longer, or a little shorter, whatever, but that was our idea between a five-year, rather than come to the Commission and say, we can make this work for the customers. This is going to be to the customers benefit for us to acquire the system. If you can't show that it's going to benefit the customers within five years, then you are --

MR. FRIEDMAN: Well, maybe put in a section, Mark, that says, you know -- which I have seen in some other -- some other rules -- that says five years, or such longer period of time as the utility can show.

I mean, if these things would have happened when -- during COVID, and supply chain -- and utilities are still having supply chain issues, particularly like meters. You know, that's beyond their control, and it may -- things may take longer to show improvement over time. And who knows what's going to happen in the next year and the year after. Maybe things will be back like they were during the COVID situation.

So I think you need to -- if you are going to put five years, I think you need to provide flexibility if the utility can show that it's a longer period of time.

MR. FLETCHER: That -- that's a good comment. And like I say, we will take all of this information in. As you well know, the 25-30.433 provision that has that for nonrecurring expense, five years unless a longer or shorter period is required, we can take that under advisement for this subsection as well.

And like Mark mentioned earlier, some of the other comments, is sometimes you have a unique situation where you have to look at things on a case-by-case basis where you need that flexibility.

MR. FRIEDMAN: Right.

MR. REHWINKEL: Yeah, you are not going to hear me say his often. I agree with Marty. In response to Keith's question, I think that concept has a place in here.

MR. CICCHETTI: Well, how about within five years, or whatever period -- or whatever period at the Commission's discretion, whatever period of time the Commission would say is appropriate?

MR. REHWINKEL: I would say -- I was going to suggest unless a different period is demonstrated by the purchaser, something like that. I think the burden is on them.

MS. CHRISTENSEN: And -- and it needs to be somewhat specific, because otherwise would you run into JAPC problems.

MR. CICCHETTI: All right. We will work with that.

All right. Section 2 is where we say: For a non-viable system, a partial -- a full or partial positive acquisition adjustment will be allowed for non-viable system if it is demonstrated that customers will benefit if a full or partial positive acquisition is allowed.

In determining whether customers benefit, the Commission will consider evidence provided to the Commission, and then the rest is as -- as it currently exists.

So as I mentioned earlier, to a great extent, this is for non-viable systems what the Commission currently has on the books. Although, we did adjust some other parts of the rule. For example, the negative acquisition adjustments, et cetera, that changes the rule. But in terms of positive acquisition adjustment, this is what we have for non-viable system.

Marty.

MR. FRIEDMAN: And this was my problem with -- with the original. I mean, these are all the right things to consider. It's just historically, it's impossible for a utility to meet any of these, as you can tell, because they haven't had a positive acquisition adjustment granted in 30 years.

So obviously, the standard that the Commission is looking at to say, yes, we are going to meet these criteria, is so high that it's impossible. And so I don't know if it's necessarily, boy, you got the right words there, but having somebody look at it with the flexibility to realize that we've got -- you know, there are situations that meet these standards.

And obviously, they don't, because they've never granted one. So it's a -- I don't know that that does anything for the positive acquisition adjustment even for a non-viable utility.

MR. CICCHETTI: Well, what about this, I would agree with you for a viable system, but for a non-viable system, there is not a lot of people

running around paying much over book value for
them. Most of the non-viable systems are just we
need to get into a -- the hands of a good operator.
MR. FRIEDMAN: So no -- no -- no sale that has
taken place in the last 25 years has been of a
non-viable utility?
MR. CICCHETTI: Well, I don't know. I am not
sure I can recall a non-viable utility where it was
purchased at above book value, is there?
MR. FLETCHER: We will have to take it under
advisement at this point. I can't recall. And,
you know, I am not prepared at this meeting to come
up with every scenario past, so we will take your
comments under advisement.
MR. FRIEDMAN: Yeah, but that's my point, as I
mentioned at the outset, is that these need -- they
need to provide flexibility and not some, you know,
cookie-cutter, it's here it is. It's a, you know,
put in the numbers and it spews out the result.
You have got to have the flexibility to be able to
show this unique transaction and why we are going
to do things, you know, better, faster, cheaper.
And that doesn't necessarily mean non-viable.
I mean, I am sure a lot of the utilities that
Central States purchased, you know, they -- they

apparently weren't able to meet that prior standard, but you are going to get a lot more professional running of these systems. You are going to have -- you are probably going to have better customer service. You are going to have payment options. You are going to have on-line payment options, you know, there are a lot of things that companies like that, and like Sunshine Utilities can provide, that aren't being provided by a company even though it is, quote, viable. And I think you need to consider -- to be able to provide the flexibility to be able to consider those types of issues.

MR. CICCHETTI: And my understanding is Central States all -- they purchased all viable systems, what we considered viable systems. But I thought a major part of having this workshop was for an instance where we could -- it could be shown that having -- allowing an acquisition adjustment could still be in everyone's best interest based on the circumstances. And with the extraordinary circumstances criteria, that kind of excluded the situation where one viable utility can buy another viable utility, increase the economies of scale, increase efficiencies, and so forth. And the current rule doesn't really allow for that. And we were trying to expand the rule, as well as make some other changes to the rule to allow for that.

And I think that's getting to the point that you are making, there hasn't been a positive acquisition adjustment allowed in 35 years. And that's what we are trying to -- to address here by going with the availability for a viable system.

MR. FRIEDMAN: And I hope that it -- in the application of the rules, I hope that comes to fruition, because I am not so sure that just by eliminating the word "extraordinary circumstances" that really does anything. Because the old rule says "extraordinary circumstances" and then it defined what extraordinary circumstances were, and they were the exactly the same things you have here.

So all you have done is said, we have got the same criteria, we are just not going to call them extraordinary circumstances. Now, if that's going to give for a more flexible application of the rule, I am all for it.

MR. CICCHETTI: Susan.

