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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240068-WU

Application for increase in water and
wastewater rates in Charlotte, Highlands,
Lake, Lee, Marion, Orange, Pasco, Pinellas,
Polk, and Seminole Counties, by Sunshine
Water Services Company.

VOLUME 2
PAGES 193 - 374

PROCEEDINGS: HEARING

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

DATE: Tuesday, February 11, 2025

TIME: Commenced: 9:30 a.m.
Concluded: 6:20 p.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

APPEARANCES: (As heretofore noted.)

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

2 (Transcript follows in sequence from Volume
3 1.)

4 CHAIRMAN LA ROSA: All right. Let's go ahead
5 and get started.

6 So I don't like to start without being
7 transparent as far as the process in which we are
8 moving forward with. So let me start with this,
9 right.

10 So we have a witness that's not here.
11 Obviously, we addressed that at the beginning of
12 the hearing today. My plan is, is that I would
13 like to go out of -- after Mr. Twomey, and we will
14 see, of course, how long he has. After him, I
15 would like to go out of order into staff's witness,
16 and then go into rebuttal today if we get to that
17 point. So that would be my plan. And then, of
18 course, it sounds like the OPC witness will not be
19 available until tomorrow. And then, of course, we
20 would start up tomorrow with going back to OPC's
21 direct witness.

22 Yes, sir, Mr. Friedman.

23 MR. FRIEDMAN: We will just have to see where
24 we fall, because there may be a witness we can do
25 before Mr. Smith, but there is not many.

1 CHAIRMAN LA ROSA: In the sense?

2 MR. FRIEDMAN: In the sense that Mr. Smith
3 deals with subjects that three of our witnesses
4 need to talk about, and you need to hear from them
5 after you hear from Smith. We may have one
6 witness, our first witness, Mr. Elicegui, who we
7 may be able to go ahead and take. But other than
8 him, I don't think we could take anybody else on
9 our side any further without jeopardizing our
10 position. I am just disappointed they don't have a
11 witness here when they should have.

12 CHAIRMAN LA ROSA: Okay. Let me talk to my
13 staff, because I want to make sure that we are
14 efficient in our time. And again, not trying to
15 estimate where -- you know, how long the rest of
16 today goes, but I don't want to -- I don't want to
17 be wasting time. So under -- understood. So I
18 guess give me three minutes.

19 MR. HETRICK: Mr. Chairman --

20 CHAIRMAN LA ROSA: Yes, sir.

21 MR. HETRICK: Let me just suggest --

22 CHAIRMAN LA ROSA: Sure.

23 MR. HETRICK: -- and I would appreciate the
24 break, but maybe we could hear from OPC about how
25 they see this day unfolding, and the timing.

1 MR. REHWINKEL: Well, I mean, we have a
2 significant amount with Mr. Twomey still to go.
3 And if Mr. Mouring gets up, I mean, it's not --
4 there is probably an hour there, just based --
5 depending on the pace of question -- of Q&A.

6 MR. HETRICK: Are you still suggesting roughly
7 maybe 5:00, given a break, or -- I mean --

8 MR. REHWINKEL: Yeah, I mean, I think -- I
9 think most of the afternoon is going to be taken up
10 by these two witnesses, Mr. Chairman and then, you
11 know, I don't know how much Mr. Friedman has for
12 Mr. Smith, but I don't see that as being long
13 traditionally. Our witnesses usually aren't
14 cross-examined that long. And then our cross for
15 the remaining company witnesses on rebuttal is much
16 less than today. So I -- you know, I am even
17 thinking even if we go to tomorrow, we are done by
18 noon.

19 CHAIRMAN LA ROSA: Okay. Well, we will
20 certainly see. Is that something that's --

21 MR. HETRICK: I think given that
22 representation, we can see how this plays out.
23 Obviously, I know the concern is not to waste
24 Commission time. I know the concern is also that
25 our office was never informed that your witness

1 would not be available today and there was that
2 concern, but I don't want to get into the back and
3 forth about that. We just want to make sure that
4 we use the Commission's time efficiently and that
5 we don't have big gaps.

6 CHAIRMAN LA ROSA: At the end of the day,
7 right, I mean, part of the planning process is
8 making sure that we are all efficient and we are
9 all trying to be respectful and, obviously, that
10 puts us in a conundrum with, you know, a lot going
11 on, just like every one of our offices have.

12 MR. REHWINKEL: We honestly felt like today
13 would be all company people, and there was zero
14 chance of Mr. Smith getting up on the stand, just,
15 you know, based on how we gamed it out, but
16 obviously we miscalculated.

17 CHAIRMAN LA ROSA: All right. Let's then pick
18 up where we left off, and I guess to set the stage,
19 OPC, you are questioning. Mr. Twomey is still in
20 the witness box. And you had line the questioning.

21 MR. PONCE: If I could ask the court reporter
22 to please, so I can remember where we left off
23 reread the last question that I asked Mr. Twomey,
24 or last series of questions maybe?

25 (Whereupon, the court reporter read back the

1 requested portion of the record.)

2 EXAMINATION CONTINUED

3 BY MR. PONCE:

4 Q So I just want to make sure I understand
5 before I go to -- I just want to make sure I understand.
6 Just a simple yes or no, is priority three the nice to
7 have category? Just yes or no?

8 A That is -- yes, that is how I categorized it
9 in my deposition.

10 Q You mentioned -- and I want to make sure that
11 I am understanding your testimony correctly -- that the
12 reason why AMI, you know, we went through all those
13 years, and it was consistently marked as a number three,
14 is that correct? We went through all the tabs of the
15 spreadsheet and it was consistently marked as --

16 A Yes, I forget the exhibit number, but the one
17 we had up this morning, it was categorized as number
18 three in all tabs.

19 Q Well, then let's get it back up so we don't
20 have to ask you to remember it. This was, I believe,
21 E28623. And I think we got the spreadsheet so we don't
22 -- we have the actual spreadsheet there.

23 Now, if I am understanding your testimony
24 correctly, the reason why it was a number three
25 throughout this spreadsheet was because it was in the

1 **study phase, is that correct?**

2 A No.

3 Q Okay. So why was it a three, then, throughout
4 the spreadsheet?

5 A There is several columns here that
6 unfortunately were not updated to reflect the stage of
7 the project.

8 Q So are you telling us now that whether or not
9 it was a study phase has nothing to do with that number?

10 A I guess you could extrapolate that because it
11 was a study phase in 2020, and it was categorized as
12 number three, there is some correlation, but I couldn't
13 say for sure.

14 Q We -- I believe we are -- if we can go to
15 2020 -- I think we are at the 2024 tab. It looks like
16 that's correct. If we look at row FL122. You see that
17 this one is marked as a number two, and is also study
18 phase; isn't that correct?

19 A Yes.

20 Q And then if we will look at row -- I believe
21 this is row FL67. This one is marked as a number one,
22 and it is also in the study phase; is that correct?

23 A Was that FL27? I am sorry, I missed the
24 number. Apologies.

25 Q FL67.

1 A Oh, 67. Sorry. Yes.

2 Q For example, a type of project that might be a
3 priority level three is the former. I believe this
4 project was canceled. The Little Wekiva interconnect
5 with Altamonte Springs?

6 A I am sorry, what was the question?

7 Q Do you recall to the Little Wekiva
8 Interconnect with Altamonte Springs project that was
9 canceled?

10 A I am aware of the project title. I don't know
11 a lot about it.

12 Q Wasn't that project to create redundancy?

13 A Yes, I believe so. That's why we would have
14 an interconnect, yes.

15 Q Okay. Now, when Sunshine submitted its test
16 year letter for its case, didn't it include a project
17 for its LUSI-Lake Groves Wastewater Treatment Plant?

18 A Yes, we indicated that we would be filing with
19 a LUSI-Lake Groves Wastewater Treatment Plant
20 Improvement Project.

21 Q Isn't that of project estimated at
22 approximately \$8.7 million?

23 A That was the estimate when we filed. Again,
24 you must understand that this is not just one individual
25 project, but multiple projects for upgrades at the LUSI

1 Wastewater Treatment Plant.

2 Q I believe this one is FL59 of the 2024 tab.
3 FL59. Is that the correct project? If you scroll to
4 the right, you will be able to see the budget. That
5 might help narrow it down.

6 A Yes, that appears to be the project.

7 Q Okay. And just to be clear, that's a priority
8 two project?

9 A Yes, that's what's on the sheet.

10 Q Isn't the goal of this project to improve the
11 wastewater treatment capacity at this facility?

12 A There is several projects. One of them is the
13 review capacity, yes. Another is to meet our permit
14 requirements under BMAP, which is nitrogen removal.
15 That is another part of that project that was listed.
16 Another one is to upgrade or replace a filter, I forget
17 which one, is another part of that project.

18 So, again, candidly, the reason I removed it,
19 there was multiple projects that were lumped together,
20 and when I filed that test year letter, upon further
21 review, I felt that these projects were not ready to
22 move forward and be included in our proforma. I thought
23 it was a prudent decision at that time, and I think it's
24 been reflected in the fact that we have only moved
25 forward with the BMAP project right now, as that is a

1 permit requirement. The rest were not.

2 Q So just to be clear, this was a variety of
3 projects grouped into one?

4 A Yes, that is a group. Yes.

5 Q It's fair to say that the overall aim of this
6 project was to improve this facility to make sure that
7 it's providing safe and reliable wastewater service?

8 A Can you rephrase that, please?

9 Q The goal of all these projects that were
10 grouped into one, they all had the shared -- is it fair
11 to say that they all had the shared objective of
12 improving this plant's ability to provide safe and
13 reliable wastewater service?

14 A So all our projects are to provide safe and
15 reliable. But as you just mentioned, one of them was
16 for capacity. So if that's to provide safe and
17 reliable, then yes. If we are to meet our permit
18 requirements, that's the BMAP part of that. If it's to
19 do the filter upgrade, yes, that would, you know, helps
20 with TSS reduction and management. So, absolutely, in
21 that sense.

22 Q So despite being a priority two with all these
23 objectives in mind, it still got dropped from the
24 application?

25 A Yes. I am -- again, for me, looking at those

1 projects, I am not at risk of being out of compliance
2 with my permit, and LUSI-Lake Groves plant is fully
3 compliant, and it's a good plant.

4 Q So that means since it was dropped from this
5 application, at some point, you will have to return to
6 the Commission to get it approved?

7 A If we proceed with those projects, yes.

8 Q All right. In its test year letter, didn't
9 the company also include a project for its Mid-County
10 Wastewater Treatment Plant facility?

11 A Yes.

12 Q And at that time, I know time has moved on
13 since then, but at that time, it was valued at
14 approximately \$29 million?

15 A Yes.

16 Q If you go to FL32. This is the project we are
17 discussing, correct?

18 A Yes.

19 Q It's a priority two project?

20 A Yes.

21 Q Wasn't the aim of this project providing
22 adequate capacity to handle peak flow events?

23 A No.

24 Q Okay. Well, what was the aim, then?

25 A So this plant at Mid-County has been -- come

1 to the end of its useful life, and that's documented in
2 previous rate cases. So we undertook a study that -- I
3 am sorry, we undertook a project that kicked off with
4 the first RFP out to our engineers, or parties -- let me
5 get to the point, I guess, you are asking is, it's to
6 replace the entire facility.

7 So we have a treatment facility that is aging
8 out, and we need a new facility. That's what this
9 facility does. We have not increased any capacity at
10 that plant that I can recall.

11 **Q So this is -- so this is -- so in contrast to**
12 **the last one we talked about, this isn't just a couple**
13 **of different projects for an existing plant. It's to**
14 **replace an entire plant altogether?**

15 A Yes. It's to replace a plant, and it has been
16 in the works. It's under construction now, and has been
17 since -- I mean, I started work in '23, I believe, but
18 the engineering everything else that began in 2022. So
19 an ongoing project. I wanted it in this rate case, but
20 as I have explained previously, I didn't feel it would
21 be completed within the proforma period, which is the
22 end of this year.

23 **Q And isn't this the facility that is the**
24 **subject of a consent order with the Florida Department**
25 **of Environmental Protection?**

1 A Yes. In December of 2023, out in the
2 collection system, which is, again, not at the facility
3 -- or not at the treatment plant itself, where we are
4 doing the work, but out in the collection system, there
5 was three SSOs, sanitary sewer overflows that were
6 unfortunate. But again, out in the collection system,
7 nothing to do with the plant itself, or capacities, or
8 anything like that. They are just blockages.

9 As part of the review by DEP, they determined
10 we did not do any sampling downstream of a creek that
11 runs by there. So once we dealt with the SSOs
12 correctly, our plan said what we needed to do some --
13 take some samples downstream, and we did not do that.
14 So we entered into a consent order with them to resolve
15 that.

16 And we have updated our plan and our team,
17 accordingly, to make sure that any SSO that should
18 happen at that collection system, not at the plant,
19 where this didn't happen, we need to follow our own
20 plan, which is fair.

21 **Q And just to be -- so just to be clear, despite**
22 **this being a facility that needs to be entirely replaced**
23 **and is subject to a DEP consent order with a priority**
24 **level of two, was not -- didn't make it into the final**
25 **application?**

1 A The plant is not subject to any consent order.
2 It was a spill in the collection system.

3 And, again, maybe I wasn't clear, but this
4 project is ongoing right now. I mean, I would -- I
5 would love to tour everybody around there. It's quite
6 an active construction site right now. It is -- it is
7 going.

8 **Q And there it's marked here in the spreadsheet**
9 **that is a replace project, right?**

10 A Yes. It is to replace the existing facility
11 at Mid-County.

12 **Q And if we go all the way back down to AMI, I**
13 **believe the second or third to last, AMI is categorized**
14 **as an efficiency project, correct?**

15 A Yes. It is also, of course, obvious to
16 replace the existing fleet.

17 **Q But as far as the spreadsheet is concerned,**
18 **it's efficiency?**

19 A This financial spreadsheet has it as an
20 efficiency project, yes.

21 **Q Are there any other efficiency projects on**
22 **this spreadsheet, are there any that I am missing?**

23 A Let me check.

24 **Q Take your time.**

25 A Nearly there.

1 Q Okay. Now, when it comes to Mid-County, no
2 matter how this Commission rules on this application --

3 A I am sorry. I am nearly there. Sorry.

4 Q Oh, I thought you. I am sorry, I
5 misunderstood your answer. My mistake.

6 A Okay. So there is only one efficiency project
7 in 2020. There is five efficiency projects in 2021.
8 Five listed as efficiency projects in 2022. Three
9 listed as efficiency projects in 2023, and just the one
10 listed in -- as efficiency projects in 2024.

11 Q Thank you.

12 So when we go back to Mid-County, no matter
13 how the Commission rules on this application, isn't the
14 company planning on returning later this year with
15 another -- with a limiting -- for a limited procedure to
16 address this project?

17 A We have in our plans to file a limited
18 proceeding in the future for the Mid-County project.

19 Q Is that going to be this year?

20 A Currently yes.

21 Q So despite a self-imposed cap on your water
22 ask to help your customers, you are still looking for
23 the Commission to approve 56 million in this case,
24 including AMI, and then at least another \$29 million on
25 this project later this year?

1 A So the final project numbers haven't been
2 estimated for the Mid-County, but, again, if we decide
3 to come in, I am sure the Commission will look at that
4 and use their best judgment to rule on that proceeding
5 should we file it.

6 Q Well, let's break did down. You are planning
7 on coming back for Mid-County later this year, correct?

8 A Yes.

9 Q And at the time of at least a test year
10 letter, that was a \$29 million project?

11 A Yes.

12 Q So since the number -- well, you just said,
13 and if I am understanding the answer now, that number is
14 still up in the air? At least the number you will ask
15 for has not been decided yet?

16 A Correct, that being focused on this rate case.

17 Q So it could be more than \$29 million?

18 A I don't expect it to be.

19 Q Would it be fair to say that when the company
20 removed the LUSI-Lake Groves and Mid-County projects
21 from this application, it was done to make the \$20
22 million investment for AMI more palatable for this
23 commission?

24 A Not at all.

25 Q Okay. If the company had included the

1 LUSI-Lake Groves and Mid-County projects in this
2 application with AMI, wouldn't it be a fair result for
3 the Commission to deny AMI and approve those projects
4 that are actually related to providing safe and reliable
5 service?

6 A Can you repeat that one? I am sorry. I did
7 miss the start of it.

8 Q So if the company had included those missing
9 -- two missing projects from the test year letter in
10 this application, wouldn't it be a fair result for the
11 Commission to deny AMI and improve those projects
12 instead?

13 A No. I mean, again, that was the letter. It
14 was kickoff in preparation. As you can see from the
15 sheet you have put up in front of us, there is a lot of
16 missing projects, as you want to categorize it, that
17 could have been put in there. So absolutely not.

18 Q Speaking of AMI, the goal of AMI, or I think
19 as referred to as application, ST-20, is to replace
20 Sunshine's current meters with AMI ones, correct?

21 A The goal of the project is to replace all
22 meters, and we have selected AMI as the technology.

23 Q And when I say the current meters, those are
24 manually read meters, correct?

25 A Yes. In the 10 counties we operate in, we

1 have meter readers that go to read those meters,
2 approximately 37,000 meters, every month manually. So
3 lean over, bend down, read the number, document it.
4 Yes.

5 **Q So just to be clear, if I refer to those as**
6 **standard meters, like the current ones as standard**
7 **meters, you will know what I am talking about going**
8 **forward?**

9 A Well, I would say AMI is a standard meter.
10 Now, just to be clear, I guess, on terminology, I would
11 say those are the In-Situ meters, which are, you know,
12 dated.

13 **Q Okay. Isn't Neptune Technology Group the**
14 **vendor providing these meters?**

15 A Yes.

16 **Q If we could go to C5 --**

17 A Sorry, just could you repeat that question? I
18 may have misunderstood how you referenced Neptune.

19 **Q Isn't Neptune Technology Group the vendor**
20 **providing these meters, the AMI meters?**

21 A Yes, Neptune are providing -- I didn't know
22 they had technology in their title. Apologies. But
23 they are the meter provider. Yes.

24 **Q Well, just to be clear, if we can go to**
25 **C5-1406. If we could scroll down.**

1 **If you are looking at the -- I am looking at**
2 **the project description. If you could just read that**
3 **first sentence for me, Mr. Twomey?**

4 A The project outlines the plan to modernize the
5 metering system across seven counties by implementing
6 the Automated Metering Infrastructure technology
7 provided by Neptune Technology Group.

