

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

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230081-WS

Application for increase in water
and wastewater rates in Broward
County by Royal Waterworks, Inc.

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 3

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

DATE: Tuesday, February 6, 2024

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

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

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 CHAIRMAN LA ROSA: All right. Let's circle
3 back to Item No. 3. I do believe we've got some
4 folks that may want to speak on the item, but let's
5 go ahead and start with staff and Ms. Buys.

6 You are recognized.

7 MS. BUYS: Good morning, Commissioners. I'm
8 Penelope Buys with the Division of Engineering.

9 Item 3 is staff's recommendation regarding
10 Royal Waterworks, Inc.'s, application for increase
11 in water and wastewater rates.

12 Royal is a Class B water and wastewater
13 utility providing service to approximately 521
14 customers in Broward County. Royal requested a
15 revenue increase of \$837,140, or 8.7 percent, for
16 water, and \$805,685, or 7.3 percent, for
17 wastewater. As part of its application, the
18 utility also requested its final rates to be
19 adjusted and accounted for several proforma
20 projects.

21 Staff held a virtual customer meeting on
22 December 11th, 2023, where one customer expressed
23 concerns with the overall rate increase.

24 Subsequent to the customer meeting, that customer
25 also provided the Commission with a petition

1 containing 91 signatures opposing the rate
2 increase. Along with that petition, five other
3 customers provided written comments for this
4 docket.

5 Staff recommends proforma adjustment for six
6 projects as discussed in Issue 5. Further, staff
7 is recommending final rates that are designed to
8 conform with existing tariff provisions and
9 generate revenues of \$799,345, or a 3.78 percent
10 increase for water operations, and \$781,000 --
11 1,706 dollars, or a 3.96 percent increase for
12 wastewater operations.

13 Additionally, staff recommends discontinuing
14 Royal's guaranteed revenue charge and revising its
15 miscellaneous service charges to conform to
16 recently amended rule.

17 Mr. Ponce with OPC, and Mr. Rendell with
18 Royal, are available and would like to address the
19 Commission. Staff is available for questions.

20 Thank you.

21 CHAIRMAN LA ROSA: Commissioners, I am going
22 to recognize -- thank you -- I am going to
23 recognize OPC, and then we will circle back for
24 questions.

25 Office of Public Counsel, you are recognized.

1 MR. PONCE: Thank you, Chairman. Good
2 morning, Commission. My name is Octavio Ponce, and
3 I have the privilege of representing the customers
4 of Florida through the Office of Public Counsel.
5 Thank you for giving us time this morning to speak
6 with you. We want to thank staff as well for the
7 great work they've done on this case, and for the
8 recommendation.

9 We only have one issue we wanted to discuss
10 with you this morning, that is coming out of Issue
11 10 of their -- of this utility's O&M expenses in
12 the recommendation, that is concerning the
13 President's salary.

14 So in calculating the recommendation for the
15 President's salary, staff used the most recent
16 affiliate -- affiliate rate case, which involved LP
17 Waterworks, Incorporated. Staff's calculation
18 resulted in a total President's salary for LP of
19 \$11,196. Staff then used this \$11,000 number for
20 derive a total salary for all affiliated
21 investor-owned systems, which amounted to \$159,000.
22 And then from this number, staff further calculated
23 a President's salary for Royal of \$30,000 between
24 both systems based on Royal representing 18.95
25 percent of the total ERCs for all systems.

1 This does represent a significant departure
2 from how much Royal asked for, but we still think
3 there is some room here for movement.

4 Using the 159,000-dollar amount and the
5 estimated 62 percent of time spent by the President
6 on all investor-owned utilities, this comes out to
7 an effective annual salary of \$256,000 -- \$256 --
8 excuse me. We believe of this shows that while
9 staff has done a good job on this issue, there can
10 be more movement. We recommend calculations are in
11 line with the letters that we have sent previously.

12 If you have anymore questions about that, I
13 have our analyst Bart Fletcher here.

14 Thank you very much. We appreciate it.

15 CHAIRMAN LA ROSA: Commissioners, questions
16 for Office of Public Counsel?

17 Mr. Rendell, would you like to --

18 MR. RENDELL: Yes. Good morning,
19 Commissioners. Troy Rendell here representing
20 Royal Waterworks.

21 I am here to support staff's recommendation.
22 I think it's just, fair, reasonable, and more
23 importantly, defensible since it's based on past
24 Commission decisions. I want to thank the staff
25 for its throw analysis and hard work on this

1 docket.

2 Thank you.

3 CHAIRMAN LA ROSA: Commissioners, any
4 questions or discussions for any of the parties
5 that are before us?

6 Commissioner Clark.

7 COMMISSIONER CLARK: Thank you, Mr. Chairman.

8 I would just ask that staff, if you don't
9 mind, if we could get staff to just kind of give us
10 a little bit of a synopsis of kind of the
11 historical context of how they calculated this and
12 the use of the historical use of the ERCs.

13 I realize that OPC is implying that this was
14 kind of a unique thing that we did with LP, but it
15 seemed to me that is -- the precedent that we used
16 for this calculation has been the ERCs, but if we
17 can get staff forgive us a little clarification, I
18 think might help us.

19 CHAIRMAN LA ROSA: Who would like to do that?

20 MR. RICHARDS: Yes, Commissioner Clark. Chris
21 Richards with Commission staff.

22 Staff did use -- as OPC mentioned, we used the
23 LP -- or I am sorry, U.S. Water's most recent rate
24 case, Docket No. 20220099. And based on that, we
25 -- we just -- we took what the Commission had

1 already approved for salaries and allocated Royal's
2 portion based on ERCs.

3 In several of the letters from OPC, they agree
4 that it should be based on ERCs, and that is
5 normally how staff handles it. That's -- that's --
6 that's the -- the number that you can actually
7 counts as opposed to some of the numbers that OPC
8 was throwing out.

9 COMMISSIONER CLARK: Thank you.

10 CHAIRMAN LA ROSA: Further questions?

11 Seeing no further questions, Commissioners, do
12 we have a motion?

13 COMMISSIONER CLARK: Chair, I move approval of
14 staff recommendation.

15 CHAIRMAN LA ROSA: We have a motion. Is there
16 a second?

17 COMMISSIONER GRAHAM: Second.

18 CHAIRMAN LA ROSA: Hearing a second.

19 Members, all those in favor, signify by saying
20 yay.

21 (Chorus of yays.)

22 CHAIRMAN LA ROSA: Opposed, no.

23 (No response.)

24 CHAIRMAN LA ROSA: Show that Item No. 3
25 passes.

1 All right. Seeing no further business before
2 us, I would like to call this Agenda meeting
3 adjourned.

4 Thank you.

5 (Agenda item concluded.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

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

CERTIFICATE OF REPORTER

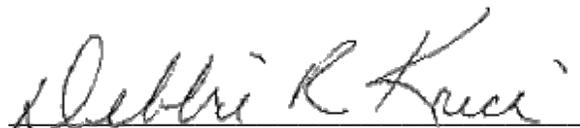
STATE OF FLORIDA)
COUNTY OF LEON)

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

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

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

DATED this 19th day of February, 2024.



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