MS. CLARK: Excuse me, Susan Clark.

A couple of maybe questions, and then

comments. I am looking at the introductory paragraph in section 2. I am just wondering if line 23, should it read: A full or positive -- full or partial positive acquisition adjustment will be allowed. Should you have for the acquisition of a non-viable system? Because that may be implicit, but I think that's what you are talking about.

MR. CICCHETTI: Yes.

MS. CLARK: And the other thing is, it goes on to say: If it is demonstrated that customers will benefit if a full or partial positive acquisition. I think what you are looking at is if the customers will benefit from the acquisition. It's not -- I mean, I think you could argue in no case would they benefit if it's -- it's tied to the acquisition, not the adjustment.

MR. CICCHETTI: Thank you.

MS. CLARK: The other thing is -- let me see if I have it right -- is it intended that each one of the -- we -- we counted five criteria. Is it intended that all of the criteria have to be met? Because you have at the end: And whether the purchase price was made in an arm's-length transaction.

We were thinking that the first ones were alternatives. If you could show this, perhaps that's the only thing you should show -- could show, would you get an acquisition adjustment for that?

MR. CICCHETTI: I think so, because it says: Will consider -- the Commission will consider.

MS. BRUCE: Yeah, I think it's just a matter of reworking it. And it would be my understanding that, number one, it has to be part of an arm's-length transaction. Then if you can meet these other things, one of the other things, you can get -- but, you know, the starting point is arm's-length.

MR. CICCHETTI: Because you brought up the term arm's-length, one of the -- and we didn't go to -- we didn't make any changes here. But one of the things that we discussed was we are concerned that it's really not an arm's-length transaction. Because you always think of an arms length transaction -- I know what the definition in the dictionary is, but you always think of it as one side trying to get the highest price and the other side trying to get the lowest price.

But if you are in the situation where -- and I am just playing devil's advocate -- of, you know, a utility wanting to make an investment to increase rate base because they like the safety of that kind of investment, are you in a situation where both parties are really trying to get the highest price? And I know, like in the market statute rule, it talks about -- what's the word I am looking for -- you have to get a appraisal, but we didn't get into any detail about that.

But what are your thoughts about the term arm's-length transaction? Do we really have in -- in the instances that we are concerned about, about one party trying to get the highest price and the other party trying to get the lowest price, is there any concern about that?

MS. CLARK: Well, I guess that's what you have in any negotiation, buyers and seller. I don't -- the point being that you have different entities with different interests.

MR. SAYLER: Yeah, this is Aaron Silas, Central States. I want to add to that as well.

I mean, our business practice is to always start at $1, right? I mean, if -- if a positive acquisition adjustment is at risk, I don't think you necessarily have two parties trying to get a higher price, right? If -- if there is risk involved, I would say that you have one side of the party that's always looking for the lowest -- the lowest possible price.

So just kind of from that perspective, I would say it is arm's-length, but -- but I agree, putting maybe some definitions around that could -- could be helpful.

MR. CICCHETTI: Thank you.

All right. Troy, do you have some -- anything on section 2?

MR. RENDELL: Just briefly.

You have in there anticipated rate reduction, but if you think about how did it get non-viable. It wasn't making investments. It's in trouble with the regulatory agency. It has insufficient cash. It's almost insolvent. In that case, if someone does purchase it and have to make investment, or have, you know, hire someone else, then you are going to have a rate increase, but I do recognize you have or rate stability over the long-term, so that might take care of it.

But if it truly was insolvent, and a viable utility buys it and makes the necessary investment, you know, it just makes sense that they are going to have to increase rates because, in the past, they didn't have sufficient revenues to cover the costs in the first place.

MR. CICCHETTI: Thank you.

MS. CHRISTENSEN: Patty Christensen, OPC.

Our changes, we've -- we've made some substantial suggestions. One was the addition of the cumulative present value of revenue requirements type of analysis under this rule, and Mr. Willis can explain, I think in a little bit better detail, why our thoughts were to include that in this section of the rule.

And then just regarding the section below that, which is the factors that the Commission would consider. Again, our -- our interest is in providing demonstrable, verifiable, quantifiable showing of these factors, and that's -- that's kind of the thrust of our concerns.

We do take into consideration Ms. Clark's comment regarding whether this should be an and, all of these five factors, or an or. If -- if the Commission were to consider something less than five of those, I think there may be some room for adding a majority of these factors, or something, will consider the majority of these factors and whether to grant it. Because, you know, I think if it's just one of the factors, it may be we would have a question whether that would be sufficient to grant a positive acquisition adjustment.

I think Mr. Rendell's comment that, likely, with a distressed system, you are going to have to invest money, which is going to inevitably lead to some sort of rate increase, is -- is something that needs to be of concern when you are already adding a positive acquisition adjustment on top of the rate base.

And I -- when you look at our factors, we did add -- you had rate reduction. We added, or at least five years of rate stability with that kind of concept in mind. That, you know, rate stability -- not that the rates wouldn't necessarily increase, but there wouldn't -- there wouldn't be rate shock to address these issues, I think was the concept we had in the idea of rate stability.

I don't know if that's something that needs to be more defined, or if that's something that we could just leave with rate stability, but that was kind of the thought process in there.

And I am going to leave this to Mr. Willis to discuss the CPVRR.

MR. WILLIS: Let me just explain a little bit why we think it's a the more important that the CPVRR analysis in the first part instead of second part for non-viable, and that's because the Commission is going to need to know exactly what this transaction is going to cost. And that's where the CPVRR analysis would come in. I mean, that would include the positive acquisition adjustment.

If you have got a company coming in to purchase a non-viable system, I think it would be imperative for all parties to know exactly what this is going to cost customers for the Commission to make that decision. And that's what that analysis would actually provide.