8 **Q Okay. So that's the correct name, right --**

9 A Yeah.

10 **Q -- I want to make sure?**

11 A Yeah. That's on me. Absolutely.

12 **Q No problem.**

13 A I don't recall that part.

14 **Q If we could scroll down, then, to 1408. If**
15 **you could read the bullet point that starts with**
16 **"meters", please.**

17 A The one beginning with "meters", is that
18 correct?

19 **Q Yeah, just that one.**

20 A The selection of Neptune was made at the
21 corporate level, a national procurement strategy was
22 followed that reviewed the metering market, requests for
23 information and proposals from all major metering
24 vendors. Please see the bid details from our national
25 RFP for details.

1 **Q So in other words, if I am understanding this**
2 **bullet point correctly, this means that the selection of**
3 **Neptune was made at the corporate parent level?**

4 A Yes, as per my testimony, the parent company
5 you have, Corix at the time, led the initiative of
6 selecting our metering vendor with input from Sunshine.

7 **Q And just to be clear, the selection was made**
8 **before you became Sunshine business unit president?**

9 A That is correct.

10 **Q In other words, the decision to implement AMI**
11 **was already made before you became Sunshine president?**

12 A That is correct.

13 **Q And this decision was made by the corporate**
14 **president -- the corporate -- excuse me, the corporate**
15 **parent?**

16 A I don't know who made the final decision. But
17 it was certainly decided before my time. And I believe
18 that there was a team made up of different subject
19 matter experts, for want of a better description, across
20 the entire organization that were on a project team to
21 determine this. It was not a light undertaking, and it
22 went through our internal approval -- our capital review
23 project team committee before the vendor was selected.

24 **Q We touched on this briefly, but prior to this**
25 **project, is manual reader the correct term in the**

1 industry, the meters that are being replaced by AMI
2 ones?

3 A Manually read meters?

4 Q Manually read meters, correct.

5 A Sure.

6 Q Okay. So prior to this project, isn't it true
7 that Sunshine was using manually read meters for its
8 37,000 meters?

9 A Yes.

10 Q In fact, to the extent that they have not been
11 replaced yet by AMI, isn't it true that Sunshine is
12 still using these manually read meters?

13 A Besides those that are been replaced under the
14 current project, yes.

15 Q Approximately how long has Sunshine been using
16 these manually read meters?

17 A That would -- well, I mean, in general, just a
18 general response, we have been -- I don't actually know,
19 I guess, is my honest answer.

20 Q Okay.

21 A A long time.

22 Q Well, let me rephrase, then.

23 Prior to a decision to replace these meters
24 with AMI meters, isn't it fair to say that Sunshine was
25 providing safe and reliable water services to its

1 **customers?**

2 A Yes.

3 **Q Can you show me anywhere in your direct**
4 **testimony evidence concerning the current state of**
5 **Sunshine's manually read meters?**

6 A The current state, no, I don't believe so.

7 **Q I am sorry, I didn't catch that answer.**

8 A I don't think my direct testimony details that
9 information.

10 **Q If we could go to F2-2691.**

11 **If you could read just that first sentence**
12 **under the rule, where it starts with "each utility"?**

13 A Each utility shall employ water meters which
14 register within the accuracy limits set forth in this
15 chart.

16 **Q Okay. How many of Sunshine's manually --**
17 **current manually read meters fail to comply with the**
18 **accuracy requirements of this rule?**

19 A We don't test our 37,000 meters, so I don't
20 know to say how many.

21 **Q You don't test any of the 37,000 meters?**

22 A No, we test to be in compliance with the rule,
23 I am you are going to show later. But to say how many I
24 know of the 37,000, I don't know.

25 **Q Okay. Let's go to F2 -- excuse me F2-2692.**

1 **If you could read subsection (1), just that sentence**
2 **there.**

3 A Each utility shall test its displacement type
4 cold water meters on at least the three rates of flow
5 set forth in the following chart.

6 Q We have just established that you don't test,
7 but let me ask anyway --

8 A No, sir --

9 Q -- how many current meters failed to comply
10 with the accuracy requirements of this -- excuse me, how
11 many meters failed to comply with this rule?

12 A I did not say we do not test. I said I don't
13 know of the 37,000 how many were not compliant, which is
14 near -- I don't know how I would know, or anybody.

15 So when we test for this, we -- we are in
16 compliance with this when we test. Our methods are in
17 compliance. It's a meter test method. We test to this
18 method every time we test a meter.

19 Q And you don't have a fail rate or pass rate
20 even for me today?

21 A No. No, I don't.

22 Q If we can go to F2-2694. And again, if you
23 could read that subsection (1) for me?

24 A I am sorry, is this the same?

25 Q Oh, did we not -- sorry/

1 MR. SCHULTZ: I am sorry, I was getting a
2 different thing. So what did you need?

3 MR. PONCE: So this is F2-2694.

4 BY MR. PONCE:

5 **Q And if you could just read the first sentence,**
6 **starting with "each utility", please?**

7 A Each utility shall inspect and test a
8 representative sample of its meters in service at least
9 ones during the intervals set out in this rule.

10 **Q When was the last time Sunshine inspected and**
11 **tested a representative sample of its standard readers**
12 **in service pursuant to this rule?**

13 A We are in compliance with this rule. And in
14 talking with our operations team -- as you know, I have
15 been here a year -- as a requirement of our consumptive
16 use permit, references the CUP, we have run aging
17 reports that leads to some testing. We also complete
18 testing on low flow reports that we get from our
19 building team. And we test meters on high complaints,
20 which often are not, they actually tend to run slow, but
21 nonetheless, we do test them. So we believe in all
22 those touch points, we are compliant with this rule.

23 **Q So I am glad you are in compliance, but my**
24 **question was when was the last time this testing**
25 **happened?**

1 CHAIRMAN LA ROSA: Okay. Do you mind just
2 pausing for half a second? I am going to go to our
3 -- my technical staff. I am hearing this siren in
4 the background. Is that -- there it is. Never
5 mind. All I had to do was ask.

6 Go ahead, I am sorry. I didn't mean to
7 interrupt you, but I wasn't sure if it was annoying
8 anybody else.

9 BY MR. PONCE:

10 Q Let me -- I will ask the question again.

11 Again, I am glad that Sunshine is in
12 compliance, but my question was, when was the last time
13 Sunshine conducted this -- the inspections required by
14 this rule?

15 A It's an on going testing. Like, we don't sit
16 down and go out and test, like, say take a subdivision.
17 That is not how we do this. We do this, again,
18 five-eighth inch meter, every 10 years we need to test a
19 representative sample.

20 In what I described, we complete that. It's
21 ongoing, there is no set sitdown, except on an annual
22 basis, we review our CUP. We get our billing
23 complaints, et cetera. So it's an ongoing process. So
24 every year, to answer your question.

25 Q Every year? Okay.

1 A We do some testing, yes, to remain compliant
2 with a representative sample that's tested every 10
3 years. Again, taking the five-eighths inch meter in
4 this example.

5 Q If we could go to -- and I am sorry, let me
6 ask this actually.

7 So at this moment, you are not aware of how
8 many current meters have -- are failing to comply with
9 the accuracy requirements, is that correct?

10 A Of the 37,000 meters, I am not aware of what
11 percent failed to comply. I am sure there are some. To
12 say what percent, I don't know.

13 Q So you are asking the Commission to authorize
14 you replacing 37,000 meters, but you are not sure how
15 many, if any, are having accuracy issues?

16 A I just said I expect some. And it's like
17 replacing a section of pipe. We replaced 6,500 linear
18 feet of pipe to address, again, a reduction in ROE in
19 our last rate case. I am sure all 6,500 feet were not
20 failing.

21 Q Other than some, you can't pinpoint that down
22 further?

23 CHAIRMAN LA ROSA: I think that's been asked a
24 few times already so --

25 MR. PONCE: Okay.

1 CHAIRMAN LA ROSA: -- we are pretty clear on
2 that.

3 MR. PONCE: I will move on then.

4 BY MR. PONCE:

5 Q Let's say, for the sake of argument, you did
6 find one. You just mentioned replacing pipe, right?
7 Let's say you found a meter that was faulty. Before
8 AMI, what would you do with it?

9 A Before this current project, we would replace
10 it with a like for like meter, but a new meter -- a new
11 meter of the same technology.

12 Q And you haven't -- and you haven't had any
13 trouble with getting like for like meters from
14 manufacturers?

15 A I believe you can still acquire a manually
16 read meter, if that's your question.

17 Q If we could go to, I think it's just J9. And
18 I am looking at account number 344.4, if you could
19 scroll down.

20 A Okay.

21 Q Isn't it true that the test year average
22 balance for meters and meter installations plant in
23 service is approximately \$7.4 million?

24 A I am sorry, what line?

25 Q I believe it's 344.4. Line 30, excuse me.

1 A All right. So just to be clear, I did not
2 prepare this schedule, but what is in this -- what is
3 here is \$7.3 million on line 30, 334.4. That is the
4 test year average balance.

5 **Q I acknowledge you didn't prepare it, but as**
6 **the overall presenter for the meters, you would be at**
7 **least familiar with this, correct?**

8 A To be honest, I don't review all of these
9 schedules in detail. It's just beyond my capacity to
10 get through everything. I do, as I said at the very
11 front end, rely on team members to compile this.
12 Obviously, we have meetings and we discuss, but I don't
13 go through these line for line.

14 **Q Well, I have only got one more MRF question**
15 **for you. If you can go to J16. Again, looking for**
16 **account 344.4, which I believe is line 29.**

17 **Again, acknowledging that you didn't prepare**
18 **this, but the number here is approximately \$5.3 million,**
19 **and this represents -- excuse me, just to be clear, test**
20 **year average ending balance for meters and meter**
21 **installations.**

22 A Yes, the number is, as you said -- again, I am
23 not -- it's not my -- I am not very familiar with this.

24 **Q If you were to do just a simple subtraction of**
25 **that first number, which was about 7.3 million, and the**

1 number here, which is about 5.3 million, you end up with
2 \$2 million, right?

3 A Your math appears correct.

4 Q Okay. Doesn't this mean that there is still
5 approximately \$2 million of depreciable life remaining
6 on these meters?

7 A I don't know.

8 Q Which witness would be -- in your opinion,
9 which would be a better witness for me to ask this of?

10 A Well, it would --

11 Q If we could scroll up?

12 A It would be -- Witness Swain prepared this, I
13 am sure with the help of Mr. DeStefano, so one of the
14 two of them.

15 Q Thank you.

16 If we could go to E30806.

17 Isn't it true that the business case for AMI
18 was published, or completed on January 12th, 2021?

19 A Yes. The date on this report is January
20 1st -- or January 12th, 2021.

21 Q Didn't the firm of Black and Veatch Management
22 Consulting prepare this analysis for Corix?

23 A They were certainly a consultant, but there
24 was a lot of people on that team. I do know that. So
25 they weren't the sole provider of this report.

1 **Q** If we can go to E30821. And I am looking --
2 if you could just read at the first sentence at
3 paragraph one there, starting with "this report" -- we
4 lost it.

5 A Yeah, sorry, I see it now. Which number would
6 you like me to read?

7 **Q** Just the first sentence at paragraph one.

8 A This report was prepared for Corix Utilities
9 by Black and Veatch Management Consulting, LLC, B&V, and
10 this is based on information not within the control of
11 B&V. In preparing this report, B&V has assumed that the
12 information, both verbal and written, provided by others
13 is complete and correct. B&V does not guarantee the
14 accuracy of the information, data or opinions contained
15 in this report, and does not represent or warrant that
16 the information contained in this report is sufficient
17 or appropriate for any purpose.

18 **Q** Now, I understand time has moved on since
19 then, but in this report, wasn't the total capital cost
20 for AMI initially predicted to be approximately \$8.2
21 million?

22 A That is one of the numbers that was proposed
23 here. There were several. I am sure that you saw a lot
24 of different cases that were provided or put forward in
25 this report in 2021 as the study stage of this project,

1 and that has evolved into the current project budget.

2 Q If we can go to E30808. And if you would
3 scroll down for me, please.

4 So if you look at the bottom underneath that
5 pie chart, there is a bullet -- list of bullet point, or
6 key benefits. If you could do me a favor and if you
7 could read each of those four bullet points?

8 A Meter Reading: Elimination of manual meter
9 reading 656K per year, 65 percent of benefits.

10 Billing: Reduction in billing exceptions and
11 manual bill processing 112K per year, 11 percent of
12 benefits.

13 Operations: Reduce field trips to
14 connect/disconnect service by using virtual disconnect
15 75K per year, seven percent of benefits.

16 Revenue Assurance: Reduction in
17 system/customer leaks and assumption -- and consumption
18 on inactive accounts 56K per year, five percent of
19 benefits.

20 Q Now, just to be clear, these are benefits that
21 Corix, or I am guessing more specifically, Sunshine was
22 anticipating to get thanks to implementing AMI?

23 A This is what the consultants determined, yes.

24 Q Isn't it true that none of these benefits are
25 reflected as rate mitigation in this case?

1 A No. As I spoke to in my rebuttal to -- maybe
2 it was a discovery response. Actually it wasn't
3 rebuttal. The meter reading function, of which we have
4 seven of them, we are repurposing as maintenance techs.
5 So that savings from those meter readers does exist, and
6 is passed along. But we are repurposing those head
7 count to other tasks that we would otherwise -- we
8 simply aren't keeping up with the growth in our system
9 or the aging system, or, you know, we just have been
10 contracting out. So there is that.

11 Q And again, isn't it true that none of these
12 benefits are reflected in proforma adjustments in
13 Sunshine's revenue request?

14 A Correct.

15 Q If we can go to E30822. I believe this was
16 one of the ones that was hard to see, but I think we may
17 have overcome that. If not, I still have the paper
18 versions.

19 Now, do you recall providing this in response
20 to discovery, Mr. Twomey?

21 A Yes.

22 Q Okay. As we can see, it's a -- I mean, it's
23 labeled, Potential AMI Benefits. We could scroll all
24 the way down to the bottom. It appears there is about
25 126 total, if I am looking at the row correctly.

1 A Okay.

2 Q And then you can see that these benefits are
3 divided into various categories, with three of those
4 categories being describing who the intended beneficiary
5 is?

6 A Yes, it looks that way.

7 Q And the three intended beneficiaries are,
8 starting from the left, customers, utility and society;
9 is that correct?

10 A Yes.

11 Q Isn't it true that per the chart's tabulation
12 there, 117 of the anticipated benefits of AMI are going
13 to the company -- to the utility, excuse me?

14 A Yes. So, you know, some are going to all
15 three.

16 Q And isn't it true that of these 120 something
17 benefits, only 23 are anticipated to go to the customer?

18 A Yes, if that's the way it's phrased, yeah.

19 Q And 28 to society in general?

20 A It appears to be that way.

21 Q If we could go now to C5-1498.

22 Now, correct me if I'm wrong, but isn't this
23 the agreement that Corix entered into with Neptune to
24 provide the AMI meters?

25 A Let me check. Yes.

1 Q And this contract is dated October 4, 2022?

2 A Yes.

3 Q And if I recall correctly, it had to be
4 amended at some point when it was discovered that some
5 of the specifications weren't correct for the AMI
6 meters?

7 A Okay. I don't know for sure.

8 Q Okay.

9 A I would have to check. Do you want me to look
10 at some exhibit?

11 Q Actually, let's just to go C5-1433 -- excuse
12 me, C5-1433.

13 And this is the task order that Sunshine
14 itself now, not Corix, entered into to begin preparation
15 for the installation of AMI, is that correct?

16 A Yes, this is an agreement with Black and
17 Veatch, B&V.

18 Q So if I am understanding the timeline
19 correctly, 2021, at least one of the business case
20 analysis is developed between Corix and one of the
21 consulting firms; is that correct?

22 A Where was the 2021 date? I am sorry, I don't
23 recall.

24 Q If we could go back to E30806. This is dated
25 -- or appears to be dated at least January 12, 2021?

1 A I am following now. I see what you mean. So,
2 yes -- we business case evaluation done in 2021.

3 Q Then we get the contract signing between Corix
4 and Neptune on October 4, 2022?

5 A Yes.

6 Q And then finally, we get to the task order
7 between Sunshine and the contractor on May 17, 2023. Is
8 that the correct timing for AMI we are working with?

9 A There is two dates there, yeah, I guess May
10 17th or April 26th same --

11 Q More effectively April 26th?

12 A Yeah, that's good.

13 Q Okay. It's my understanding, then, based on
14 your prior testimony, that this entire time, from 2021
15 to 2023, this is all just a study phase for AMI?

16 A No, you are misunderstanding my representation
17 of POD 10. My point is that information was clearly not
18 updated as we transitioned through these phases. Like
19 when I execute this one, this one I believe was executed
20 by my predecessor, Mr. Mendenhall. We were live, like,
21 the project was going. And I'm sure there is a PO for
22 meters that was issued and submitted as well. We
23 purchased, like, 8,000 meters, or something. So it had
24 transitioned, our financial spreadsheet that goes to
25 corporate did not reflect that. And again, I apologize

1 having to go over our errors, but that is what I am
2 saying.

3 Q I understand now, thank you.

4 Now, when Corix was able to negotiate this
5 contract with Neptune, it was able to negotiate a
6 purchase price that was lower than usual because of the,
7 I guess, the bulk order?

8 A Yes, I believe that was part of the strategy,
9 was to standardize the meters across the organization
10 and, in turn, drive a better bargain on meter
11 purchasing.

12 Q So when you say standardize across the
13 organization, do you -- excuse me, when you say
14 standardize across the organization, do you mean between
15 Sunshine and all of Sunshine's sister companies?

16 A I mean the parent company wanted to
17 standardize and have a couple of vendors, as opposed to
18 multiple, multiple vendors of meters. So there is a lot
19 of meter providers out there. The idea was to shrink
20 that down to a chosen few.

21 Q I am not sure I understand the word
22 standardized. Like, is --

23 A Oh, sorry. So using Nexus, Nexus wanted to
24 try and narrow it down to get to two, three, maybe four
25 meter vendors and, in turn, leverage our purchasing

1 power at the parent level to pass along to the customers
2 at Sunshine and our sister companies. Thus,
3 standardizing the technology, which, in turn, is used by
4 our billing department, for example, which is a shared
5 service.

6 So we don't have -- Neptune sends us badger --
7 there is a list that goes on and on, so that we have
8 standardized billing processes, because we have only two
9 or three different vendor -- meter vendors. That's what
10 I mean.