And I think the one thing you might want to consider in the language we provided, we just moved your language up, but you would have to take out the word "positive" in front of that, because you are not going to have a positive CPVRR analysis. What you are going to have is a CPVRR analysis that's actually going to list out for the next five years basically what it's going to take to bring this system into compliance with the positive acquisition adjustment. And with that in hand, the

Commission would be able to make a much more objective decision in the very front end on whether this is the appropriate thing that needs to be done for this system.

And that's why we thought it was more imperative that you move it to this section instead of having it for a viable system.

MR. CICCHETTI: Okay. And I think when we were talking about a positive CPVRR, we just meant good, not necessarily, you know, we think --

MR. WILLIS: There is a lot of --

MR. CICCHETTI: -- savings are going to be negative --

MR. WILLIS: -- around positive --

MR. CICCHETTI: -- yeah. Good point. We need to clarify that so it's not -- not confusing.

All right. I guess we can move to the next section.

MR. HETRICK: Before we do, I haven't heard any kind of reaction to OPC's proposal from the other side. I know you are seeing it, but just that general notion for these non-viable systems, what -- what's your reaction's to OPC's approach?

MR. DEASON: I just had a question as far as the CPVRR, as far as the different scenarios you are going to look at.

So my assumption is you are going to look at it from the scenario as that the transaction doesn't happen. The company is just going to keep on keeping on. They are still going to be noncompliant. They are not going to invest the capital, and what would the rates be in the future?

Another scenario is if -- what would it be if it was acquired and there is a positive acquisition adjustment, what would the rates be?

But what would be -- a third scenario, would you look at as if what if the viable wanted to become viable, and then go and spend who knows how much capital and how much rate shock it's going to be under that scenario, and then compare that scenario with a positive acquisition adjustment and see if the customers are going to benefit, because I don't know if it's really laid out to look at it from that standpoint the way it's written right now.

MR. CICCHETTI: Got you. Your third alternative is what we are shooting for.

MR. DEASON: Okay.

MR. CICCHETTI: Anyone else?

MR. SILAS: Yeah. This is Aaron Silas,

Central States Water Resources again.

I think that I heard it mentioned at kind of the beginning of this workshop, which is for the non-viable utilities in particular, there is a lot of qualitative data that goes along with that, right? And I think that kind of what Susan mentioned the earlier, which is we've seen this non-viable versus viable work in a lot of other states, is that -- that qualitative data? And I think that putting this CPVRR portion in with the non-viable status forces that quantifiable data rather than kind of relying on the qualitative.

So we've seen the qualitative work very well in a lot of the states that we operate in, Missouri, Arizona, et cetera, so that's kind of my -- my thought there about putting it in this section, as OPC has kind of requested.

MR. CICCHETTI: Thank you, Aaron.

MR. HETRICK: And I apologize, I have to ask the question.

If -- the way I understood Marty's proposal is that it -- it attempts to collapse non-viable, viable, we are not really making that distinction, and then you have another qualification built into yours.

If -- if -- would that still be appropriate if there was some reason to have? And how would we integrate a CPVRR analysis if it was appropriate in viable systems if we were to collapse your approach, Marty, to use your approach? I am trying to wrap my head around how that would work. Because there seems to be some value in the CPVRR, at least maybe agreement, I am not sure, but for viable systems.

MR. FRIEDMAN: You know, maybe if it's something, we don't think so. I mean, I don't -- I don't like anything that's just you plug in the numbers -- and then that's kind of like used and useful, you know, you plug in the numbers and it says what it says. But that rule says but, and there is always -- you know, you can always say, in spite of the fact that these are what the numbers say, here's why we think that used and useful should be a different number, and you need to have the same flexibility in this.

It seemed to me is that when you looked at the positive acquisition adjustment for a viable utility, you are just going to put these numbers in a spreadsheet, and it's going to spew out something, and all that is is numbers. It's got nothing to do with the other elements of being able to run a utility. Are you going to have better customer service? Are you going to have better relationships with your customers? Are you going toes provide your customers with ability to pay on-line to track their -- their -- their usage in realtime?

I mean, these things don't spew out of a spreadsheet. And so the problem with -- with the viable, as I read the -- your proposed rule, is you are just going to -- it's going to be a number, and there is no alternative. The number is going to say what to the number says, and everything else be damned.

And I -- I think the Commission has got to have the flexibility in a viable situation to look at those non-numbers time of criteria and apply those. That's why the criteria in the -- for non-viable, you know, being able to look at whether you got operational, managerial and financial resources that you don't have. That doesn't -- that may not show up in a simple spreadsheet.

MR. CICCHETTI: So, Marty, would putting some flexibility around the CPVRR analysis, would that satisfy you? Because it would seem kind of hard for the Commission to not quantify these things, and it would sort of, I think, kind of be analogous to in a rate case saying, well, we think we are going to save some money over here, and we think we are going to save money over here, and then we think there is where our rate increase should be X, rather than actually putting the numbers down on paper and then doing a calculation, and then, for example, they could say, well, you know, we think the risk is a little higher so we will give them a little more on the return on equity. It appears they have some discretion, but you do have to actually get some quantification of what you are talking about.

MR. FRIEDMAN: If you are going to use that as a one of several criteria, then, sure. If you are going to use it as the only criteria, no.

MR. CICCHETTI: Okay. Thank you.

So that brings us to the --

MR. REHWINKEL: Mark.

MR. CICCHETTI: Yes, Charles.

MR. REHWINKEL: You know, and I think that, again, we're not -- I think we are seeing the issue, and we are trying to be supportive, and I think Marty has raised a good point. We would just

-- we've put some language out here that you are going to kind of jumble out there, even the qualitative data, we would just like to suggest it should be verifiable. That's one of the words that we put out there. Just not like aphoristic kind of things, oh, it's going to be better. You would want to see testimony or evidence that's put forward that says that these qualitative factors will exist. They are not just possibilities, but they will exist, such that when you get down five years from now, or in the next rate case, you can look back and say, okay, they said this, this and this, did this, this and this happen? Because that's what the Commission ultimately does.

And so they've raised a good point that there are other factors than just a bottom line number. So we -- we are supportive of that, as long as you kind of button it down.

MR. CICCHETTI: Okay. Thank you, Charles.

Well, I think we've discussed the positive acquisition analysis pretty much, but this is what we have. And I just want to say -- I know I am repeating myself, but we thought one of the real shortcomings of the real acquisition adjustment rule is the fact if it can be shown that an acquisition adjustment can still allowed and still be in everyone's best interest, why not allow that to happen? And we thought that the current rule, as it stands, wouldn't allow that to happen. So we thought it was important, if we are going to try to get that to happen, that the Commission have good evidence and -- and quantification of that, given the best knowledge at the time. Given our best estimates of what we think it's going to be for the existing system, and what the -- what it would be for if that existing system was purchased.

Now, we know this example that we have given is not comprehensive. We can easily adjust that. For example, let's say a utility is going to need a certain amount of investment. They need a new well in year three. Well, that could be incorporated into that type of analysis easy enough. You could just add that investment in that year and say, the existing utility would probably have to pay this for that, and then the cost of capital associated, that would be this, and then the taxes would be this, and then you would get your CPVRR result.

But that's the whole idea behind having that CPVRR. I know there are certain utilities in that state that wouldn't think twice about doing that kind of analysis in order to provide that kind of evidence, and we're just trying to get that here so we can get the acquisition adjustment rule to be able to better serve the citizens of the state of Florida, and better serve all the stakeholders, the customers as well as the IOUs.

And with that, I would be happy to hear comments. We will start again with Marty, anything?

MR. FRIEDMAN: I think -- I think I -- I think that, as I mentioned before, using that as one criteria is fine.

MR. CICCHETTI: Susan.

MR. DEASON: Is it okay if I just say a couple of words? Yeah, I just want to echo what Marty said.

I think, just in general, when it comes to -- we just warrant assurances that when you are looking at a viable system, that it's not just a pure quantitative exercise. It's both quantitative and qualitative, you know. I think it's important to treat, whether you are viable or non-viable, it needs to be both criteria need to be met.

On top of that, and just going by what talking about before, you know, looking at the different scenarios, multiple scenarios, the three scenarios I have said before, whether it's just status quo, making improvements on your own versus being acquired by a consolidated entity and the improvements you get from there. So you would be looking at it from different angles to get the best information available to make your decision.

MR. CICCHETTI: And what we were thinking also is that hopefully this would be a tool that a company might say, well, why -- why would we pay that much for this if this is going to be the outcome? It's something that sort of forces you to really think about the numbers hard.

Not that I am saying you don't, but just from being able to put that on paper and say, from the Commission's perspective, this is what it's going to look like, maybe we shouldn't pay that much, or maybe we could even pay a little more based on the analysis.

Okay, Susan.

MS. CLARK: Susan Clark.

I -- I think Marty makes some good points, and we will leave it at that.

MR. CICCHETTI: Aaron? Nope?

Troy.

MR. RENDELL: I also agree. I was wondering if, like, towards the end of the workshop, you could take a minute or two just to kind of explain the model? I haven't had time to digest it and -- but, you know, that would be -- that would be helpful.

MR. CICCHETTI: All right. This is what was -- this is what the results would be. And I can't -- I have a good -- we do have --

In the discount rate, if you look in the upper right-hand corner, we are talking about the discount rate, the weighted average cost of capital. That would be your marginal cost of capital. So basically you are looking at investor sources of funds.

And the start date, the acquisition date are self-explanatory.

And then we are going to look at the things that go into a revenue requirement. It's essentially a revenue requirement analysis. And there is two ways of looking at this. One is to say, well, we can just do it on an incremental basis and get the difference between what we think their cost would be if they are not acquired and what our costs going to be if they are acquired.

And you would hope to end up with savings from that, which would be a negative number.

Or you could also run the model, or create a model that would also look at what happens if you are just going to run a system on its own, or if you are going to fold it into a bigger system. And if you are folding it into a bigger system, you want to know that not only is this going to be beneficial for the customers that are being acquired, but also for the customers of the acquiring company.

And everything else, I think, is -- is pretty self-explanatory. We have the -- on the second page here shows all the formulas. And as far as the revenue requirement calculation, you have your O&M expense; your depreciation and amortization, including any additional investment that's going to need to be made; taxes other than income; your interest expense; your return on equity; your income tax. And then it's just going to be a comparison between, you know, the total revenue requirement and what you expect you might get to collect from your customers and derive a total savings or costs. And then, of course, you know, qualitative factors, if that's the way we draft it, they would be considered also.

But again, we are not saying people have to use this model, but whatever model is used, we are going to want total transparency. We are going to say, what were your assumptions? And what -- what is the, you know, the actual model that you used, and so forth, so that, you know, we could advise the Commission one way or the other.

MR. RENDELL: Well, I think the way it's written you are required to use the model.

MR. CICCHETTI: Right here in this -- in this -- no, I don't think we say it in this. You need to do a cumulative present value of the revenue requirements analysis, but you don't need to do this specific model You need to do something that's going to show the Commission what it's going for cost, and whether or not that's beneficial or not. This -- this was put in as a form, and I think we have said it's an example of what you can do.

All right. Any further comments?

MS. CHRISTENSEN: Yes, Patty Christensen with OPC.

As you can see, we added additional comments under the viable utility positive acquisition adjustment under number three.