11 **Q Could it be fair to say, then, that it was**
12 **this desire to standardize that was driving this project**
13 **at the parent level to contract with Neptune?**

14 A No. No. Again, the reason for this project
15 was to replace an aging -- a depreciating meter fleet,
16 and an opportunity to replace all at once to get to, you
17 know, a better product, frankly, that would have better
18 benefits for our customers, and our utility, and
19 society, as you correctly pointed out.

20 **Q But Neptune negotiate -- not Neptune -- Corix**
21 **negotiated that one contract with Neptune, not just for**
22 **Sunshine, but also for Sunshine's sister companies?**

23 A Corix negotiated at the parent level. Any
24 benefits would be passed to any sister company should
25 that leadership of that BU choose forward to move

1 forward with Neptune.

2 Q And I know you said this, but again, just to
3 keep the timeline clear, this was before you became
4 president in December of 2023?

5 A Yes. All agreements we just talked about were
6 prior to me being the BU president.

7 Q If we can go to C5-1406.

8 This is the project business case from your
9 direct testimony, is that correct?

10 A Yes.

11 Q Isn't the project start date listed here as
12 March 1, 2022?

13 A Yes.

14 Q With a completion date of September 30, 2025?

15 A Yes.

16 Q I suppose you may go into this more in your
17 rebuttal testimony, but for now, isn't it true that AMI
18 remains unfinished?

19 A Yes.

20 Q So despite this timeline going all the way
21 back to 2021, your testimony to this commission is that
22 you will for sure finish this project before the end of
23 this year?

24 A Absolutely. Yes. We currently have 20 meter
25 installers on the ground today, as we speak, installing

1 meters. We have all of our antennas in -- I am sorry,
2 most counties have the antennas installed, and Lake
3 County is the last county to install the antennas, and
4 that will start on March 10th. And we will continue to
5 install these meters, and expect to be completed one
6 month later than I have put in my direct, in October of
7 2025.

8 **Q Doesn't this project business case predict a**
9 **total cost for AMI to be \$20 million approximately?**

10 A Yes, as I listed here, it's 20.07.

11 **Q Isn't that far in excess of what the business**
12 **case analysis that we discussed called for?**

13 A The study phase determined the benefits and if
14 this was the right fit for Sunshine to move forward
15 with. The numbers from 2021 have changed, yes.

16 **Q As part of this long process, didn't the**
17 **company consider AMR meters versus AMI?**

18 A I am sorry, can you repeat that?

19 **Q So as part of this timeline that we have been**
20 **going through, didn't the company consider to the option**
21 **of going with AMR meters versus AMI meters?**

22 A Through this process as I have detailed in my
23 rebuttal, if we want to go there, is we went through an
24 extensive process to determine, again, the vendor, the
25 meter type, the meter technology, and so forth. So,

1 yes, we evaluated AMI, AMR -- AMI radio, AMI cellular,
2 AMI low run, just standard meters replacing like for
3 like, and AMR.

4 **Q And I know you discuss this more in your**
5 **rebuttal, but just for now, doesn't even the very**
6 **process of considering the difference between AMR versus**
7 **AMI require the company making a judgment call about**
8 **value?**

9 A I think we made a decision based -- a prudent
10 decision as management of Sunshine, with input from our
11 parent company, to go forward with the technology we
12 thought was best for our customers. And honestly, by
13 extension, the utility, as you can see, there is benefit
14 both ways. I am not going to shy away from that. I
15 think that's important and valuable, and that's how we
16 made our decision.

17 **Q When it comes to AMR versus AMI, isn't it fair**
18 **to say that AMI is like going out and buying a new**
19 **iPhone, you are not going go back a couple of versions**
20 **of this technology?**

21 A No. As I have -- maybe I didn't state it here
22 today, but, you know, like Tallahassee, like JEA, we are
23 just following the forerunners in the state.

24 And just to give you an example, as to why I
25 don't believe this is like buying a brand new iPhone, or

1 the first people to buy it, is that, you know, there is
2 4,000 systems that Neptune AMI has been installed in
3 across the U.S. And in Florida alone, we have a
4 Hillsborough County, Zephyrhills, North Port, Winter
5 Harbor, Arcadia, Babcock Ranch, Cape Coral, Florida
6 Keys, Palm Bay, South Martin, Margate, Clermont,
7 Deltona, St. Augustine, The Villages, and just happen to
8 know Apopka has census.

9 So that's just touching upon it. We are -- we
10 are, I would argue, late to the game. And to go from a
11 manual read to AMR doesn't provide a lot of benefit to
12 our customers, as I have detailed in my testimony, such
13 as leak alerts, managing your usage, you know.

14 For example, we are tiered rates, right, just
15 like the electrics. I can go in and see towards the end
16 of the month if I need to repair my pool, maybe I need
17 to drain it and fill it back up, maybe I am not going to
18 go do that because I am going to go into the next tier.
19 You go from our second tier to third tier, it's \$2 more
20 per thousand gallons. I want to know that information.

21 And as a customer myself of Sunshine, I happen
22 to have an AMI meter. It just got installed. Just in
23 preparation for rolling out the leak alerts, I got
24 on-line to check. Not everybody has access yet. I
25 happen to have that privilege. And sure enough, I have

1 a leak. It's not the a big leak, but it runs 24/7. That
2 is not information I would otherwise have had.

3 So, no, we are not ahead of the curve. We
4 need to do this because our customers, I think, need it,
5 and they can save money based on this technology.

6 **Q So the iPhone comparison is not apt at all?**

7 A Did you say it's the newest version of the
8 iPhone? No. I think it's maybe the iPhone, but it
9 depends on what version you are looking at.

10 **Q Do you recall that on October 30, 2024, I --**
11 **you were deposed in this matter?**

12 A Yes.

13 MR. PONCE: Okay. If we could pass out those
14 depositions.

15 BY MR. PONCE:

16 **Q And if you recall, you were under oath when**
17 **you gave that deposition?**

18 A Yes.

19 **Q And you had your attorney present with you**
20 **when you gave that deposition?**

21 A Yes.

22 **Q Okay. If you can give me a moment, please.**

23 A Sure.

24 MR. PONCE: Have we missed anybody who needs a
25 copy of the deposition? Hearing, no, I am just

1 going to move forward.

2 BY MR. PONCE:

3 Q If you would turn to page 197 in the upper
4 right, Mr. Twomey. Again, that was page 197.

5 A Yes.

6 Q And you can see where I asked you: And you
7 might have touched on this, but why AMI versus AMR?

8 A Yes.

9 Q If you could please read your answer?

10 A It was before my time, but I do believe the
11 benefits with this many meters, just think about the
12 driving for 37,000 meters, and then you look at our 10
13 different counties, that's a lot of mileage. It's not a
14 small community that you can just go out -- just run out
15 and do a spin around. So just the benefits of that, I
16 think, would be a key one.

17 And AMI is a technology that's improved,
18 right? It is the next step. It's like, you know, you
19 go out and you buy a new iPhone, you are not going go
20 back a couple of versions in the technology if you
21 believe that this is the best one, and we do.

22 Q So AMI is like the latest version of the
23 iPhone, then?

24 A The latest -- I am not going to go back a
25 couple of versions of technology. I believe I was

1 referencing, like, different phones. Like I said just a
2 moment ago, I am not saying this isn't the iPhone, but I
3 am not going to go back to a flip phone.

4 **Q Understand. Moving on.**

5 **So despite being a priority three project --**
6 **let me rephrase this.**

7 **So Sunshine began incurring costs for this**
8 **project before the Commission could review -- could**
9 **conduct this review, is that correct?**

10 A I am sorry, can you rephrase that? I did miss
11 it.

12 **Q So Sunshine began incurring costs for AMI at**
13 **least as far back as 2021, is that correct?**

14 A I don't know when the first customer occurred
15 exactly, but, yes, I mean, you can see the documentation
16 there was work done in 2021.

17 **Q And I know you will go more into this in your**
18 **rebuttal, but Sunshine has already begun placing poles,**
19 **replacing meters, doing the actual manual work to**
20 **replace to get this project done?**

21 A Yes, like every single one of the proforma
22 projects included.

23 **Q Is it fair to say that by implementing AMI**
24 **before giving the Commission a fair chance to review it,**
25 **that the company is trying to force the Commission's**

1 hands on this issue?

2 A Absolutely not.

3 Q Finally with regards to AMI, we will talk
4 about -- you mentioned orders in your rebuttal
5 supporting AMI, but since we have talked about orders,
6 isn't it true that the Kentucky Public Service
7 Commission forbade a Sunshine sister company from moving
8 forward with AMI?

9 MR. WHARTON: Objection --

10 CHAIRMAN LA ROSA: Just turn on your
11 microphone.

12 MR. WHARTON: If I may, Mr. Chairman, I will
13 just make this objection once. This is a
14 precursor, I think. We have quite a few orders
15 from other states regulators in this case. You
16 know, if the Commission decides that those should
17 be made exhibits, and that they mean something to
18 the Commission, that's -- that's your job.

19 What is this fact witness going to say about
20 an order from Kentucky, or Texas, or Indiana that
21 is going to change the way you read a final order
22 from regulators of another state?

23 I suppose the point is to highlight it now,
24 but it just doesn't seem like -- often you will
25 hear in administrative law that relevancy is not a

1 good objection, but its sister is, that a fact has
2 to be material and competent and substantial in
3 order to base a finding of fact on it, that's what
4 the Administrative Procedures Act says.

5 I just don't know what a witness can say about
6 an order that he has basically been forced to read,
7 he didn't know about it before, from Texas, that
8 then the Florida commission will pay attention to
9 that testimony, rather than reading that order
10 itself and applying it.

11 MR. PONCE: If I could try to respond?

12 CHAIRMAN LA ROSA: OPC, yes.

13 MR. PONCE: I think if the witness is going to
14 bring up that there are orders in support of
15 placing AMI, then we are entitled to cross him, and
16 which would include examining his knowledge of
17 orders that are contrary and that forbade placing
18 AMI. So I feel that the witness has opened the
19 door to this by mentioning it himself.

20 And if he doesn't know, he doesn't know. I
21 mean, I am not going to -- I don't think I have
22 come across as the type to rake someone over the
23 coals, so I think we can move on from there.

24 MR. WHARTON: The question is begged whether
25 we are then going to have to get into Texas law,

1 Texas administrative code rules, Texas precedence,
2 and this witness still won't know that. The
3 lawyers will just stick it in the briefs.

4 CHAIRMAN LA ROSA: Understood.

5 Staff, is there a ruling that has to be made,
6 are we -- are we -- are we -- I am reading OPC
7 right, are we agreeing to move on, it doesn't -- if
8 I can get an indication on that.

9 MR. PONCE: I'm sorry, I didn't catch that.

10 CHAIRMAN LA ROSA: Yeah. So I am asking my
11 staff if there is a ruling that has to get made, or
12 was OPC insinuating that they were -- that you guys
13 were going to move on?

14 MR. PONCE: And I would just mention the
15 witness also mentions standardization at the
16 corporate level to include the sister companies.
17 So I think it's fair to ask questions --

18 CHAIRMAN LA ROSA: I am going to go to my
19 legal counsel --

20 MR. PONCE: -- about the sister companies.

21 CHAIRMAN LA ROSA: Understood.

22 MS. HELTON: Mr. Wharton objected so quick I
23 couldn't hear what Mr. -- what the OPC counsel was
24 saying, so I am not even sure what the question
25 was, Mr. Chairman. I am sorry.

1 CHAIRMAN LA ROSA: Sure. I will let OPC
2 repeat the question.

3 MR. PONCE: Isn't it true that the Kentucky
4 Public Service Commission forbade a Sunshine sister
5 company from moving forward with AMI?

6 CHAIRMAN LA ROSA: So the objection is it's
7 outside --

8 MS. HELTON: Okay. The question to me is
9 about a sister company, so it seems to me it's
10 appropriate for him to ask if he knows the answer
11 -- if he knows anything about that to answer that
12 question, and then we can kind of go from there.
13 But I think he is just asking if he knows about an
14 AMI situation for a sister company, and that's --
15 that seems reasonable to me.

16 CHAIRMAN LA ROSA: Yeah, if that's the pretext
17 of the question, I am okay with it. Where I am
18 concerned is that I don't want to go down a
19 slippery slope and start to litigation other states
20 commissions and their orders, and which are
21 obviously outer side of our purview.

22 MR. PONCE: It if will make -- I can rephrase.

23 CHAIRMAN LA ROSA: Yeah, let's start with
24 rephrasing the question, but I think the overall
25 point is understood and hopefully keeps us, you

1 know, on track and moving forward.

2 Go ahead.

3 BY MR. PONCE:

4 **Q Let me rephrase. Are you aware that the**
5 **Kentucky Public Service Commission forbade a Sunshine**
6 **sister company from moving forward with AMI?**

7 A Yes, when you -- when I reviewed the CEL, I
8 believe, list of exhibits that you put forward, I saw
9 that you had that included in there. And my only
10 knowledge is that there are certain standards that are
11 different in Kentucky than they are in Florida that that
12 particular BU didn't meet, such as I think you have to
13 have CPCN to get meters or something. So that's the
14 extent of my knowledge of it, Commission.

15 CHAIRMAN LA ROSA: Understood.

16 BY MR. PONCE:

17 **Q Thank you.**

18 I would like to move on, then, to start
19 walking about the Wekiva system. So if we could go to
20 F2-18. Actually, you know what, let's actually go to
21 F2-5 first.

22 CHAIRMAN LA ROSA: Give them a second to --

23 MR. PONCE: So it looks like --

24 CHAIRMAN LA ROSA: Yeah, hold on. Let's just
25 give them a quick second.

1 MR. PONCE: Okay.

2 THE WITNESS: Yes, I got it now.

3 BY MR. PONCE:

4 Q So isn't it true that on May 23, 2024, you
5 signed a consent order with DEP concerning Sunshine's
6 Wekiva Hunt Club Wastewater Treatment facility permit
7 number FL0036251?

8 A Yes.

9 Q And I assume, it may be a silly question, but
10 I assume that you read the consent order before signing
11 it, correct?

12 A Yes, I am familiar -- yes, I have read the
13 consent order.

14 Q And you wouldn't have signed the consent order
15 if you didn't understand its contents, is that correct?

16 A That is correct.

17 Q Okay. If we go to F2-6, which is, I guess,
18 the next page. You can see that the facts were cited by
19 this consent order go all the way back to March 31,
20 2022; is that correct?

21 A Yes, and that's an important point. The
22 incident stemmed from investigations in May of this 2022
23 and the plant was back in compliance shortly thereafter,
24 but the administrative process did extend all the ways
25 to 2024. It was quite a drawn out process, as you can

1 see from the two years between the incident
2 investigations in May of 2022 and 2024.

3 Q All right. You mentioned it was a drawn out
4 process, you wouldn't become -- you didn't begin
5 participating in it until obviously you became business
6 unit president in late 2023, is that correct?

7 A Yes, December of 2023.

8 Q Okay. Well, since this -- since these facts
9 go all the way back to 2022, you must have been able
10 some way to access historical information in order to
11 know what was going on with this, is that correct?

12 A Yes, I reviewed the data that was available to
13 me. That's correct.

14 Q Okay. Now, I am not going to read all of
15 these violations listed in paragraph four, but just for
16 example, isn't it true that DEP found that this was
17 there was a plant operational failure that was not
18 reported for 73 days?

19 A Which letter was that?

20 Q I believe that is on the next page as letter
21 N.

22 A Yes.

23 Q There were unauthorized bypasses which were
24 not reported for 43 days? This is letter O.

25 A Yes.

1 Q If we can go down to letter V, the EQ tank was
2 crusted over with solids and vegetation?

3 A Yes.

4 Q So I don't have the 40 years of experience, so
5 when we are talking about EQ tank was crusted over with
6 solids and vegetation, what does that mean?

7 A All right, so an EQ tank for this particular
8 facility, and for all, for that matter, is like a surge
9 tank. So it's not of the treatment. It's about
10 hydraulic capacity.

11 In this instance, there is two mixers in that
12 are in that tank to keep it moved. Keep it from
13 settling. Those mixers were out for repair, which is
14 really the crux of all of this. They were out for an
15 extended period unexpectedly, and the EQ tank, upon my
16 review of the data available to me, was
17 short-circuiting, so really not providing any hydraulic
18 capacity to the plant, and the raw effluent was flowing
19 straight through to the treatment process. Again, an EQ
20 tank is not part of the treatment. It is hydraulic
21 capacity.

22 Q Well, speaking of the EQ mixers, if we go to
23 Y. The EQ mix wrester out of service for 77 days in
24 violation of that rule?

25 A Yes. And like I said, is they were actually

1 taken out of service. Our, again -- not again. They
2 were taken out for service and sent out to be repaired.
3 The team on the ground did not notify DEP. They were
4 proactive in their work, but they didn't notify DEP.

5 **Q And if we can go to -- it's not the next page,**
6 **it's the one after. That's it. It's this is page. If**
7 **we can go to C, a sanitary sewer overflow of 500,000**
8 **gallons of partially treated wastewater occurred during**
9 **Hurricane Ian on September 29, 2022, is that correct?**

10 A Yes. As we've -- as I personally have
11 experienced just this past year, that when we get these
12 hurricane events and high rains, the plant can receive
13 up to twice the capa -- the volumes that it's rated for.
14 So in any given instance like that, the plant really
15 just can't keep up. And as a result, the way we have it
16 set up right now, the effluent flows through the entire
17 plant. And if did can't keep up with the contact
18 chamber, it overflows. So that's why we get to
19 partially treatment.

20 So it's an unfortunate event of these storms,
21 and we continue to try and improve by doing I&I studies
22 and also repair work, and also look at further storage,
23 such as EQ tanks and other surge tanks, so other things
24 were taken under consideration right now.

25 **Q And when we are talking about sewer flow**

1 overflows, that means it didn't just flow through the
2 entire facility, but it actually exited the facility
3 somewhere; is that correct?

4 A For C?

5 Q For any -- just a sewer overflow in general.

6 A Oh, that -- that's very different for very
7 different situations.

8 Q So -- well, let's talk about for C then.

9 A Yeah. For C, if you understand the flow over
10 plant, it goes through the headworks -- I am sorry,
11 through the headworks into the EQ tank, into our
12 treatment basements -- basins, and through the filters,
13 and from the filters into a contact chamber where
14 chlorine is added, just for that final kill of any
15 harmful stuff. And the way it's set up right now, we
16 have -- the choke point is just before that chlorine
17 contact chamber.