We did take out the CPVRR analysis language here, although not necessarily opposed to having a CPVRR analysis done. Our focus was on whether or not the positive acquisition adjustment is projected to provide benefit synergies and cost savings equal to or greater than the revenue requirement, including the requested positive acquisition adjustment, which I think brings it more in line with what you will see in other industries, is that it looks at it in a number of factors. And one of those factors before the Commission will consider a positive acquisition adjustment, is that it will result in lower revenue requirement for customers going forward.

So the customers basically are held harmless by the acquiring of the system by another entity, and so that the benefits are flowing through to the customer base, and that's what we were trying to capture here.

MR. CICCHETTI: Okay. This morning is the first time I have seen it, or that we've seen it. So we will definitely look at it and take that into consideration.

MR. WILLIS: Yeah, Mark, the way you explained it, that's -- that -- we have no problem with leaving that in there, the CPVRR analysis, because when you are looking at the stand-alone versus what it would be if it was consolidated or merged, and you are going to look at the factors between the two and whether or not there are cost savings that way, it does the same thing we talked about.

MR. SUNBACK: Mark, if I can -- for those people that are viewing on-line, the CPVRR spreadsheet is accessible under our rule development tab.

MS. CHRISTENSEN: Okay. That -- that was going to be our next question, is where we could get a copy of that so we can take a -- a closer look at the formulas, and take a look at the factors that the Commission is considering in that, if we need to comment on it in our reply comments or postworkshop comments.

MR. CICCHETTI: Okay. If there is no further discussion on the CPVRR, we can go on to --

MR. HETRICK: Mark, if -- I have one more question while we are still on CPVRR.

Marty, you mentioned the need to maintain qualitative data as an option. I think OPC acknowledged that provided that it's verifiable. I am interested in the notion -- it's sometimes easier said than done -- verifiable qualitative information sounds very reasonable, but I am interested from you all's perspective, Troy, Susan and Marty, and even OPC for that matter, what -- what might verifiable qualitative information look like? What does that mean? What is verifiable? What is that term? When you think about that term in terms of qualitative, how do you understand that term?

MR. FRIEDMAN: I think that OPC suggested that because it's an impossible standard to meet. I don't think that you can meet qualitative, viable and whatever that other word is. I don't think those are standards. I think you need to show by the -- by the preponderance of evidence that you are going to provide these benefits, A, B, C, D. You are either going to provide them by the evidence or not.

I don't know what those other terms, viable -- I mean, you know, demonstrable, I think those are just things to add to make it more difficult to get a positive acquisition adjustment.

MR. HETRICK: Yeah. I think, you know, part of the discussion here, Charles and everyone, is to kind of flush out, you know, what -- what everyone perceives these things to be so that in these words so that we, you know, can think about this and have a discussion.

MS. CHRISTENSEN: Well, let us -- I guess, let us give you some examples of what we might consider verifiable.

You have a system that has issues with water quality standards. You can obviously get information from the Department of Environmental Protection. That's verifiable, anybody can go look that up. Complaints within the Commission's system, you can look at the number of complaints. We frequently do a lot of these kinds of analysis on water quality when we put on rate cases to determine whether or not the quality of service that's being provided.

You can look at the number of complaints regarding billing, or the billing system say, you know, we've only had 467 complaints or whatever. Or you can put on evidence that this company has 150 billing complaints. Our company, we are the acquiring company, if it's another utility, we've only had one in the system. That's quantifiable, qualitative kind of analysis that can be put on that has some numeric value as well as qualitative analysis.

You know, if they are going to provide -- I think Marty Friedman had argued about, well, you can put in better customer service treatise and customer service things. You can put on testimony that the utility we are going to acquire doesn't have any customer service. We have a customer service system. We handle, you know, 1,000 calls a month. You know, we are able to answer it within, you know, five seconds.

We are not suggesting that it has to be an overwhelming amount, but there has to be some sort of evidence that they are putting on that these qualitative services that they are going to provide are, in fact, going to provide better, faster, service. And they've done it when they talk about managerial technical skills. They come in and say, well, we have billing services. We have a billing service. Well, what is that? What -- how is that handled?

I think what we are talking about is details, things that can be asked, you know, you can, you know, go and look at an independent third site, or, you know, you can give us information about how your billing system runs. Those kind of things are what we are looking for. Something that can be put into evidence that's solid. Not, well, we think we are going to reduce -- we are going to improve customer billing. Just saying it isn't sufficient.

I think what we are looking for is how. Specifics. How are you going to improve customer billing? Well, we are going to put in this billing system, and it's going to provide bills on a monthly service, and we always provide timely bills, and here is how we've done it in the past.

MR. REHWINKEL: Keith, I think the word that we have seen was anticipated, and that seemed highly just subjective, and we were trying to come up with somewhat more objective concepts. We are not wed to any of these.

Verifiable, the definition of that is capable of being verified. And I think that's what we are looking at, is it something that if -- if the Commission relies on it today and they look back and say, did that happen?

Anticipated, expected, we just thought those were too general. So we are trying to move the ball, give you some concepts to look at. So that's -- that's the spirit in which we put that out there.

MR. HETRICK: That's helpful, and I know Susan.

MS. CLARK: My first point would be I don't think it's a standard of proof, evidentiary standard, and I don't think it belongs in this rule. If it does, it belongs in every other rule you have, where you list factors. And it's really an administrative procedure thing, you know, that you have to meet the quality of competent, substantial evidence when you make decisions to support your decision. So it really has no -- it shouldn't be in here. It -- it isn't a factor. It's the quality of the evidence.

And I think a lot of what your -- I agree with merit. I think it's probably an impossible standard, but you have in here the fact that if they don't materialize later, you are going to go back and look at and adjust it. So I think that's sort of the failsafe that they are looking for, that it actually has to happen.

And I -- you know, the Commission oftentimes will say, you know, ratemaking is forward-looking, and we believe these things are going to happen. We believe you are going to need the X number of customers, or X number of employees, and then you go back and verify that, and it sort of plays into what you would do the next time. So I -- I don't think it needs to be in here.