18 So it's gone through the entire treatment
19 process in this instance except for the chlorine contact
20 chamber, and it discharges just before that. We have an
21 overflow pipe.

22 Q So where did those 500,000 gallons end up at?

23 A So they discharged to the surrounding
24 woodlands area, which ends up in Sweetwater Creek.

25 Q And then we are looking at D. D concerns the

1 sanitary sewer overflow of 250,000 gallons of partially
2 treated wastewater occurred during Tropical Storm Nicole
3 on November 10, 2022. Is to the same kind of situation
4 as C?

5 A Yes. And total transparency, in the storms
6 last year, we had DEP on site to look at a similar
7 overflow, and they reviewed it and said we can have done
8 everything in our capacity. I believe this to have been
9 the same incident.

10 So there is just so -- there is only so much
11 you can prepare for when a hydraulic load like this hits
12 your facility. And I would state that facilities of a
13 similar kind, treatment plants around the state will
14 have experienced similar overflows in those times. It's
15 just very hard to keep up. And to build a plant to keep
16 up with that would be -- it would be very, very
17 expensive.

18 Q Let's look at A. A sanitary sewer overflow of
19 10,000 gallons of untreated wastewater in the collection
20 system due to a line break. This one occurred on August
21 7, 2022?

22 A Yes.

23 Q How is a line break different from -- I mean,
24 it sounds like a different situation from a hurricane.

25 A Yes, absolutely.

1 So this is on our collection system, first of
2 all, so it could be many miles -- I am not familiar with
3 the exact location -- it could be many times miles from
4 the plant itself. So we are out in the collection
5 system. In some of my testimony, I talk about the aging
6 infrastructure in that system.

7 And what's happened here is -- I am going to
8 speculate a little bit. I presume this was under
9 pressure, and it's a line break that broke under
10 pressure and discharged raw effluent on to the ground
11 that we then needed to clean up and report to DEP.

12 This happens with aging infrastructure. We
13 can always improve, and we are looking to improve with
14 projects that we have listed, but it's an unfortunate
15 event -- or it's an unfortunate reality of sewer
16 systems, especially aging ones. We are always trying to
17 be better and have a zero target, but they do happen.

18 **Q So if we are going from A, which is August 7,**
19 **2022, to C, which is September 29, 2022, it's a little**
20 **more than a month difference, right? Maybe a**
21 **month-and-a-half?**

22 A Sure.

23 **Q Is it a surprise that if the plant was**
24 **experiencing issues on August 7, 2022, that it was not**
25 **able to handle the hurricane that happened about a**

1 **month-and-a-half later?**

2 A I am sorry, I must not be making myself clear.

3 On A, it is not at the facility whatsoever.

4 It's out in the collection system. It's like having a
5 treatment facility here and have your line break at
6 Canopy Cafe, like, just separate and apart. It's a
7 piece of pipe that broke that has nothing to do with the
8 plant itself, if that's your question.

9 Maybe I am not understanding you quite
10 correctly, but they are just separate and apart. One is
11 a storm, where we were inundated with flows and the
12 plant couldn't keep up well past our permitted capacity
13 of three million -- 2.9 million gallons. A is a line
14 break out in the system that just broke and ruptured.
15 Like, it's not someone drove over it or drove into it.
16 It ruptured. We dealt with it. Put it back in.
17 Reported correctly like we are meant to do, and followed
18 all of the requirements under DEP.

19 Q If we could go to F2-11. Thank you for your
20 explanation, by the way.

21 I am look at paragraph 12 there. Isn't it
22 true that the Department calculated a \$1.2 million
23 penalty against Sunshine for the violations that were
24 outlined previously in the order?

25 A Yes.

1 Q In the alternative to the fine, didn't
2 Sunshine agree to implement an in-kind project?

3 A To offset some of the cash penalty, yes, we
4 agreed to an in-kind project.

5 Q And doesn't the order value this in-kind
6 project at about \$1.3 million?

7 A Yes.

8 Q You may have just explained why, but isn't
9 that higher than just paying the fine?

10 A Yes. Sorry.

11 Q Isn't it true that if Sunshine fails to
12 complete the in-kind project to -- if Sunshine fails to
13 complete the in-kind project, then the option to do so
14 will be forfeited? If you would like --

15 A You will have to rephrase that for me.

16 Q If we can go to F2-20.

17 MR. SCHULTZ: Was that paragraph 20 or page?

18 MR. PONCE: I believe it's page 20, so F2-20.

19 It's, like, five pages from this one. There we go.

20 And I am looking at paragraph G there.

21 BY MR. PONCE:

22 Q So looking at paragraph G, isn't it true that
23 if Sunshine fails to complete the in-kind project, then
24 the option to do so is forfeited?

25 A Yes.

1 Q Has Sunshine completed that in-kind project?

2 A No.

3 Q And in the event that this option is
4 forfeited, isn't it true that Sunshine will have to pay
5 the entire amount of the civil penalty?

6 A Yes, as written.

7 Q With values over \$1 million each, aren't these
8 fines and in-kind valuations an indication of serious
9 and chronic service issues at this facility?

10 A No.

11 Q So it normal for DEP to fine water companies
12 over \$1 million?

13 A At the time of the investigations, the plant
14 was mismanaged and resulted in what we've got here in
15 front of us. Since several months after the
16 investigation, the plant has been in compliance, and it
17 continues to operate in compliance. And I expect under
18 my watch, it will continue to operate under compliance.

19 So there was one incident where, candidly,
20 coming out of the pandemic, there was just not as much
21 oversight as needed to be, and we have got this consent
22 order as a result.

23 Q Let's turn to F2-91?

24 MR. SCHULTZ: You said 99?

25 MR. PONCE: 91.

1 MR. SCHULTZ: 91.

2 BY MR. PONCE:

3 Q Doesn't this sheet show how -- doesn't this
4 sheet show how DEP calculated the penalty?

5 Maybe it will help if we scrolled down. You
6 see where it talks about, at paragraph five: I
7 recommend that a \$1.2 million in civil penalties be
8 sought against Sunshine?

9 A Yes, I see that recommendation.

10 MR. PONCE: Is there any way we can zoom on
11 that? I am sorry, I am a little -- I am having a
12 hard time reading it. That's better. Thank you.

13 If you could scroll up a little bit.

14 BY MR. PONCE:

15 Q So isn't it true that on March 31, 2022, DEP
16 conducted an inspection of the Wekiva Hunt Club facility
17 based on a notification of potential sanitary sewer
18 overflow and a complaint from a resident?

19 A I am sorry, where are you reading that? Am
20 I -- is it --

21 Q It's at the beginning of the sheet. Sorry.
22 It should be the first page. Excuse me.

23 A Yeah.

24 Q Scroll down. It's that second paragraph
25 there.

1 A Yes, I see it now.

2 I am sorry, what was your question?

3 Q **Just confirming that this is what happened?**

4 A This is why what?

5 Q **That this is -- just confirming the facts as**
6 **stated by this sheet, that on March 31, 2022, isn't it**
7 **true that DEP conducted an inspection of the facility?**

8 A Yes, they did.

9 MR. WHARTON: I will object again.

10 CHAIRMAN LA ROSA: Turn your microphone on.

11 MR. WHARTON: This witness can confirm that's
12 what those words say. This is not a statement of
13 DEP, by the way. It's obviously signed by a DEP
14 investigator, but this witness can sit here and
15 read it, but I can't confirm that DEP went out on
16 that day, this is what the investigation -- the
17 document is the best way to speak to that. It's
18 just superfluous to ask this witness to read it and
19 then say isn't that what happened. He still don't
20 know even after he read it.

21 CHAIRMAN LA ROSA: I will go to OPC -- go
22 ahead.

23 MR. PONCE: As part of my prior questioning I
24 asked if the witness was able to familiarize
25 himself what happened back in 2022 so that he could

1 sign this consent order, and he agreed that he did.
2 So there has to be some knowledge of what I am
3 asking.

4 CHAIRMAN LA ROSA: I understand. Do you have
5 questions relating to this letter?

6 MR. PONCE: Yes.

7 CHAIRMAN LA ROSA: Okay. Go ahead.

8 MR. PONCE: Oh, go ahead?

9 CHAIRMAN LA ROSA: Yes.

10 MR. PONCE: Okay.

11 BY MR. PONCE:

12 Q Well, didn't this inspection reveal that a
13 significant plant operational failure was occurring?

14 CHAIRMAN LA ROSA: You are asking the witness?

15 THE WITNESS: I am sorry, I was off mute.

16 Yes, that's what the letter states.

17 BY MR. PONCE:

18 Q Specifically that the equalization basin was
19 completely crusted over with solids and vegetative
20 growth as we discussed earlier?

21 A Yes. The hydraulic capacity, I would argue,
22 was reduced at the -- but the treatment -- the treatment
23 components of the plant were not, I would say,
24 malfunctioning.

25 Q And that this resulted in the production of

1 **substandard effluent being discharged into Sweetwater**
2 **Creek?**

3 A When we brought the EQ tank back on line,
4 we -- it mixed everything up, upset the plant, which
5 resulted in discharging effluent that did not meet the
6 permit criteria.

7 Q **Isn't it true that the facility failed to**
8 **timely report or resolve this issue?**

9 A As I mentioned earlier, the mixers were taken
10 off-line to do repairs. They didn't report that to DEP.
11 When they brought it back on-line, it upset the plant,
12 which resulted in a discharge that did not meet our
13 permit requirements.

14 Q **If we can go to FT-90. I am looking at the**
15 **second paragraph there towards the end.**

16 **Isn't it true that as a result of what we have**
17 **been talking about, these issues cascaded into a series**
18 **of 657 violations over the next several months?**

19 A The violations were discovered over the next
20 several months, yes.

21 Q **And if we can go to F2 -- the next page,**
22 **F2-91. Didn't -- and this is just that first paragraph**
23 **there. Didn't many of these violations involve major**
24 **potential for harm?**

25 A I am sorry, is that a question to me?

1 Q Yes.

2 A Yeah, the way that the DEP had written it here
3 is that some of these violations had major potential for
4 harm.

5 Q And on top of their major potential for harm,
6 didn't DEP consider these violations to involve a major
7 extent of deviation from applicable standards?

8 A I am sorry, is that in the same paragraph?

9 Q It should be, yes.

10 A Can you give me the start of the --

11 Q It's from that first sentence. It discusses
12 the major potential for harm first and major extensive
13 deviation. The mouse cursor is at it.

14 A Yeah. Yeah. Major potential for harm and
15 major extent of deviation from the applicable waste --
16 yes.

17 Q Okay. If we can go to E42864. I am sorry,
18 that should be E42864.

19 Does this picture taken by DEP -- is this
20 picture taken by DEP an accurate representation of the
21 overflow flowing into Saltwater Creek?

22 A Because, I mean, it looks like water passed
23 through here at one stage according to DEP comments, but
24 I don't think there is anything flowing right now.

25 Q If you could scroll down. And it's very hard

1 to read, but it -- there we go. Thank you.

2 If you could read that last sentence all the
3 way at the end?

4 A Yeah. Breach in earthen bed area looking east
5 where discharges flowed down the hill towards Sweetwater
6 Creek.

7 Q And again, this is just my inexperience. When
8 we talk about an earthen burned area, what are we
9 talking about?

10 A That one I don't know where she's referencing,
11 to be honest.

12 Q Okay. If we can go back to F2-89. And while
13 we are doing that, this is all occurring after, in 2021,
14 the Commission deemed this facility unsatisfactory?

15 A Just a minute. Okay. Sorry, I thought you
16 had a different order up there. Sorry.

17 So what's your question?

18 Q These events that we are talking about here
19 all occurred after this commission found this facility
20 unsatisfactory in 2021?

21 A Oh, I understand now.

22 Yes, the Commission, in the last order, deemed
23 three facilities that weren't the sufficient quality of
24 standard and, as a result, dealt with those at the time
25 and reduced our ROE -- lowered our ROE.

1 Q Are we at FT-89? Okay. If you could scroll
2 down.

3 Isn't it true that, if we are looking at that
4 middle paragraph, the last sentence, isn't it true that
5 based on the condition of this facility, this case was
6 referred to the EPA's Environmental Crimes Unit?

7 A Yes.

8 Q Doesn't this referral indicate just how
9 serious all of this was?

10 A It certainly started out that way. We have
11 got one data request, or two from that unit, and have
12 not heard from them since.

13 Q Didn't Sunshine have to retain various elite
14 law firms to help defend against all of this?

15 A Yes. As good practice, we brought in counsel
16 for that purpose.

17 Q And isn't it true -- you mentioned that the
18 requests have trailed off, but nonetheless, isn't it
19 true that Sunshine has not gotten any official
20 notification that the criminal proceeding has ended?

21 A Correct.

22 Q In fact, doesn't the consent order note that
23 it isn't a settlement of any criminal liabilities which
24 may arise under Florida law?

25 A I would have to check that, but I will take

1 you at your word.

2 Q If you want -- you don't need to take me at my
3 word. If we can go to F2-14. This is paragraph 22, the
4 second sentence, if you could read that out loud.

5 A This order is not a settlement or admission of
6 any criminal liabilities which may arise under Florida
7 law.

8 Q Okay. So based on what you just read, isn't
9 it true that even if Sunshine were to successfully
10 perform the in-kind project and satisfy compliance with
11 this order without an official closure, it could still
12 be subject to criminal prosecution?

13 A I don't know. I would have to talk to my
14 counsel about that one. I am not familiar if there is a
15 Statute of Limitations, or whatnot, for certain things
16 like this. I know of that two years out, there is a
17 certain deadline, but I am not a lawyer, I would have to
18 talk to counsel on that.

19 Q Fair enough.

20 Now, if you recall, you signed this consent
21 order on May 23, 2024?

22 A Yes.

23 Q If we can go to E30421.

24 Isn't it true that subsequent to signing the
25 consent order we have been talking about, that on June

1 10, 2024 Sunshine reported a sanitary sewer spill at
2 this facility? If you scroll down, you will be able to
3 see it mentions the Wekiva Hunt Club?

4 A Yes, thank. I am checking against my notes
5 here.

6 So, yeah, so as you can see in the incident
7 description, out in our collection system, nowhere near
8 the plant, there was a manhole sanitary sewer overflow
9 due to grease rag blockage in the gravity main. So
10 yes --

11 Q Okay.

12 A -- there was a blockage in the pipe and it
13 overflowed.

14 Q And if we go could go to E30423. It might be
15 the next page. No one more page.

16 And again, this is concerning the same
17 facility, there was another report filed on July 15,
18 2024?

19 A Just a moment. I am mirroring up with your --

20 Q No rush.

21 A Yeah. So in this incident description, a leak
22 occurred in the two-inch 90-degree fitting that it
23 connects from a forced main to an air release valve,
24 this allowed approximately 500 gallons of untreated
25 effluent to be lost to the ground. Repairs were made.

1 Lime was applied, as it should be, to the affected area.

2 Again, this is not, just to be clear, at the
3 plant. It is out in the collection system that serves
4 several -- thousands and thousands of customers. So,
5 again, the target is zero, especially under my
6 direction, but at two-inch fitting breaks, it can be
7 hard to avoid just nothing happening. It's tough. So,
8 yeah, it happened under this in this collection system,
9 but it's nothing to do with the plant itself.

10 **Q** Well, before I keep going, I want to make sure
11 I understand. If you can go to the second page of this
12 one.

13 It says there, facility information, Wekiva
14 Hunt Club, but you are saying it didn't happen at the
15 facility, am I understanding?

16 A Yeah, if you just go to the page above,
17 incident description.

18 **Q** Okay.

19 A It happened on Wekiva Springs Road air relief
20 valve. So Wekiva Springs Road, I happen to live very
21 close to that, is, you know, as on the roads on Google
22 Maps, it's at least two or three miles, and that's how
23 our collection system flows. So it's just separate and
24 apart from anything at the plant.

25 **Q** Now, if we can go to E30427. Excuse me,

1 **E30425. Sorry. So that's two pages down, I think.**

2 **There we go.**

3 **And we have a report from August 14, 2024?**

4 A Yes, I am caught up now.

5 I am sorry, what's the -- yeah, so this
6 incident, again, if you go name of incident, you can
7 tell that it's lift station F05, sanitary sewer
8 overflow. And in the description, the lift station
9 technician had cleaned the wet well and neglected to
10 switch the controls back to normal operations, which
11 allowed the wet well to overflow.

12 So honestly, there we have unforced error by
13 one of our operators who needed to put it back in auto
14 when he left after maintaining and cleaning that system.
15 So we have standard operating procedures in place for
16 things like this that were not adhered to in that
17 instance.

18 **Q And if we can go to E30427. I think these are**
19 **all just two pages from each other. There you go.**

20 **Well, if you can describe to us what happened**
21 **with this sanitary overflow?**

22 A Okay. So we've got -- sorry, so the name of
23 incident, again, is telling that's lift station H-01,
24 sanitary sewer overflow. Excessive rains, as per the
25 incident description, excessive rains in the service

1 area have inundated portions of the gravity collection
2 system with I&I., so flow from the above into the
3 system, and the lift station pumps were not able to keep
4 up with the flow. So spill volume of 500 gallons, lime
5 applied.

6 So that was September 10th, 12th -- I would
7 have to collect when the storms were. But generally
8 around that period, I am pretty sure I've got the right
9 time, you know, the grounds were pretty saturated, and
10 our pumps obviously didn't keep up in this instance.

11 **Q If you can go two more pages down to E30429.**

12 **Can you tell us what happened with this report**
13 **from October 7, 2024?**

14 A Yeah, so again out in the collection system
15 this time at addressed 5950 Village Place, there was a
16 sanitary sewage overflow. We received a call from sewer
17 backing up into a building. When we arrived there --
18 just summarizing -- there was a blockage which we got
19 unblocked with our vac truck.

20 So, you know, in an incident like that, when
21 it's that close to a property, I mean, it's hard to say
22 where that blockage came from. It's obviously just
23 right at the building between our gravity collection and
24 the building itself. So somewhere in that, say,
25 distance from here to there, I am not sure how far it

1 was, there was blockage in the pipe that appears like we
2 responded -- yeah, there the SSO was stopped at 9:55.
3 So within 50 minutes, we got out there and addressed the
4 blockage, got it unblocked. And it looks like there
5 were no issues from then on.

6 **Q Thank you. If we can go two more pages down**
7 **for E30431. This one is dated October 14, 2024. If you**
8 **wouldn't mind walking us through this one.**

9 A All right. So this one again is out in the
10 collection system, 130 Penelope Drive, a sanitary sewer
11 overflow. This one appears like there was an issue due
12 to rags and grease in the wet well, which is the lift
13 station itself, that interfered with the flows, which
14 would be your on/off switch, your mechanical on/off
15 switches, which resulted in a, I guess, a -- it doesn't
16 say what actually happened except that there must have
17 been some spillage that occurred that was called in.
18 But when our team got there, there was nothing there, so
19 it was cleaned up and put lime put down as required.

20 **Q And the last one for now, two more pages now,**
21 **E30433. This one is actually dated the next day,**
22 **October 15. What happened with this one?**

23 A So again, no overflow -- I am sorry, so again,
24 incident 113 Eastern Fork SSO. So as you can tell from
25 the description, there was a manhole, again, out in the

1 collection system; signs of an overflow, which detects
2 the text stated here they thought it was a momentary
3 surcharge in the system. So again, the type of flow
4 appears minimal, and the operators, as we asked them to
5 do, called it in, rather than -- you know, making sure
6 that everything is reported correctly to DEP. Obviously
7 quite a small spill.

8 **Q Just to make sure I am understanding**
9 **correctly. The Wekiva Hunt Club Wastewater Treatment**
10 **Plant is all under the same area manager?**

11 A So you have an area manager for the plant,
12 what we would call inside the fence, the treatment
13 portion, and you have an area manager for the collection
14 system, which is every -- all the manholes, lift
15 stations, pipe, essentially out in the field. So two
16 different area managers.

17 **Q And who do they report to?**

18 A They report to the VP of Operations.

19 **Q And that's currently Mr. Gongre?**

20 A Yes.

21 **Q So we have just talked about a bunch of**
22 **overflows that occurred after you signed a consent order**
23 **earlier this year. Don't these overflows put Sunshine**
24 **and its employees in jeopardy, not only for further**
25 **civil action by DEP, but also potential criminal action?**

1 A I don't believe so.

2 Q Looking -- if we go back to the penalty
3 authorization, that's F2-96. If we could zoom in there.
4 I am looking, trying to see the middle part. Thank you.
5 And scroll a little bit to the right just a bit.

6 So here we see how DEP is calculating that 1.2
7 million civil fine that we discussed. It looks like
8 they had an additional \$25 for economic benefit. They
9 actually, to your credit, subtracted \$111,000 for good
10 faith after discovery. I want to get to the next item,
11 a history of compliance.

12 Isn't it true that DEP added an additional
13 approximately \$550,000 to the civil penalty we have been
14 discussing for three previous consent orders related to
15 this plant's operation.

16 A For the consent orders, what we have just
17 discussed, are sanitary sewer overflows, which we
18 reported to DEP, so not consent orders.

19 Q Where I am reading there, where it says
20 history of compliance. If you could read -- excuse me,
21 history of noncompliance. If you could read the color
22 bar next to it?

23 A Yeah. Three previous consent orders related
24 to plant operations and SSOs. Number 21-1024, number
25 20-0108, and number 18-0103, plus 75 percent base

1 penalty.

2 Q So when you signed that consent order, you
3 were -- I am sure you were aware that part of the reason
4 why the fine was so high was because of this history of
5 noncompliance DEP is mentioning here?

6 A Right. And what we just looked at in the
7 spills, were not noncompliance. They are spills. We
8 don't want them to happen, but upon review from DEP, we
9 have not entered into any noncompliance order or consent
10 order for those. Again, we strive to have zero, but
11 sometimes these things happen.

12 Q Okay. If we could go to, because I would like
13 to just take -- understanding that you weren't there. I
14 would like to just take a quick look at these consent
15 orders listed here. So if we could go to E42325.

16 Now, this is consent order, the one that was
17 listed, 21-1024. Isn't it true that Gary Rudkin signed
18 this order on behalf of then UIF on February 2, 2022?

19 A I am sorry, what was the consent order?

20 Q Maybe if we scroll to the first page, that
21 might help you. Unfortunately, I don't have the
22 citation for that, I don't think. Scroll up, please.
23 Keep scrolling. Right here.

24 A I am sorry, just reviewing that real quick.

25 I am caught up now. I am sorry, what was your

1 question?

2 Q Isn't it true that this particular consent
3 order that was signed by Gary Rudkin was based on a DEP
4 finding that Utilities Inc. of Florida discharged
5 approximately 3,000 gallons of untreated wastewater on
6 November 4, 2020 -- excuse me, November 14, 2020?

7 A Yes.

8 Q And then followed by approximately 73,427
9 gallons of untreated wastewater on December 25, 2020?

10 A Yes.

11 Q Okay. And just -- again, this is concerning
12 the Wekiva Hunt Club facility, correct?

13 A Yes, that's the Wekiva Hunt Club.

14 Q Okay. If we could then go to E4 -- E42878.
15 If we could actually -- if we could scroll up, it would
16 probably be more helpful if we just went to the first
17 page instead of the signature one. That may be too far.

18 Okay. This is consent order number 20-0108
19 that Patrick Flynn signed on behalf of UIF, is that
20 correct?

21 A Yes. And I believe this was addressed in the
22 last rate case. And it was due to heavy rains that
23 cloud our screen -- I am sorry, screen is the piece of
24 equipment that sits in the top of the EQ tank. And the
25 redundant screen is overflowed to there. That blocked

1 up and we had a spill. So our redundancy didn't work in
2 that instance during a heavy rain event.

3 Q In that case, if we could -- thank you for
4 clarifying that. If we can go to F2-59. And, once
5 again, we will probably have to scroll up to get to the
6 first page instead of the signature block.

7 This is the last order, order number 18-0103,
8 that was listed by DEP as evidence of noncompliance.
9 This one is signed on March 6th, 2018, on behalf of UIF;
10 is that correct?

11 A Yes. During Hurricane Irma, there was an
12 overflow, as illustrated there. And again, this was
13 dealt with in our last filing by the Commission.

14 Q Is it fair to say that we are seeing a pattern
15 here that about every two years, the Wekiva Wastewater
16 Treatment Plant racks up a new consent order?

17 A There is a number of consent orders. However,
18 when I reviewed them all, there is different reasons,
19 but we need to be better and not end up in these
20 situations. I recognize that. However, I think we have
21 dealt with the previous consent orders. And since
22 may -- since the summer of 2022, we have been fully
23 compliant at Wekiva Wastewater Treatment Plant.

24 CHAIRMAN LA ROSA: Mr. Ponce, it's 3:30. I
25 want to give our court reporter an opportunity for

1 a break, and any of us that might need it.

2 MR. PONCE: I only have a few questions left
3 about Wekiva, if that's helpful?

4 CHAIRMAN LA ROSA: Okay. Yeah. I didn't hear
5 you say how many you had, but --

6 MR. PONCE: Let's see, about of seven, I would
7 say. Let's take the break.

8 CHAIRMAN LA ROSA: Yeah, I think that's a
9 good -- I agree.

10 All right. Let's go ahead and take a break.
11 It's 3:30, let's, say, come back here in 10
12 minutes, so 3:40 let's reconvene.

13 Thanks.

14 (Brief recess.)

15 CHAIRMAN LA ROSA: All right. I think if we
16 can go ahead and take our seats, we can start to
17 rock and roll and pickup with where we left off.

18 Mr. Ponce, I think you had a few more
19 questions for Mr. Twomey, who is still in the
20 witness box, and I will throw it back over to you
21 to keep on asking away.

22 MR. PONCE: If we can go back, I would
23 appreciate it.

24 CHAIRMAN LA ROSA: Go back to hearing what the
25 last question was?

1 MR. PONCE: Correct.

2 CHAIRMAN LA ROSA: All right. Let me ask the
3 court reporter if she can just read the last
4 question.

5 (Whereupon, the court reporter read back the
6 requested portion of the record.)

7 BY MR. PONCE:

8 Q If we can go to F2-71. And this may be, yeah,
9 the signature page, so if we could scroll up to the
10 first one. There we go.

11 Isn't it true that Patrick Flynn signed
12 consent order 15-0039 on April 2, 2015?

13 A Yes, and this was dealt with by the Commission
14 in the 2016 filing.

15 Q And just to be clear, this consent order was a
16 result of DEP's finding that on November 23, 2014, there
17 was an unauthorized discharge of an estimated 750,000
18 gallons of untreated domestic wastewater into Sweetwater
19 Creek?

20 A Yes. So that asbestos cement pipe failed in
21 the berm of one of our RIBs, rapid infiltration basins,
22 which, as I mentioned earlier, was pipe that was about
23 to fail, and we need to be more proactive in replacing
24 those assets. It is what is driving up some of our
25 capital spend in the intervening years as we respond to

1 such consent orders.

2 Q Wouldn't it be reasonable for this commission
3 to deem this facility unsatisfactory, just like it did
4 in 2021?

5 A It's been two years since the plant has been
6 in a noncompliance situation. And under my leadership,
7 I expect that it will continue to remain compliant, and
8 that is my target.

9 Q Isn't it fair to say that with these nearly
10 biannual consent orders, and with the Commission's prior
11 understand satisfactory designation, Sunshine simply
12 does not care if its Wekiva Wastewater Treatment Plant
13 is poisoning the environment and risking the health of
14 the citizens of this state?

15 A I absolutely care about how we respond -- or
16 how we manage our plants, candidly. So I take it
17 personally when we got these consent orders, and it is
18 not something I am enjoying sitting right here having to
19 go through them all, and its something I intend to
20 rectify going forward. But I take it extremely
21 seriously.

22 Q Turning now to Mid-County. If we can go to
23 E42590. And if you could scroll up. And while he is
24 doing that, isn't it true that on July 15th, 2024, you
25 signed a consent order with DEP concerning Sunshine's

1 **Mid-County Wastewater Treatment Plant on number**
2 **FL0034789?**

3 A I am sorry, my system is just catching up
4 here. Just a moment.

5 Yes. It's not caught up quite here, but, yes.
6 Yes, I signed a consent order for Mid-County. As to the
7 spills I referenced earlier, from December of 2023
8 through January of 2024, three spills, which our
9 operations team did everything correctly except take a
10 sample downstream as, in their best judgment at the
11 time, they thought they didn't need to. However, our
12 plan states that you need to.

13 It's -- it's something we have rectified, and
14 I have had the VP of Operations sit down with those --
15 that team. We have also sat down with that department
16 at DEP and invited them to site to do a mock inspection
17 of our facility and collection system so that we can be
18 better and improve upon it. That has occurred since the
19 execution of this consent order.

20 And the project in-kind related to this was --
21 is 95 percent complete at Cypress Lakes. So a different
22 facility, we installed a SCADA system on our lift
23 stations, as the outcome of this consent order. But the
24 plant -- besides those samples that were taken
25 incorrectly, the plant was not out of compliance in

1 terms of discharge, or anything like that. It was three
2 spills, and we didn't stick to our plan as written.

3 Q If we can go to E42587. I think that's one
4 page up. And you are going to have to zoom in. Okay,
5 if we can go down to that last paragraph.

6 Isn't it true that this agreement imposed a
7 \$7,540 in civil penalties?

8 A Yes.

9 Q This included \$1,250 for having a history of
10 noncompliance?

11 A Yes.

12 Q In lieu of paying these penalties, couldn't
13 Sunshine elect to implement an in-kind project of at
14 least 11,310?

15 A Yes.

16 Q Okay. If we can go to E42018. If we could
17 scroll down to where it discusses Mid-County. Thank
18 you.

19 Isn't it true that after this consent order
20 was signed, that DEP had to issue a warning letter on
21 September 9th, 2024, concerning this plant because of a
22 sewer overflow of approximately 3,500 gallons in
23 relation to Hurricane Debby?

24 A Yes. During a hurricane -- just to give you
25 context, this is in Mid-County. Close to the coast.

1 There was high volumes through this plant, which
2 resulted in what -- you know, considering the flows that
3 went through there, I don't want to say small. There is
4 no small spill, but considering everything that was
5 going on, a small spill at this plant. It was also not
6 a safe facility to be at during this time, and we had
7 to, you know, keep our people from being on the ground
8 until it was absolutely safe.

9 So, you know, a tough situation to be in. Our
10 team wanted to be on the ground. But with the site
11 itself flooding -- and we have got pictures of that
12 where it just -- the creek next to the plant, around the
13 plant, coming up over the berm. There is only so much
14 you can do. It's unfortunate, but I feel we dealt with
15 that as best as possible.

16 **Q Because this incident occurred after a consent**
17 **order was signed, doesn't it forever expose Sunshine and**
18 **its staff to potential civil or criminal liability?**

19 A If it states that somewhere, if that's what
20 you are referring perhaps, but I believe this was a once
21 off during a hurricane, again, dealt with. This
22 particular incident is in isolation. It's a tough one
23 to deal with. I couldn't even get people on site until
24 the waters receded.

25 **Q Isn't it true that this facility is still out**

1 **of compliance?**

2 A We have received approval under this consent
3 order for the in-kind project, and that project is being
4 completed at Cypress Lakes. So until that is completed,
5 I believe technically you are correct. But the plant
6 itself -- again, three SSOs wrapped up in January of
7 2024, and there has been no out of -- there is no
8 incidence at the plant since, except this one spill
9 during a storm.

10 So it's not like we are discharging outside of
11 our permit limits, or anything like that. And this is
12 the plant, as you discussed earlier as being fully
13 refurbished into a new NBR plant.

14 Q Now, in that consent order, DEP mentioned a
15 history of noncompliance. If we can go to E42580.

16 Isn't it true that Gary Rudkin signed on
17 behalf of the company consent order 21-0663 on August
18 12th, 2021?

19 A Yes.

20 Q If we can go to E42577?

21 MR. SCHULTZ: What was E42356 --

22 MR. PONCE: E424577.

23 BY MR. PONCE:

24 Q This is the same consent order we were just --
25 we were -- this is the same consent order we were

1 discussing.

2 Wasn't this consent order intended to resolve
3 DEP findings of unauthorized discharges of over one
4 million gallons of partially treated wastewater that
5 bypassed the denitrification filters -- I apologize if I
6 got that wrong -- on September 11th, 2020, and beyond?

7 A Yes.

8 Q If we can go then to E42570.

9 Isn't it true that on December 2, 2019,
10 Patrick Flynn signed on behalf of the company consent
11 order number 19-1749 concerning this plant? And we can
12 go to E42567 if the witness wants to see the first page.

13 A Yes.

14 Q For this one, isn't it true that this was to
15 resolve DEP findings that this plant had a discharge of
16 85,350 gallons of untreated wastewater to a nearby
17 stream known as Curlew Creek?

18 A Yes.

19 Q Okay. So despite what DEP characterizes as a
20 history of noncompliance, wasn't the 29 million project
21 aimed at replacing this plant removed from Sunshine's
22 case?

23 A Yes, the project was removed but continues to
24 be constructed, as I have repeated several times.

25 Again, I would happily tour anybody. There has been no

1 slowdown on the construction work of this project due to
2 anything going on in this case since I have started.
3 This project is ongoing. I don't understand the
4 relevance to your question -- like --

5 **Q You mentioned that you -- that Sunshine**
6 **intends to bring this in a limited proceeding, this**
7 **project. By bringing this project in a limited**
8 **proceeding instead of a full one, like this one, isn't**
9 **Sunshine preventing the Commission from reviewing**
10 **offsetting factors, such as increased revenues from**
11 **customer growth?**

12 MR. WHARTON: I object. It calls for a legal
13 conclusion.

14 MR. PONCE: I don't think it's a legal
15 conclusion whether or not a limited proceeding has
16 these factors or not. This is just some -- this is
17 part of making an application to this commission,
18 which this witness should be familiar with.

19 CHAIRMAN LA ROSA: I am going to look to my
20 legal advisor on this. It seems to be a legal
21 question.

22 MS. HELTON: I guess I am struggling a little
23 bit, Mr. Chairman, and I know I don't think either
24 party raised this as an objection, the relevance
25 that this is not a project that's being sought, you

1 know, any cost recovery is being sought here in
2 this proceeding for this project, why it's
3 relevant. And it seems to me that's a question
4 that could be addressed and asked if and when they
5 do file a limited proceeding.

6 MR. PONCE: I would argue that the relevance
7 is that it goes to how this company has chosen to
8 prioritize its capital spending, which I think is
9 relevant for this commission to consider.

10 CHAIRMAN LA ROSA: But that actually has not,
11 obviously, taken place, and that's hypothetical.

12 MR. PONCE: And it's not a hypothetical
13 question either. It's a yes or no whether this
14 kind of proceeding has this or not. We can clarify
15 if the witness knows.

16 CHAIRMAN LA ROSA: Let me hear from the party.

17 MR. WHARTON: That's fine. The point is not
18 worth quibbling about for 20 minutes. I will
19 withdraw the objection.

20 CHAIRMAN LA ROSA: Okay, so move forward.

21 MR. PONCE: I will repeat it, and I will
22 rephrase a little.

23 BY MR. PONCE:

24 **Q To your knowledge, by bringing -- by bringing**
25 **back the Mid-County project in a limited proceeding**

1 **instead of a full one like this one, isn't Sunshine**
2 **preventing the Commission from reviewing offsetting**
3 **factors, such as increased revenues from customer**
4 **growth?**

5 A I have never been part of a limited
6 proceeding. I don't know entirely what that entails,
7 and the detail required, or the burden of proof that we
8 need.

9 What I can say -- again, I must not be making
10 myself clear, though. My capital planning did not
11 change whatsoever due to this rate case for Mid-County,
12 at all. The project kicked off before I started, and it
13 has continued at the pace it was set out from the start.
14 I just want to be clear on that.

15 There seems to be some inference that somehow
16 this rate case affected how I was replacing a treatment
17 plant that was well under way before I started. I just
18 -- I must not be making myself clear.

19 **Q Just like the Wekiva Hunt Club facility,**
20 **wasn't this facility deemed unsatisfactory in the**
21 **Commission's 2001 order?**

22 A Yes.

23 **Q Doesn't this show, again, that Sunshine does**
24 **not care about the authority of DEP or this commission?**

25 A Absolutely not.

1 Q Or the health and safety of people served by
2 Sunshine's Mid-County plant?

3 A Absolutely not.

4 Q And moving on, I have some questions about the
5 company's proposed PFAS project. When I say PFAS, Mr.
6 Twomey, you know what I am referring to, right?