MR. HETRICK: When you say it doesn't need, you mean the word -- use of the word and --

MS. CLARK: I don't think you should put in here the standard of proof.

MR. HETRICK: Right. Gotcha.

MR. CICCHETTI: Anything else?

MR. RENDELL: Yeah, I agree. The difficulty comes when the utility -- previous utility owner was either falsifying documents to the regulator and the regulator had no clue what was going on. A lot in Florida is you are self-reporting. So when something happens, you are supposed to report it to DEP.

For instance, we purchased a utility recently that was out of compliance on both nutrient removal and their filter was out of service, but it wasn't reported to DEP. So it's difficult to have verification documents that, you know, this is going wrong.

You know, oftentimes, after we purchase it, we follow the rules and we issue boil water notices if there is a break. And, you know, the customers are surprised, saying, we never had one of these before, so the owner wasn't following the rules.

So there are difficult circumstances that you can't really provide quant -- you know, verifiable evidence, but you don't know until you get in there. But, you know, there are -- there are other issues that, you know, we could look at, but I agree with -- with Susan on that.

MR. CICCHETTI: Okay. I think we can move on to sections 4 and 5. And the big change that we are proposing in section 4 is to say that -- to make it clear that an application for a full or partial acquisition adjustment can be made at the time of transfer of ownership, or at any time within three years of the date of the order approving the transfer of ownership.

And our thinking there was -- had to do with the data getting stale. If you are not going to get an acquisition adjustment at the time of the transfer, if you start looking at data six or seven years later, and you say, well, the acquired -- acquired utility would have been paying this, or this would have been the price for that.

It seems to me that waiting until the next rate case could be an awful long time. So we thought it was reasonable that within -- we wanted to address some of the concerns, and say if it's not going to be at the time of the transfer, then what would be a reasonable period after that? We came up with three years. I know CSWR had said, you know, we need some time to run the system so we can get an idea of -- of what's actually happening here, and I think three years would be a reasonable period of time to do that.

So that's -- that was our thinking, and now we would like to hear what you are thinking.

MR. FRIEDMAN: Thank you. Marty Friedman.

As long as it's not a bright line three years, and you have got some flexibility, because there are going to be circumstances that you are not going to be able to verify the improvements that you are making within that three-year period, or for any number of reasons. So if you are going to put three years, don't make it a bright line, you know, three years and one day, you are out.

MR. CICCHETTI: Jared.

MR. DEASON: Yeah, I just agree with Marty, you know, especially if your -- if that three years coincides with rate cases. Lately, you know, we haven't been having rate cases every three years. Usually, it's been about every four or every five years. So a little bit of flexibility would be appreciated in that.

MR. CICCHETTI: Susan.

MS. CLARK: We agree with those comments.

One thing we wanted to make sure was that you can make it in a subsequent rate case. It doesn't have to be a separate ask. It doesn't have a separate proceeding that you are coming in and asking for an acquisition adjustment. It can be part of the rate case.

MR. CICCHETTI: Yes, but are you okay with the three years?

MS. CLARK: I think Marty is correct, that, you know, as long as it isn't a bright line, if you can show reasons to go beyond that three-year period. It's not unreasonable, Mark.

MR. CICCHETTI: With a rule -- rule -- rule waiver, would that satisfy the situation?

MS. CLARK: Mark, that's cumbersome, very cumbersome. And it's a very high standard to meet.

Aaron would like to comment on the time period.

MR. CICCHETTI: Okay.

MR. SILAS: Yeah, I would just like to say first of all, thank you for, obviously, the consideration of kind of some of our comments that we made in our acquisition proceedings.

I think that, you know, from our perspective, a lot of these systems that we have acquired have been non-viable, and I think that giving the company enough time, kind of what was said before about, you know, not reporting the right things to DEP, seems to be, from very closely working DEP, and have discovered a significant lack of investment in some of the assets that we could not have found out if you were not actually running and operating the system.

So I think that, you know, making the application within three years with that kind of demonstrative evidence of -- of the state of the system and the state of the assets makes a lot of sense. I agree with Marty that it's not a catchall, where there might be some things that -- that come out after that. But I think that three years is a -- obviously a great improvement over at the time of -- of acquisition, so we appreciate the consideration.

MR. FRIEDMAN: And then, Mark, let me --

because that brought up another question about the interpretation of that, whether that says -- it says the acquisition adjustment can be made at any time. Now, does that mean the granting of the order or the filing of an application? Because those two things are very different, particularly if it did it in conjunction with a rate case that's going to last for, you know, eight or nine months.
MR. CICCHETTI: We were thinking the filing.
MR. FRIEDMAN: So you are talking about filing for it not --
MR. CICCHETTI: Within three years, yeah.
MR. FRIEDMAN: -- not actually getting it?
MR. CICCHETTI: Right.
MR. FRIEDMAN: Yeah. It seems like four years -- I just wonder why you picked three as a default, since four years is kind of -- the general theory has always been the utilities file rate cases every four years, which is why they amortize rate case expense every four years. So, you know, that's kind of the default time period. I just wonder how three came in instead of four? But, although if you got the flexibility to do a longer period, then it doesn't matter what period you have there.
MR. CICCHETTI: Good point.

Okay, Troy.

MR. RENDELL: My only comment is the way it's written, it almost -- I just want to caution. It looks like you are forcing the utility to come in for a rate case in three years. And I bring that point up because if you look at the original rule, and there is a section about amortization and negative acquisition adjustment over a seven-year period, and if you don't come in for a rate case it will not being recognized for earnings surveillance for overearnings. And that was a compromise that was made with staff and OPC at the time. So that was to encourage utilities to stay out of a rate case for seven years. So I just don't want it to look like you have to come in in three years for a rate case.

MR. CICCHETTI: Our thinking was you could do the acquisition adjustment filing, and then rates would be increased at your next rate case.