7 A Yes.

8 Q Okay. Mr. Twomey, isn't it true that you are
9 seeking approval of a very specific cost for a full
10 scale pilot PFAS remediation program at well BV-3 of the
11 Orangewood system?

12 A Yes. We are asking for recovery of the PFAS
13 treatment system going in for one of the wells in our
14 Orangewood system. Yes.

15 Q And now just to be clear, this PFAS
16 contamination was not caused by Sunshine, correct?

17 A Correct.

18 Q Isn't it true that instead, the PFAS is in the
19 groundwater due to other human activities?

20 A Yes.

21 Q Isn't it true that this well is one of six
22 operating wells at that site?

23 A Yes. Six or seven, but that's a number.

24 Q My understanding is that it's seven, but one
25 of those wells isn't operating; is that correct?

1 A I would have to check, honestly.

2 Q Okay.

3 A There is at least six operating.

4 Q Okay. Now, this remediation is being done
5 because the United States Environmental Protection
6 Agency promulgated rules in 2024 that PFAS must be
7 removed to at least four parts per trillion from the
8 waters produced at your wells over the next 10 years, is
9 that correct?

10 Let me rephrase. This is basic -- this
11 project is being done because of the rules promulgated
12 by the United State Environmental Protection Agency, is
13 that correct?

14 A Yes. They set a new standard in April of
15 2024.

16 Q And that standard is that PFAS must be removed
17 to at least four parts per trillion from the waters
18 produced at your wells over the next 10 years, is that
19 correct?

20 A Reduced to four parts per trillion. I
21 actually don't know if it's over 10 years. I am not
22 familiar with that part of the rule.

23 Q Well, at least the four parts per trillion?

24 A Yes, four parts per trillion. Yes.

25 Q Okay. The specific Orangewood well

1 remediation pilot is based on a regulation that lowered
2 the threshold from 70 parts per trillion to less than
3 four parts per trillion, is that correct?

4 A Over 70 parts per trillion, yes, to below four
5 parts per trillion.

6 Q Isn't it fair to say that there are multiple
7 methods of remediation available for PFAS contaminated
8 water wells?

9 A No. There is a lot of theoretical ones out
10 there, and that's why we are trialing two different
11 resins and this ion exchange treatment. As the
12 Commission I know is aware due to a presentation here
13 almost 12 months to the day, where the NAWC came down to
14 present this new challenge in our industry. The
15 challenge is trying to understand what is the best
16 treatment to deal with this PFAS.

17 Q Well, to get more specific, then, isn't it
18 true that the most commonly implemented solutions for
19 removing PFAS are absorption technologies, including
20 granular activated carbon and ion exchange?

21 A The two I am familiar with are ion exchange
22 and GAC, granular -- G-A-C, as you described it.

23 Q You may not be familiar with these, then, but
24 let me just ask. Isn't it true that there are also
25 commercially available separation technologies, such as

1 reverse osmosis and nanofiltration?

2 A Yes, I am aware, and I believe they were
3 considered by our engineering team at the start of this
4 project.

5 Q Speaking of that consideration, you considered
6 the granular activated carbon and ion exchange solutions
7 as most viable, is that correct?

8 A Yes.

9 Q And the company ended up choosing ion
10 exchange?

11 A Yes, for this particular site.

12 Q Okay. When working on this project, the
13 company hired Kimley-Horn to assist -- the firm of
14 Kimley-Horn, is that correct?

15 A Yes, Kimley-Horn are the engineer of record
16 for this project.

17 Q Okay. As part of fulfilling those duties,
18 didn't Kimley-Horn also evaluate drilling new wells and
19 interconnection with Pasco County to deal with these
20 issues?

21 A Yes. Our report mentions they explored those
22 options.

23 Q Okay. By Kimley-Horn deemed that these were
24 unfeasible, right?

25 A I believe that's what the report says.

1 **Q** Okay. Was that due to the costs, and the fact
2 that these solutions would not completely eliminate
3 **PFAS?**

4 A I don't know. I would have to go back and
5 read that report. I am not familiar with the details.

6 **Q** Speaking specifically about the BV-3 site,
7 given space available, and capital and O&M costs, isn't
8 it true that the company developed -- or determined that
9 the ion exchange solution was the best for the pilot?

10 A I am not sure of all the factors that went
11 into determining that, but the main factors I am aware
12 is that the health advisory limit is set at 70 parts per
13 trillion. And this well is one of our larger producers
14 in the system, 123,000 gallons per day. So most of the
15 water comes from that well, so we had to take it
16 off-line. And that is one of the reasons we went to put
17 treatment at this system first, so we could get it back
18 on line and get that capacity back in our system.

19 There is multiple other factors that went into
20 it, I am sure, but because this is above the health
21 advisory limit of 70, we felt it what was a good place
22 start.

23 **Q** Now, again, this is just a pilot program,
24 **correct?**

25 A Well, we are piloting the different ion

1 exchange resins. We will need to select one, which we
2 will then move forward with. So two different ion
3 exchange towers that can run in parallel or in series.
4 So I am sure they run in parallel -- well, as we are
5 piloting them, we are obviously going to run through
6 separate ones -- shut one off, isolate one while we test
7 one, and vice-versa.

8 When we select whatever we need, I am sure we
9 will run them in series so we can get the maximum
10 capacity out of this system. It's the resins that we
11 are piloting at this particular site.

12 **Q Okay. You mentioned determining how the**
13 **resins perform. You are also determining the O --**
14 **potential O&M costs and disposal -- well, let me just**
15 **break it up.**

16 **You are also determining potential O&M costs**
17 **of this pilot, is that correct?**

18 A Yes. There will be O&M implications.

19 **Q Okay. And also any disposal issues concerning**
20 **the resins?**

21 A Yes, that is a implication of it, too, that we
22 need to deal with it.

23 **Q Now, because this is only a pilot, is it fair**
24 **to say that the company may decide that at certain other**
25 **wells, a different solution may be more effective?**

1 A Yes. I would say we will evaluate each site
2 and determine which is the best treatment based on the
3 information we have available to us. We have our Nexus
4 group of companies. Specifically, I would say North
5 Carolina has a lot of wells that need this treatment.
6 So we will work with them as they bring their systems
7 on-line to determine which is the best solution. And
8 does that vary from well to well? I don't know, from
9 how the contaminants show up.

10 It's not just one contaminant and you are good
11 to go. There is options to blend. There is six
12 different contaminants that go into this health index
13 calculation that, in turn, will tell us whether we need
14 more treatment or less. So it's not just a simple plug
15 and play. There is a lot that will go into this. And I
16 will be leaning on subject matter experts to guide us in
17 that, as the industry as a whole navigates this
18 challenge.

19 **Q Okay. So it's not just the company's own**
20 **experience with this pilot, it's also the experiences of**
21 **the other Nexus companies and other utilities you are**
22 **watching?**

23 A Nexus -- and further to that, we are going to
24 work with our industry peers. Like, this isn't just
25 about us. It's about an industry coming together to try

1 and determine which is the best solution. And in that
2 instance, we have -- working with our NAWC company peers
3 to see what they have got going on in this instance.

4 I know that Aqua in North Carolina have made a
5 lot of progress, for example, that we will look -- you
6 know, if there is a way to leverage that experience, we
7 will.

8 Q Given that there has been a recent change of
9 administration in Washington, isn't it at least possible
10 that the EPA regulations could change with respect to
11 the timing and levels of required PFAS removal?

12 A I have --

13 MR. WHARTON: Objection. I just think that's
14 grossly speculative.

15 CHAIRMAN LA ROSA: Yeah, sustained.

16 MR. PONCE: Okay.

17 BY MR. PONCE:

18 Q We keep talking about the BV-3 well. The
19 company has not made any decisions about the remaining
20 wells at this time, is that correct?

21 A Yes.

22 Q Now, isn't it fair to say that there are a lot
23 of different factors that would have to be taken into
24 account before deciding that you would apply the
25 solution being piloted at BV-3 to any of the other

1 wells?

2 A There would be a lot of factors that we will
3 take into consideration before we decide the best
4 treatment to move forward with.

5 Hopefully this is the one. I mean, there is a
6 lot of work gone into this -- I shouldn't say hopefully.
7 There has been a lot of work gone into this that says
8 this is a good solution. So I expect it to be, but we
9 got to be ready to pivot if we need to.

10 Q Let's assume that the pilot program at the
11 BV-3 well is successful, it's fair to say, then, that
12 the company couldn't just copy and paste this program to
13 all of its other wells at Orangewood?

14 A Was that could or couldn't? Sorry.

15 Q Couldn't. Could not.

16 A If it's successful?

17 Q Correct.

18 A You will have to repeat your question, then.
19 Sorry.

20 Q So hypothetically, let's assume that the pilot
21 program is successful.

22 A Right.

23 Q That don't mean that the remaining wells that
24 still need treatment -- let me rephrase. That doesn't
25 mean that the pilot program, the way it was done, could

1 **just automatically be applied to the remaining wells?**

2 A I don't know if you could say 100 percent, but
3 the intent here is to take everything we learn here, be
4 it a design tweak, or an operational tweak, and apply it
5 to our -- the rest of our wells. I mean, if this works,
6 the blueprint will be there to move forward with the
7 other wells treatment.

8 **Q Well, the blueprint would be there, but we**
9 **discussed that the other wells have their own factors**
10 **and issues going on with them, correct?**

11 A Absolutely, I would -- again, without seeing
12 all the data, I will have to talk to our engineers, but
13 they are in the same vicinity. I am going to assume
14 there is some similarities in the treatment. I mean, we
15 are seeing it in the levels.

16 But the plan is to use this if it works. I
17 don't know why we wouldn't. And like any treatment, if
18 it's worked, and it's designed, then we would replicate
19 it and improve it, and make it more efficient, if
20 possible. But that would be -- I will just stop there.
21 I guess I don't understand beyond that. We would use
22 it.

23 **Q Sticking with the blueprint analogy, and**
24 **expanding this program to other wells, maybe some of the**
25 **wells could just use the blueprint exactly how it is,**

1 but then some of the wells would need some kind of
2 tweaks or something to make it -- the blueprint more
3 specific to their situation?

4 A Yes, like any treatment process. We have
5 talked a lot here today about Mid-County and Wekiva.
6 Very, very different treatment processes. That's like
7 anything.

8 Any -- all our treatment processes differ. It
9 doesn't -- I would love to say you can plug and play
10 everywhere, but it's just not possible.

11 Q I have got a few questions about lobbying.

12 Isn't it true that you met with the Gunster
13 firm in your first month as Sunshine president?

14 A Yes, I had an introductory meeting with the
15 Gunster firm.

16 Q And that's the firm that has done at least
17 some lobbying activities on behalf of Sunshine or --

18 A Yes, as Ms. Swain mentioned earlier, those
19 costs are removed from any revenue requirement in this
20 case.

21 Q Okay. And isn't it true that company and
22 political contributions -- excuse me, isn't it true that
23 funded lobbying activities are permissible only if they
24 are reviewed and approved by the president of a Corix
25 company or business unit?

1 A Yes.

2 Q Okay. Going back one last time to Wekiva.

3 Isn't it true that the company incurred a
4 significant legal fees in defending itself, not only
5 from the DEP, but also from criminal enforcement? And
6 if we could go to F2-2572, I would appreciate it. And
7 let me know if you need me to repeat the question.

8 A Yes, I do.

9 Q Okay. Isn't it true that the company incurred
10 significant legal fees in defending itself, not only
11 from DEP, but also from criminal enforcement in relation
12 to the Wekiva Wastewater Treatment Plant?

13 A Yes. We incurred legal fees defending
14 ourselves.

15 Q Okay. And is this exhibit that we have here
16 an accurate representation of those fees?

17 A It's close. I believe Mr. DeStefano updated
18 them slightly, but that's pretty close to accurate.

19 Q And isn't it fair to say just looking at the
20 amounts, that the bulk of these occurred in 2022?

21 A So just to be clear, maybe I should have made
22 it clear earlier. We are just talking about the bottom
23 four items, correct?

24 Q That's correct, because those are the only
25 ones that mention --

1 A Wekiva -- yeah, Wekiva. Sorry, just for the
2 Commission, I didn't want to assume that it was the
3 rest.

4 So, yes, for the bottom four, you can see that
5 there is 215K in 2022 and --

6 **Q Fair to say that most of these are outside of**
7 **the 2023 test year?**

8 A -- and 115 in 2023, roughly.

9 I am sorry, I wasn't finished answering so can
10 you repeat your last question?

11 **Q The most of these fees in the bottom four that**
12 **list Wekiva are outside the 2023 test year, is that**
13 **correct?**

14 A Yeah, I think that's right, without getting
15 out a calculator.

16 **Q Okay. Why should the Commission approve these**
17 **fees when Sunshine has shown that complying with DEP is**
18 **just a cost of -- of failing to comply with DEP is just**
19 **a costing of doing business?**

20 A So your question is what exactly?

21 **Q Why should the Commission approve of these**
22 **fees when Sunshine has demonstrated that failing to**
23 **comply with DEP is just a cost of doing business?**

24 A So again, like any prudently managed company,
25 we bring consultants onboard to make sure that we are

1 doing things correctly and that we don't misstep.
2 That's why we believe that this is a necessary expense
3 that we incurred on two fronts, both on the criminal
4 and -- well, I think it's just the criminal expenses on
5 the board here -- that we incurred what we feel that
6 that's what a prudent -- that management at the time,
7 and myself included, felt that this was a reasonable
8 expense to incur, if you recall.

9 **Q So it's your position that prudently managed**
10 **water and wastewater companies, the actions of which**
11 **generate criminal investigations?**

12 A Again, there was no findings in that, I
13 believe. So should there be a criminal investigation
14 started, I think it's prudent that we get the necessary
15 people onboard to protect ourselves. And as you stated
16 earlier, there has been no criminal findings to date, or
17 judgment, whatever the correct term is there.
18 Apologies.

19 MR. PONCE: Thank you. I have nothing
20 further.

21 CHAIRMAN LA ROSA: Let's move to staff.

22 MR. SANDY: Mr. Chair, I have very limited
23 cross-examination.

24 CHAIRMAN LA ROSA: Okay.

25 EXAMINATION

1 BY MR. SANDY:

2 Q Mr. Twomey, there was a lot of conversation
3 earlier with the Office of Public Counsel regarding your
4 relationship, I guess, with environmental protection
5 consent orders. My question for you is: As of
6 January 1 of 2025, how many wastewater systems are out
7 of compliance according to the Department of
8 Environmental Protection?

9 A So as of January 1st, the only system is
10 Mid-County, we have not got a return to compliance
11 letter. I misspoke in some previous discovery, I
12 believe -- or maybe it was somewhere. But the plant is
13 operating in compliance. We just don't have a return to
14 compliance letter. The work that is being done at
15 Cypress Lakes, as part of that consent order, has not
16 been finished, thus, we don't have the letter.

17 This is in relation to the three spills that
18 occurred in 2023, and January of 2024. So the plant is
19 operating as intended, and just technically, we don't
20 have the administrative return to compliance letter.
21 That's the only one.

22 There was one other one on your list, I
23 believe, Lake Placid. We got a letter early December --
24 a return to compliance letter early December for that.

25 Q Okay. And to clarify, I would have the same

1 **question with your water systems as well?**

2 A All of our water systems are in compliance as
3 of January 1st, 2025.

4 MR. SANDY: Okay. No further questions,
5 Mr. Chair.

6 CHAIRMAN LA ROSA: Thank you.

7 Commissioners, are there any questions of the
8 witness?

9 Commissioner Fay, you are recognized.

10 COMMISSIONER FAY: Thank you, Mr. Chairman,
11 just two quick questions.

12 First -- let me go backwards here. So we just
13 had, you know, so this F2-2572 chart up here. You
14 mentioned on the bottom half of this chart that the
15 lawsuit activity, there is a law firms named there,
16 that that was related to the criminal portion of
17 what was put forward. But I think earlier, you had
18 mentioned that you, as a company, had received very
19 minimal interaction as it related to that. So is
20 that inclusive of both civil issues with DEP and
21 the potential criminal claims or --

22 THE WITNESS: So I am not sure if they all are
23 to be -- to be -- I think they all are,
24 Commissioner. I know that Greenberg is for sure.
25 I believe the others are as well. We dealt with

1 DEP. We got some assistance from the Vogel office.
2 So I believe these are all legal.

3 So, yes, our interaction with the criminal
4 investigation unit was in late '22, I believe, we
5 got a subpoena to produce a lot of records, which
6 was administratively quite a large task, which is
7 to do with running up a lot of these costs.

8 COMMISSIONER FAY: Okay. And so there --
9 there is at least -- it's likely that based on the
10 years and the distribution of costs, that these go
11 beyond just the criminal portion?

12 THE WITNESS: Honestly, I would have to check.

13 COMMISSIONER FAY: Okay.

14 THE WITNESS: Apologies. I am not trying to
15 avoid it. I just don't know.

16 COMMISSIONER FAY: No, that's fine.

17 And then my other question was -- and maybe I
18 can simplify this. So OPC handed out these longer
19 charts here, and you don't they need to pull that
20 up in front of you for my question, but had you
21 mentioned there that -- OPC had a lot of questions
22 related to the prioritization of the AMI metering
23 in that project. You mentioned that the tables, as
24 presented in the record -- which, of course, the
25 PSC staff will look through before their

1 recommendation.

2 But just from our perspective on the
3 Commission side, the other information that goes
4 beyond what we saw in that chart, you mentioned
5 that you thought that would be either valuable or
6 worthwhile for what was being presented. Can you
7 just put into context maybe what goes beyond the
8 sheet that we have in front of us that you think
9 would be material to our analysis?

10 THE WITNESS: Yes. I am glad you asked that.
11 I probably need -- I would -- I would phrase it
12 again, is that when we create that sheet, or update
13 that sheet for internal purposes -- so it goes from
14 the BU to our corporate entities, and it's a
15 budgeting process. That is the information they
16 look to, is to the dollars amount. That's what I
17 am referencing. When you see the Excel sheet, it's
18 the green columns -- pardon me.

19 So if you go back 2020, '21, '22, there was a
20 lot of scrutiny on capital projects as we went
21 through the pandemic, frankly, and there was a lot
22 more discussion about how to prioritize projects.
23 That has -- was less of a concern as we got away
24 from that time period.

25 So internally, when we produced that, the

1 formula hasn't changed. But in '23, '24, the
2 important data really was the financials, for our
3 corporate team. So for yourselves, when you look
4 at that, I would say that the dollars is what I was
5 focused on. And there is just evidence that the
6 columns and the data that I referenced earlier just
7 didn't get updated frankly.

8 COMMISSIONER FAY: Okay. So in addition to
9 that prioritization, which I understand your
10 position on the record, is those didn't get
11 updated, but there is cost data that -- or expense
12 data that's also relevant to our assessment of
13 these projects -- and I don't want to put words in
14 your mouth, but are you stating that maybe a
15 project that is a higher dollar value gets weighted
16 differently in the prioritization, or --

17 THE WITNESS: No, not at all.

18 COMMISSIONER FAY: Okay.

19 THE WITNESS: No. Each project is -- from my
20 perspective, just as I run at it -- and I have been
21 running BUs, so I have had this in other BUs, we
22 look at projects, discuss it with our operations
23 team, and we put forward what we think are the
24 projects we want to achieve or get done in the next
25 couple of years. That didn't get reflected in the

1 prioritization.

2 The dollar amount -- I don't want to say it's
3 not considered. There is consideration. But I
4 would start with safety. It's the one you are
5 always going -- safety and compliance we tend to,
6 you know, get some extra scrutiny, and we go from
7 there.

8 COMMISSIONER FAY: Okay. And that wouldn't
9 be -- that safety analysis wouldn't be additional
10 information that we would have seen on that
11 spreadsheet, correct?

12 THE WITNESS: Correct.

13 COMMISSIONER FAY: Okay. All right.
14 Thank you, Chairman.

15 CHAIRMAN LA ROSA: Thank you.

16 Any other Commissioners?

17 Okay. Let's send it back to the company for
18 redirect.

19 MR. WHARTON: Thank you, Mr. Chairman.

20 FURTHER EXAMINATION

21 BY MR. WHARTON:

22 **Q Mr. Twomey, you have been asked a lot of**
23 **questions about the consent orders and quality of**
24 **service, so let me ask you a couple of direct questions**
25 **in that regard. Let me use the phraseology in Issue 2.**

1 Other than the project you have described,
2 where the in-kind project is not yet completed, are the
3 infrastructure and operating conditions of the utility's
4 water and wastewater systems in compliance with DEP
5 regulations?

6 A Yes, for everything except --

7 Q All right.

8 A -- the piece I just mentioned to Mr. Sandy.

9 Q Okay. And just so the record is clear, I
10 heard you say several times that many of the things you
11 were showed about on the consent orders were before your
12 time, correct?

13 A Yes.

14 Q But as we sit here today, you are the
15 President of Sunshine Water Services?

16 A Yes, and I am responsible for that. I am not
17 trying to shy away from that, and I will own our record,
18 and I will -- I seek to improve that.

19 Q So let me -- in a related matter, let me ask
20 you -- or let me read you Issue 1 as a question: Do you
21 think the overall quality of service provided by the
22 utility is satisfactory?

23 A Yes.

24 Q And do you believe that the incidences in the
25 so-called incidence reports, and in the consent orders

1 **that you were asked about by OPC, belie some pattern of**
2 **conduct that will continue into the future?**

3 A No.

4 **Q Why not?**

5 A Well, I take it very seriously under my watch.
6 And I appreciate Mr. Ponce bringing up all those SSOs.
7 You talk about a 500-gallon SSO at a two-inch line
8 break, you know, we are reporting that stuff. Like,
9 that's important to me.

10 I know it maybe is counterintuitive here that
11 I am happy that we reported a spill, but spills will
12 happen. And by reporting them, we can improve upon
13 that.

14 Some of the bigger stuff is different. And
15 the team we have in place now, which is different from
16 the team, the operating team at the facilities in
17 question, have been changed out, and we have different
18 leadership local on the ground area managers in place
19 since May of 2022. And Mid-County is all -- we have
20 different leadership on the ground there. And I expect
21 that this team that I have in place will produce --
22 continue to perform in compliance.

23 **Q I noted that the 20 -- one of the 2024 consent**
24 **orders you were shown said the company took immediate**
25 **action to address the violation and operated in good**

1 faith. Do you recall seeing that language in the
2 consent order?

3 A Yes.

4 Q Has the company always reacted immediately and
5 in good faith whenever these types of problems came up?

6 A Yes.

7 Q Has DEP ever issued a consent order or an
8 incident report that said the company didn't act in good
9 faith, or didn't act immediately?

10 A Not that I am aware of.

11 Q And the matter of the incident reports, didn't
12 the company engage in cleanup?

13 A Yes.

14 Q We will point this out in the briefs, but do
15 you recall that several of those consent orders say on
16 their face that all the matters that were the subject of
17 the consent order had been corrected prior to the
18 consent order being entered into?

19 A I would need to check that, but I believe
20 that's correct.

21 Q Let's talk about this issue of the priority
22 testimony, and understudy, and nice to have. First of
23 all, if something is a priority two project or a
24 priority three project under the business plan, does
25 that mean it's not important?

1 A Not at all.

2 Q Does that mean that it won't be built?

3 A Absolutely not.

4 Q Explain the context of that.

5 A Well, as I have tried to explain here multiple
6 times, is that we work on an annual basis to develop a
7 five-year plan. And often these projects make it on the
8 first time, and maybe they are not a priority, but as we
9 move through the years, that may change. It may not
10 change. But it may also be something that we feel is
11 needed, and we need to get ahead of it.

12 So I keep talking about, you know, pipe that
13 we need to replace. Like, honestly, pipe that's buried,
14 it's hard to make a priority sometimes, especially if
15 you don't have failures. But the pipe we are replacing
16 as F-5 has not had many, if any failures, none to do
17 with these consent orders that I have seen, but we deem
18 it necessary because it transports 40 percent of our
19 sewer to Wekiva plant. That's not something I want to
20 be sitting here explaining why there is a break there,
21 and DEP on top of us again, saying, hey, once more, you
22 are back with a broken line. So that -- is it a top
23 priority on day one? No, but is it needed? Yes,
24 absolutely.

25 The meters, there is an opportunity we are

1 90 percent depreciated where we need to change out the
2 fleet. To go back in with the same technology, I think,
3 is not a prudent decision by management, myself. I have
4 looked back over what we have put on the record from
5 before my time, and would I make the same decision that
6 that team made? Yes, absolutely. I believe AMI is the
7 right technology to move forward with, and that our
8 customers can benefit from it.

9 We have got Mr. Ponce here is weighting the
10 utility 117 versus 33. I mean, really, how do you
11 weight them? Like, the customers benefit here 33 times.
12 Like, that's important to me. And I think it's the way
13 forward, and I think it's something that to be a better
14 and top utility service provider, we need to make those
15 decisions and put that -- those investments in place.

16 **Q OPC said in their opening statement that the**
17 **AMI meters were gold-plated. Do you think that's an apt**
18 **metaphor?**

19 A No. I think that's grossly overstated. And
20 like I said before, it's in so many different -- in
21 4,000 systems across the U.S., including some of the
22 larger systems here in the state, such as Tallahassee,
23 and Jacksonville is one of the larger ones.

24 **Q So when you say Jacksonville, you mean JEA?**

25 A I am sorry, yes, JEA.

1 **Q** Let's talk about the process, that the company
2 implemented in order to select AMI. Did the company put
3 together an interdisciplinary team?

4 **A** Yes, the company pulled together what would I
5 -- again, I think the reference as subject matter
6 experts from across the Nexus and Corix group of
7 companies to review and decide on the best technology to
8 move forward with.

9 **Q** And was that also to determine whether, A, the
10 meters needed replacement, and then, B, what the best
11 replacement would be?

12 **A** Well, no. I think -- I don't think. The need
13 for it is determined at the business unit level.
14 Corporate are not reaching down and saying, hey, spend
15 money on meters. It's a need, and we need to replace
16 them. So we brought in people who know more, and that's
17 one of the benefits of being part of a larger
18 organization, is we can pull that information from
19 people who have been through this before.

20 **Q** Well, in that regard, you were asked several
21 questions, and counsel showed you several Commission
22 rules about various tests for the performance of meters.
23 Do you think it would be a prudent thing for the company
24 to wait until the majority of meters are failing those
25 tests before it moved to replace them?

1 A No. And I reiterate once more, we want to be
2 more proactive when we see the need to change out assets
3 before they fail. Not just meters. Across the board.

4 Q You have obviously been through the ringer
5 about these AMI meters. Given the depositions you have
6 read, the prefiled testimony you have read, what you
7 have seen of this trial, and the questions you have been
8 asked, the performance of the meters that you testified
9 are already in, and the results of the task force you
10 put together, has -- have you seen or read anything that
11 have caused you to revisit your decision that the AMI
12 meters was the correct selection for the company?

13 A No. I would say, through this process, it
14 has -- I don't want to say forced me, but I was required
15 to review all the data that was put together, and I
16 believe that the right decision was made, and I would
17 make the same decision again.

18 Q And we have talked about some other places
19 that AMI meters have installed. There has been some
20 conversations about other state decisions that may or
21 may not have allowed AMI meters.

22 In your particular case, did you take into
23 account what you know about your own service area and
24 your own customer base when you were making that
25 selection?

1 A I am sorry, did we take into consideration
2 orders in our sister companies?

3 **Q Well, Sunshine's customer area, the lay of the**
4 **land, the people, the customer base?**

5 A Yeah. I mean, as we look at these projects,
6 we look at what we need in Florida. You know, there is
7 obviously approved orders from the Commission before
8 that supports the decision we made. We feel that this
9 is something that the Commission supported, and I think
10 that's something we do consider.

11 We also consider what our customers need. Did
12 we go out and poll them? No. But we have heard through
13 different complaints, and whatnot, that customers would
14 like to know when they have got a leak, a potential
15 leak, and alerts that they can get through the system.
16 So I think we looked at what we need to do in Florida.
17 That was the most important thing.

18 MR. WHARTON: That's all I have,
19 Commissioners.

20 I want to move the Twomey Exhibits 14 through
21 39.

22 CHAIRMAN LA ROSA: 14 through 39, okay.

23 MR. PONCE: So I am sorry, I am -- in asking
24 my questions, I obviously jumped around to a lot of
25 different exhibits, and I have admittedly lost a

1 little track of those. If we could just take a
2 short five-minute break --

3 CHAIRMAN LA ROSA: Okay.

4 MR. PONCE: -- so I can determine what
5 exhibits --

6 CHAIRMAN LA ROSA: I think he means CEL 14
7 through 39. I don't know if that matters.

8 MR. PONCE: Sure.

9 CHAIRMAN LA ROSA: Is that fair, take a
10 five-minute break for you guys can get organized.

11 My plan and my hope from here is -- and I will
12 excuse him for the time being as soon as we figure
13 this out --

14 MR. PONCE: Okay.

15 CHAIRMAN LA ROSA: -- is that then we can take
16 up Witness Mouring, and then maybe conclude for the
17 day. Is there -- there is no objection with that?

18 Let's go ahead and take a five-minute break,
19 get you guys in order, and we will come back and
20 make sure we are in the right posture. Thanks.

21 MR. PONCE: I appreciate it. Thank you.

22 (Brief recess.)

23 COMMISSIONER GRAHAM: All right. Are we --
24 are we where we need to be exhibit-wise for OPC?

25 MR. PONCE: Yes, sir.

1 CHAIRMAN LA ROSA: All right. So the question
2 was on the exhibits. Any objection for them
3 entering them into the record?

4 MR. PONCE: No objection. I am assuming we
5 are talking about Sunshine's exhibits?

6 CHAIRMAN LA ROSA: Yes.

7 MR. PONCE: No objection.

8 CHAIRMAN LA ROSA: Okay. All right. Well,
9 then I will --

10 MR. PONCE: OPC would like to move into
11 evidence --

12 CHAIRMAN LA ROSA: Okay, yeah. I am sorry.
13 So show that the record -- show that the record
14 reflects Sunshine's exhibits.

15 (Whereupon, Exhibit Nos. 14-39 were received
16 into evidence.)

17 CHAIRMAN LA ROSA: So let's move on to OPC.

18 MR. PONCE: We would like to offer into
19 evidence FPSC 126, 129, 166 and 169.

20 CHAIRMAN LA ROSA: Is there objections to
21 those?

22 MR. WHARTON: I am sorry, one more time.

23 CHAIRMAN LA ROSA: Yes, can you repeat
24 those --

25 MR. FRIEDMAN: What number are they on the

1 CEL?

2 CHAIRMAN LA ROSA: Yeah, let's start there.

3 Where are they in the CEL?

4 MR. PONCE: Well, I am referring to the
5 exhibit numbers that are on the top left in Case
6 Center. I am not sure if those match up exactly
7 to the CEL.

8 MR. REHWINKEL: Mr. Chairman --

9 CHAIRMAN LA ROSA: Yes, sir.

10 MR. REHWINKEL: -- the reason we needed a
11 break was Mr. Ponce asked a bunch of questions
12 about consent orders and other documents that are
13 on the CEL.

14 CHAIRMAN LA ROSA: Okay.

15 MR. REHWINKEL: These four are not on the CEL.
16 These are in the Public Counsel's cross exhibits.

17 CHAIRMAN LA ROSA: Okay.

18 MR. REHWINKEL: So that's why we have to move
19 them separately.

20 CHAIRMAN LA ROSA: Understood.

21 MR. WHARTON: So does that mean there is no
22 objection to moving all of Mr. Twomey's?

23 MR. FRIEDMAN: No. Whoa. Whoa. Whoa. What
24 are the numbers?

25 CHAIRMAN LA ROSA: Yeah, let's start -- let's

1 rewind a little bit. Go ahead and repeat the
2 exhibits. I will then go and ask Sunshine if they
3 have objections.

4 MR. PONCE: So these are the exhibit numbers
5 that are stamped in Case Center. It is FPSC
6 Exhibit No. 126.

7 MR. FRIEDMAN: Now --

8 CHAIRMAN LA ROSA: Go ahead, Marty.

9 MR. WHARTON: I think we need --

10 MR. FRIEDMAN: I think we --

11 CHAIRMAN LA ROSA: Yeah, what would you like
12 for reference?

13 MR. FRIEDMAN: What about the CEL? I mean,
14 that's I thought what we were all directing
15 everything to.

16 MR. REHWINKEL: No. No. These are our cross
17 exhibits. Cross exhibits are not wholesale
18 admitted, they are only admitted ad hoc if they are
19 used in cross.

20 MR. FRIEDMAN: Aren't they on this list?

21 MR. PONCE: Just to be clear, I have just been
22 informed that the numbers I am referring to are the
23 CEL numbers.

24 MR. REHWINKEL: Wait a minute.

25 MR. WHARTON: Maybe we need five more minutes.

1 MR. FRIEDMAN: No.

2 MR. REHWINKEL: No. It says staff hearing
3 exhibit.

4 CHAIRMAN LA ROSA: Okay, let's do this, repeat
5 the exhibits. I will take an extra few minutes, I
6 will let Sunshine review them, right, so we can get
7 them out, they can -- they can understand the
8 exhibits you have, and then we can decide if there
9 is an objection to them.

10 MS. HELTON: And, Mr. Chairman, I do think 126
11 is the CEL Exhibit No. 126, it's also the exhibit
12 number that's listed on Case Center. And it's OPC
13 cross Exhibit 5, and it's the -- I can't say this,
14 Wekiva --

15 CHAIRMAN LA ROSA: Okay.

16 MS. HELTON: -- Wekiva 2018 Consent Order.

17 MR. REHWINKEL: I thought you said 129. 129
18 is a --

19 MR. PONCE: I haven't said 129 yet. I haven't
20 said that one.

21 MR. REHWINKEL: I am sorry.

22 MR. PONCE: And then 129.

23 MS. HELTON: 129 is OPC cross Exhibit No. 8,
24 which is the 2023 Civil Penalty Authorization.

25 MR. REHWINKEL: I don't think that is on your

1 CEL.

2 MR. FAROOQI: Yes, it is.

3 MR. REHWINKEL: Okay.

4 CHAIRMAN LA ROSA: Let's do this, let's let
5 OPC talk with staff, list out all of the exhibits
6 of where they are, and let's get comfortable with
7 it, and we will come back in five minutes.

8 (Brief recess.)

9 CHAIRMAN LA ROSA: All right. Are we
10 comfortable?

11 MR. PONCE: I apologize for the confusion.
12 This is on me. These are the four exhibits that I
13 would like to offer.

14 CHAIRMAN LA ROSA: Sure.

15 MR. PONCE: These are on the CEL, Exhibit 126,
16 129, 166 and 169. That's all of them.

17 CHAIRMAN LA ROSA: Okay. Are there objections
18 to those exhibits?

19 MR. FRIEDMAN: There is no objection.

20 CHAIRMAN LA ROSA: No objection. Show that
21 they are entered into the record.

22 (Whereupon, Exhibit Nos. 126, 129, 166 & 169
23 were received into evidence.)

24 CHAIRMAN LA ROSA: Okay. So --

25 MR. WHARTON: Did we move those --

1 COURT REPORTER: I'm sorry, I can't hear you.

2 MR. WHARTON: We moved them previously.

3 CHAIRMAN LA ROSA: Yeah. Yeah, we did.

4 So I will excuse Mr. Twomey for the time
5 being, yeah?

6 MR. FRIEDMAN: Yes. Thank you.

7 THE WITNESS: Thank you.

8 MR. FRIEDMAN: And that concludes our direct.

9 CHAIRMAN LA ROSA: Excellent.

10 So I am going to throw it over to staff to
11 call your witness.

12 MR. SANDY: Mr. Chair, we have Mr. Mouring
13 here this evening. However, as housekeeping
14 matter, staff witness Angie Calhoun was excused.
15 There were no questions for her, so therefore, at
16 this time, I would move to have her witness
17 testimony entered into the record, along with her
18 exhibits. That would be ALC-1, 2 and 3, and that
19 would be CEL Nos. 42 through 44.

20 CHAIRMAN LA ROSA: Are there objections?

21 MR. FRIEDMAN: No objection.

22 CHAIRMAN LA ROSA: All right. Seeing none, so
23 moved.

24 (Whereupon, prefiled direct testimony of
25 Angela L. Calhoun was inserted.)