MR. RENDELL: Okay. So you don't have to have a rate case. You can ask for a positive -- okay. I got you.

MR. CICCHETTI: That was our thinking.

Patty.

MS. CHRISTENSEN: Yes. Our comments were --

you know, we are still of the position that we believe that an acquisition adjustment -- a positive acquisition adjustment, the reasons and rationale should be known at the time of transfer. We will certainly take into consideration the comments that others have made today and will address those in our comments.

MR. CICCHETTI: Thank you.

And then section 5, we gave a lot of thought to this. And what -- the conclusion we reached was most negative acquisition adjustments are associated with non-viable systems, or troubled systems. And we wanted to provide as much incentive for those systems to be taken on by a viable system as possible, and so, you know, considering the fact that no other state has negative acquisition adjustments, we thought that it would be good, and this would be a good time to make that change to our rule, and we would like to hear your comments.

Marty.

MR. FRIEDMAN: We support that position wholeheartedly.

MR. DEASON: Yes. I just echo what Marty said. Yeah, I think, overall, it comes down to you have to incentivize viable larger systems to take over the small non-viable systems. And doing away with a negative acquisition adjustment would go along way in accomplishing that goal.

MS. CLARK: Susan Clark.

Yes, we agree it would be well to do away with negative acquisition adjustments.

MR. CICCHETTI: Troy.

MR. RENDELL: I would say I also agree. It does get away from the original cost theory. But speaking from experience, from one that has several utilities with negative acquisition adjustment, one with a very large negative acquisition adjustment, what it does is disincentivizes investment. So if the negative acquisition adjustments, to the extent that you are not going to get a return on needed capital, like, for instance, the system I am talking about is The Woods, where it was purchased, I think, for $10, but it was one that it has its problems, but we had to put in iron filtration for removal, which was very costly, but the negative acquisition adjustment, you know, it can be a dis -- disincentive to make investments.

MR. CICCHETTI: Patty.

MS. CHRISTENSEN: Yeah. I think we addressed our comments regarding the negative acquisition adjustment at the beginning of the workshop, and we will address anything else further brought up today in comments.

Thank you.

MR. CICCHETTI: Okay. Thank you.

And I think any change to section 6 -- well, we removed the language that is associated with a negative acquisition adjustment, and I think everything else is just to make it consistent with other parts of the rule.

And section -- in section 7, we wanted to make it clear, because we heard a lot about regulatory certainty. And I did go back in part of our research look at the testimony of former Commissioner Deason in the Vero Beach case. And he had some good points, I thought, in there about regulatory certainty, and the -- a company being concerned about having to justify something 30 years later, or continuously, or semi continuously over a 30-year period.

And so we thought it would be good to provide some regulatory certainty in this area, and say that if there was going to be a review and modification, that it had to be done within five years. But what we do think that it is absolutely necessary to review the acquisition adjustment and allow positive acquisition adjustment so we can see if these expected savings and expected benefits actually occurred. And we've had instances, or at least an instance in the past where the Commission decided, well, it didn't pan out, so we didn't want to take that discretion away from the Commission, but we wanted to provide some regulatory certainty.

So with that, I would like to hear your comments.

Marty.

MR. FRIEDMAN: Yeah, we certainly agree that we need to have regulatory certainty. Our only comment on this particular section was when it talked about whether the -- the changes materialize. You know, our comment is -- is dealing with whether substantially materialized. You know, for instance, you say there is going to be a five years decrease in rates, and all of a sudden it's only 4.9 percent. Oops. You know, is that going to negate the whole acquisition adjustment because they didn't meet exactly what you had? So I think there has to be some substantiality standard within that criteria.

MR. CICCHETTI: Susan -- Jared, did you have something?

MR. DEASON: Yeah, I was just going to just elaborate a little bit more.

I mean, sometimes things happen beyond the control of the utility, and they are putting forth their best efforts to make those materialize, and maybe they are materializing but not as quickly as possible due to, like, for example, supply chain disruptions that we have experienced in the last few years. That's beyond the control of the utility, but we are still doing the best we can, and we are in the process -- we are still in the process of making them materialize, and we still feel it is. I just want a little bit of flexibility instead of having just a hard and fast five years, everything has to be done in five years or you are taking it all away.

So just if there is any way you can work in some of that flexibility, that would be good. But, yes, I do agree you need to have regulatory certainty, and I am definitely onboard with that concept.

MR. CICCHETTI: I'm sorry. With flexibility, do you want us to make it six or seven?

MR. DEASON: Well, I mean, you can look at it within five years, but I just don't want to be in a situation where everything as has to occur in five years and something -- and it looks like everything is going to occur in five years, but something happens along the way beyond the utility's control, like I said before, a supply chain disruption.

Like, for example, we are going to replace all the meters in five years, and, you know, with AMI, for example, but yet we can't get the meters because of supply chain disruptions, and we are only able to get half of them, and only install half of them in that time, would you use that as an excuse to take back all of the positive acquisition adjustment?

MR. CICCHETTI: Got you.

MR. DEASON: So just have a little bit of understanding that sometimes things happen beyond our control, and don't use that to negate a positive acquisition adjustment is all I am saying.

MR. FLETCHER: I would point out that the -- in the beginning of the rule, it said maybe. That may be the flexibility already in the language. May be subsequently modified. So at a -- at a point in time, the utility could come forth, give extenuating circumstances, and because it has maybe, I think that does provide flexibility.

MR. DEASON: Okay.

MS. CLARK: I think Marty and Jared made comments that are worth considering.

MR. CICCHETTI: Thank you.

Troy.

MR. RENDELL: I agree that, you know, I do like to the language that Sunshine has in here, about due to factors beyond the acquiring utility's control.

For example, we came in requesting a positive acquisition adjustment for Royal, because we knew we could reduce the chemicals and electrical because of the way that they were operating the plant with their backwashing filters. What we didn't expect was recently our chemical costs went from, like, 600 per cylinder to over $2,000 per cylinder.

So chemical costs are extremely high right now. They have almost doubled in some instance. So that would be a factor beyond the utility's control, that although you are using -- you know, you are not using as much water, the chemical cost itself went up.

MR. CICCHETTI: Okay. Patty.

MS. CHRISTENSEN: Yes, I think our concern with maintaining the five-year or closer in time look at whether or not those factors are is the availability of the data, and making sure that you can actually take a look and see if those kind of synergies and benefits are materializing.

You know, I think these guys have given us exceptional circumstances that may occur, and -- and I think the rule, the way it's currently worded, would give that flexibility to the Commission.

We have done some wordsmithing to this section consistent with some of the -- our other suggested language changes throughout, but we would be concerned about going too far out in time, because there is other factors beyond stuff that -- beyond factors that are beyond the utility's control. You know, there is -- expenses go up and down, costs increase and decrease in between the time a utility is purchased and the time even five years or 10 years out. And the further out in time you go, the harder it is to trace costs back to whether or not you are getting synergies or benefits from the acquisition, or if it's just due to changes and flexibility in costs over time.

So that's why we would suggest you need to have it within a reasonable time of the acquisition to actually make that a meaningful analysis.

MR. REHWINKEL: Mark.

MR. CICCHETTI: Charles.

MR. REHWINKEL: We've -- I think we've given you language that's consistent is consistent with the concept that you are putting forward. We -- we suggest the word modified could be either reduced or eliminated. Because you are -- I don't think you are ever going to be increasing the amount. So we put that out there just for clarity.

And I think that language about reduced allows for the flexibility that we heard from that it -- you might -- you might not take all of it away, you might say 30 percent needs to come off because this, this or this didn't happen, and after you have listened to their evidence.

Just looking at your language on the screen, something just occurred to me. On the "any subsequent modification by the Commission will be within five years", you might want to say will be made by a docket that is initiated within five years, because you could have, for whatever reasons, deferrals, delays, whatever, you could kind of filibuster it out where it didn't happen, and I don't think that's what you intended.

MR. CICCHETTI: That's a very good point.

MR. REHWINKEL: Okay.

MR. CICCHETTI: All right. Well, we heard some very good ideas, and very sincere hard work went into all of this, I can tell. We are going to ask that your comments be supplied within three weeks, and that would be May 4th. I would like to hear if you think that's -- that's reasonable. I know last time we had a lot more issues that had to be addressed. Is everybody okay with three weeks and May 4th?

Now, I know you are all probably deeply disappointed that this -- this workshop is not going five hours like the last one, but we got it in an hour and 45 minutes, and that's about where I thought it was going to be. I didn't know if we were going to have to burden our court reporter, but I think we made it, so I would like to thank everybody. I hope you don't have to deal with --

MR. REHWINKEL: Can I just say, we -- we really appreciate the spirit that you initiated this, and that the utilities have come forward.

Their -- their comments are -- are earnest, and they are based on experiences that they've had, and we will work with you and them to try to find a reasonable rule that meets everybody's concerns.

We are concerned, of course, about the impact on customers, and we will -- we will make our comments and our suggestions from that point. But I think this process has been constructive, and it has been the way things ought to work. Thanks.

MR. CICCHETTI: And we also appreciate all your earnestness in your office, so thank you very much.

MR. FRIEDMAN: I want to reciprocate and agree with something that Charles said since he -- and lightning didn't strike us when he agreed with me, so I hope that I have the same luck, but I do echo Charles' thoughts on that as well.

I do have one question, are the -- are the changes that we talked about, like you mentioned a minute ago, the workshop addressed a lot of other issues as well. Is there any thoughts on those issues, and whether they are going anywhere, or are you just going to put them in the back burner until this one is done?

MR. CICCHETTI: I hadn't thought about that.

I know we are going to proceed with all of the things what we addressed in the first workshop one way or the other. I know this is on the -- on the front burner, and so we will probably deal with this first, and get this taken care of, and then we will move on to the other items that we addressed in the first portion.

MR. FRIEDMAN: Thank you very much.

MR. REHWINKEL: Hey, Mark, can I comment on that just a little bit?

MR. CICCHETTI: Certainly.

MR. REHWINKEL: Obviously, there is an issue about this cost recovery mechanism that was raised in the initial workshop that I think inclusion of that in any way with this process will certainly, I think, probably dampen if the spirit of moving forward to get a constructive rule, because, I mean, I think we can work something out on this acquisition adjustment issue. So I mean, that's our commitment to work constructively to get there. If it's combined with other stuff, which I consider to be somewhat baggage, I think it would harm that process.

MR. SUNBACK: Mark, if I can add, for those that are viewing on-line or remotely, you do not need to have attended or participated in today's staff workshop in order to submit written comments. There will be no limit on written comments, and written comments will be given the same consideration and weight as oral comments.

However, we ask that if you have any specific rule language to suggest, or if you have type and strike version of the rule that you would like us to consider, that you include that language in your comments. And those can be filed in the undocketed file with our Clerk's Office.

MR. CICCHETTI: And with that, thank you, every --

MS. CLARK: Mark, may I have -- when we will we see the transcript? That's been very helpful to me in drafting.

MR. CICCHETTI: Two weeks. I just got the signal.

MS. CLARK: Could we have four weeks for comments then? I don't know.

MR. CICCHETTI: Anyone -- flip opposed four weeks.

MS. CLARK: All right. Disregard my request.

MR. CICCHETTI: Okay. All right. With that, thank you everyone, and save travels.

(Proceedings concluded.)

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 25th day of April, 2023.

Debbie R Krick

DEBRA R. KRICK
NOTARY PUBLIC
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