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **AMENDED COMMISSION STAFF DIRECT TESTIMONY OF**
3 **ANGELA L. CALHOUN**
4 **DOCKET NO. 20240068-WS**
5 **DECEMBER 2, 2024**

6 **Q. Please state your name and address.**

7 A. My name is Angela L. Calhoun. My address is 2540 Shumard Oak Boulevard;
8 Tallahassee, Florida 32399-0850.

9 **Q. By whom are you employed and in what capacity?**

10 A. I am employed by the Florida Public Service Commission (FPSC or Commission) as
11 Chief of the Bureau of Consumer Assistance in the Office of Consumer Assistance &
12 Outreach.

13 **Q. Please give a brief description of your educational background and professional**
14 **experience.**

15 A. I graduated from Florida State University in 1993 with a Bachelor of Arts degree. I
16 have worked for the Commission for more than 24 years, and I have experience in
17 consumer complaints and consumer outreach. I work in the Bureau of Consumer
18 Assistance within the Office of Consumer Assistance & Outreach where I manage
19 consumer complaints and inquiries.

20 **Q. What is the function of the Bureau of Consumer Assistance?**

21 A. The Bureau's function is to resolve disputes between regulated companies and their
22 customers as quickly, effectively, and inexpensively as possible.

23 **Q. Do all consumers that have a dispute with their regulated company contact the**
24 **Bureau of Consumer Assistance?**

25 A. No. Consumers may initially file their complaint with the regulated company and reach

1 a resolution without the Bureau’s intervention. In fact, consumers are encouraged to
2 allow the regulated company the opportunity to resolve the dispute prior to any
3 Commission involvement.

4 **Q. What is the purpose of your testimony?**

5 A. The purpose of my testimony is to discuss/outline the number of consumer complaints
6 logged with the Commission against Sunshine Water Services under Rule 25-22. 032,
7 Florida Administrative Code, Consumer Complaints, from July 1, 2020 to June 30,
8 2024. My testimony will also provide information on the type of complaints logged
9 and those complaints that appear to be rule violations.

10 **Q. What do your records indicate concerning the number of complaints filed for**
11 **Sunshine Water Services?**

12 A. From July 1, 2020 to June 30, 2024 the Commission logged 107 complaints against
13 Sunshine Water Services.

14 **Q. What have been the most common types of complaints logged against Sunshine**
15 **Water Services during the period of July 1, 2020 to June 30, 2024?**

16 A. During the specified time period, approximately Sixty-eight (68%) percent of the
17 complaints logged with the Commission concerned billing issues, while approximately
18 Thirty-two (32%) percent of the complaints involved quality of service issues.

19 **Q. Do you have any exhibits attached to your testimony?**

20 A. Yes. I am sponsoring ALC-1 and ALC-2, which are listings of consumer complaints
21 logged with the Commission against Sunshine Water Services under Rule 25-22.032,
22 Florida Administrative Code. The complaints listed were received between July 1,
23 2020 to June 30, 2024, and were captured in the Commission’s Consumer Activity
24 Tracking System (CATS). Exhibit ALC-1 lists quality of service complaints and
25 Exhibit ALC-2 lists billing complaints. Both exhibits group the complaints by Close

1 Type.

2 **Q. What is a Close Type?**

3 A. A Close Type is an internal categorization code. It is assigned to each complaint once

4 staff completes its investigation, and a proposed resolution is provided to the

5 consumer.

6 **Q. Do you have any additional exhibits?**

7 A. Yes. Exhibit ALC-3 is a listing of complaints by system.

8 **Q. How many of the complaints summarized on your exhibit has staff determined**

9 **may be a violation of Commission rules for Sunshine Water Services?**

10 A. Staff determined that, of the 107 complaints logged against Sunshine Water Services

11 during the period of July 1, 2020 to June 30, 2024, there was one service quality

12 complaint and seven billing complaints that appear to demonstrate a violation of

13 Commission Rules.

14 **Q. Does that conclude your testimony?**

15 A. Yes.

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1 (Whereupon, Exhibit Nos. 42-44 were received
2 into evidence.)

3 MR. SANDY: Okay. I would now call
4 Mr. Mouring up to the witness stand. I see him
5 there.

6 Whereupon,

7 CURT MOURING
8 was called as a witness, having been previously duly
9 sworn to speak the truth, the whole truth, and nothing
10 but the truth, was examined and testified as follows:

11 EXAMINATION

12 BY MR. SANDY:

13 Q **Sir, will you please state your name for the**
14 **record?**

15 A Curt Mouring.

16 Q **Okay. And is it correct that you were sworn**
17 **in this morning when the Chair swore in everybody all at**
18 **once?**

19 A That is correct.

20 Q **All right. And will you state your employer**
21 **for the record?**

22 A The Florida Public Service Commission.

23 Q **And did you prepare or cause to be filed in**
24 **this docket in December of 2024 direct testimony**
25 **consisting of two pages?**

1 A I did.

2 Q And are there any changes you would make this
3 evening to your testimony?

4 A No.

5 Q And if asked the same questions contained in
6 your testimony this evening, would your answers
7 ultimately end up as the same as they currently are in
8 your prefiled testimony?

9 A Yes.

10 MR. SANDY: Okay. At this time, Mr. Chair, I
11 would request that the witness's testimony is
12 entered into the record as though read.

13 CHAIRMAN LA ROSA: All right. So moved.

14 (Whereupon, prefiled direct testimony of Curt
15 Mouring was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
COMMISSION STAFF
DIRECT TESTIMONY OF CURT MOURING
DOCKET NO. 20240068-WS
DECEMBER 2, 2024

Q. Please state your name and business address.

A. My name is Curt Mouring. My business address is 2540 Shumard Oak Boulevard, Tallahassee, FL, 32399.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC or Commission) as the Assistant Director of the Office of Auditing and Performance Analysis. I have been employed by the Commission since April 2008.

Q. Please give a brief description of your educational background and professional experience.

A. I received a Bachelor of Science Degree in Finance from Florida State University in 2007. I have worked for the FPSC for 16 years, and I have experience in electric, gas, and water and wastewater regulation. I have worked on multiple utility dockets, including rate cases and cost recovery clauses, which require the review and implementation of Auditor's reports. In the course of my career, I have reviewed dozens of Auditor's reports and the accompanying work papers. I am also familiar with sections of the Commission's Administrative Procedures Manual related to auditing and the Commission's Auditing Standard Operating Procedures that dictate how audits are to be performed.

Q. Please describe your current responsibilities.

A. In addition to my supervisory role, my responsibilities include planning and

1 conducting utility audits of manual and automated accounting systems for historical and
2 forecasted data.

3 **Q. Have you previously presented testimony before this Commission?**

4 A. No.

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to sponsor the staff Auditor's Report of Sunshine
7 Water Services Company, which addresses the Utility's filing in Docket No. 20240068-WS.
8 This report is filed with my testimony and is identified as Exhibit CM-1.

9 **Q. Was this audit completed by you or under your direction?**

10 A. Yes. It was completed by me and under my direction.

11 **Q. Please describe the objectives of the audit and the procedures performed during
12 the audit?**

13 A. The objectives and procedures are listed in the Objectives and Procedures section of
14 the attached Exhibit CM-1 pages 5 through 10.

15 **Q. Please review the audit findings in this audit report.**

16 A. The audit findings are detailed in the Exhibit CM-1 pages 11 through 20.

17 **Q. Does that conclude your testimony?**

18 A. Yes.

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1 BY MR. SANDY:

2 Q And in addition to your witness testimony,
3 Mr. Mouring, did you prepare or cause to be filed in
4 this docket any exhibits marked as CM-1 currently?

5 A Yes.

6 Q And is that identified as Exhibit No. CEL 45
7 on the Comprehensive Exhibit List, as you understand it?

8 A I believe that's correct.

9 Q And would you make any changes to that exhibit
10 at this time?

11 A Yes. I have one.

12 Q And what is that -- what is that change?

13 A On page six of 25 of Exhibit CM-1, under the
14 construction work in progress heading, the last sentence
15 in there that reads, no exceptions were noted, should be
16 stricken.

17 Q And are there any other changes you would make
18 at this time?

19 A No.

20 MR. SANDY: All right. With that in mind, I
21 would submit this witness for cross-examination,
22 Mr. Chair.

23 CHAIRMAN LA ROSA: All right. Thank you.

24 Let's go to OPC.

25 MR. REHWINKEL: Thank you, Mr. Chairman.

1

EXAMINATION

2 BY MR. REHWINKEL:

3 Q Good evening, Mr. Mouring.

4 A Good evening.

5 Q Tell me briefly what the purpose of your
6 testimony is, please.7 A To sponsor the audit report in this docket,
8 which is Exhibit CM-1.9 Q Isn't it true that sometime in early November
10 of 2024 you became the audit manager of the Sunshine
11 audit?

12 A Yes, that's correct.

13 Q Okay. And am I correct in understanding that
14 this audit began on or about July 22nd, 2024, pursuant
15 to an ASR received from staff, or an audit services
16 request?

17 A Yes. There were two audit service requests.

18 Q Two, yes.

19 A Yes.

20 Q Thank you.

21 And would it also be true that your
22 involvement with this audit largely was related to
23 winding down the audit in time for use in the rate case?

24 A I would generally agree with that.

25 Q Okay. Would you also agree that the scope and

1 quality of the audit report was limited by the available
2 time and staffing resources available?

3 A I would agree with the scope. I think we --
4 we tried to maintain the level of quality through scope
5 reductions.

6 Q Okay. And does the use of the word "sponsor"
7 indicate -- give any special significance that the
8 Commission should consider in terms of how much, if any,
9 reliance they should place on the Sunshine filing,
10 especially the MFRs?

11 A Your question is my use of the word "sponsor"?

12 Q Yes. Are you -- are you asking the Commission
13 to give the audit any special significance or
14 consideration in this docket, or are you just presenting
15 it for their consideration, whatever they want to make
16 of it?

17 A We are presenting it as a tool for staff and
18 the Commissioners to use.

19 Q Okay. And does the use of the word
20 "completed" in your testimony -- on page two of your
21 testimony mean that the audit was finished, or does it
22 mean that it was a complete audit of Sunshine Water
23 Services?

24 A It means that the work was completed.

25 Q Okay. And if I could ask you to look at

1 Exhibit 155 at F2-804, please.

2 Are you familiar with this excerpt from SOP
3 1.01-4?

4 A Generally, yes.

5 Q Okay. Does this -- with respect to item I
6 under G romanette i -- I guess it's letter I -- Bureau
7 of Auditing, does this provide guidance to the staff in
8 conducting a utility audit?

9 A Yes, it provides guidance.

10 Q Okay. Do you see where it says: The auditors
11 conduct examinations of utility-related financial and
12 operating records and provide an independent
13 verification of the supporting documentation for any
14 statements or filings made by the regulated companies?

15 A Yes.

16 Q Okay. Would it be fair to say that due to
17 time and staffing limitations, the audit that you
18 sponsored did not ultimately provide a complete -- and I
19 emphasize the word complete -- independent verification
20 of the supporting documentation provided by Sunshine?

21 A That's probably fair.

22 Q Okay. Thank you.

23 As you look back on and reviewed the audit
24 that you inherited very late in the process, would you
25 agree that the staff did not follow the Commission's

1 audit manual in every respect in conducting the Sunshine
2 audit?

3 A The audit manual is a guide. It's not a hard
4 and fast set of rules, but there were departures.

5 Q Okay. Let's turn, if we can, to Exhibit 153,
6 and I want to direct you to page F2-769 and 770, please.

7 Are you generally familiar with this document
8 as constituting Workpaper 51 relating to the
9 depreciation work that the auditors performed?

10 A Yes, that appears to be this.

11 Q Okay. And turning to page 770, under
12 objective, would you agree that the objective, as
13 reflected in the audit workpapers, the objective of the
14 audit was to determine whether the depreciation
15 amortization expenses for the historical test year ended
16 December 31, 2023, were properly calculated and
17 reconciled to the general ledger?

18 A Yes, I would agree with that.

19 Q Okay. And if we could turn to your testimony
20 exhibit to C8-2189, please?

21 Can you direct -- can I direct you down to the
22 bottom of that page, page six of the audit report, to
23 objectives there? Do you see that?

24 A Yes.

25 Q Do you see where it says: The objective was

1 to determine whether the depreciation expense for both
2 direct and allocated UPIS was properly recorded in
3 compliance with Commission rules, and that it accurately
4 represented the depreciation of UPIS assets and the
5 amortization of the CIAC assets for ongoing utility
6 operations. Do you see that?

7 A Yes.

8 Q Looking at this language in the final report
9 of the audit, would you agree that the audit objectives
10 stated here on page six was worded somewhat differently
11 than the objective in the workpaper with regard to the
12 fact that in the audit report, it says that the
13 objective was to determine whether depreciation expense
14 for both direct and allocated UPIS was properly recorded
15 in compliance with Commission rules. Do you see the
16 Commission rule compliance language as being a little
17 different than the language in the workpaper?

18 A I do.

19 Q Okay. Now, would you agree with me that the
20 objective stated in the staff workpapers, while not
21 expressly mentioning the aspect of determining
22 compliance with Commission rules, it is, nevertheless,
23 required that the audit verify compliance with
24 depreciation rule as discussed in the report language?

25 A Could you repeat that question?

1 Q Let me ask it a little bit differently.

2 The absence of the Commission rule compliance
3 language in the workpaper objectives doesn't mean that
4 the auditor wasn't required to determine compliance with
5 the rule, is that fair?

6 A I would agree with that.

7 Q Okay. Would you also agree with me that
8 ultimately, the audit and the audit work did not
9 correctly determine that all of the filed depreciation
10 expenses and related amounts in the MFRs were in
11 compliance with the provisions of Rule 25-30.140?

12 A They did not reflect a net salvage value, if
13 that's what you are asking.

14 Q It is partly, yes.

15 So you would agree that the audit work was
16 incomplete on that pine?

17 A It -- I will agree that it did not reflect any
18 net salvage value for certain applicable accounts.

19 Q Okay. Let's turn, if we can, to Exhibit 154
20 and F2-769, please.

21 And this, again, is the staff audit workpapers
22 on depreciation, right?

23 A Yes.

24 Q And if I could get you to turn to F2-777
25 through 781, please?

1 So 777 appears to be an excerpt of the
2 depreciation rule with a handwritten notation at the
3 top. Do you see that?

4 A Yes.

5 Q And then the next four or five pages, through
6 781, is the relevant part of the rule for the staff
7 auditors. Do you see that?

8 A Yes.

9 Q Okay. Does this say to you, as audit manager,
10 that the staff audit -- auditors -- and I am saying
11 plural. I don't flow if there was one or more that
12 worked on this -- were aware of the Commission's
13 depreciation rule and were attempting -- were intending
14 to verify compliance with it relative to the filing?

15 MR. SANDY: Objection. That calls for
16 speculation, Mr. Chair. He would have no knowledge
17 of what anybody else knew or did not know at this
18 time.

19 MR. REHWINKEL: I am happy to respond to that,
20 Mr. Chairman, if you would let me.

21 CHAIRMAN LA ROSA: Yeah, go ahead.

22 MR. REHWINKEL: We can go through a lot of
23 predicate about his role as audit manager. But I
24 think, as audit manager, and supervising audit
25 staff, he is, of all things, aware of what is

1 expected in the scope of the audit, and what the
2 workpapers reflect as far as the intent behind
3 inclusion of that.

4 We can spend an hour going through the audit
5 manual and what's -- how the numbers are done, and
6 everything like that, but I don't want to do that.
7 So I think -- I think Mr. Mouring does know.

8 CHAIRMAN LA ROSA: I understand that. I will
9 go back -- go ahead.

10 MR. SANDY: If I heard Mr. Rehwinkel's
11 question correctly, his question wasn't what the
12 expectations are of the auditing staff. It's
13 whether Mr. Mouring knew, or had some sort of
14 knowledge of what other individuals knew to the
15 extent that they wished to ask questions as to sort
16 of what the aspiration is, or what the goal is. I
17 think that's wholly appropriate. I was simply
18 objecting to Mr. Mouring's knowledge of what other
19 individuals knew.

20 MR. REHWINKEL: Let me read the question as
21 I --

22 CHAIRMAN LA ROSA: Yeah, go ahead and do that.

23 MR. REHWINKEL: -- intended to ask it.

24 BY MR. REHWINKEL:

25 **Q This inclusion of these five pages, Mr.**

1 Mouring, it demonstrates that the staff auditors were
2 aware of the Commission's depreciation rule, and were
3 intending to verify compliance with it, right?

4 A I would agree with that. I would add, as we
5 have heard earlier today, historically, the Commission
6 has not included that. Is it in compliance or not? I
7 am not sure, but historically we have not included the
8 net salvage value in our verification.

9 Q Mr. Mouring, is there a document directing
10 auditors to ignore net salvage portion of the rule?

11 A Not that I am aware.

12 Q Okay. Let's look at F2-782 and 783, please.
13 This same exhibit.

14 A You said 782?

15 Q Yes, sir.

16 A Okay. I am there.

17 Q Okay. Would you agree that these -- this
18 schedule here is prepared by staff and populated with
19 the account data provided by the company for the
20 historical period of March 2023, as selected by staff
21 auditors?

22 A I would agree with that.

23 Q Okay. And I said populated by. The
24 population by company data is the second, third, fourth
25 and fifth column, right?

1 A You said second, third, fourth --

2 Q The one that says: Life in months,
3 depreciation method, some of current period depreciation
4 and depreciation rate, those would generally be provided
5 by a company, right?

6 A That information would generally be provided
7 by the company. I don't know if they populated this
8 particular spreadsheet --

9 Q Okay.

10 A -- or not, but that would be information
11 provided by the company.

12 Q And column -- recalculating debt rate and
13 diff, those two columns, that's staff audit work right
14 there, isn't it?

15 A Yes.

16 Q Okay. Let's just go to, if we can, Exhibit
17 157, which is the complete copy of the rule? It might
18 be easier to work with that one.

19 Mr. Mouring, you are familiar with this rule
20 both in your current position, as well as your prior
21 work with the Commission, right?

22 A Yes, it's not coming up on my screen.

23 Q Oh, I am sorry. This is at F2-980. I am
24 sorry. It's 25-30.140, depreciation. You know this
25 rule pretty well, don't you?

1 A Yes.

2 Q Okay. Would you agree that this rule, the
3 language of the rule requires the application of the
4 listed average service lives and net salvage percentages
5 for large and small water and wastewater utilities?

6 A I would agree with that.

7 Q Okay. Let's look at, if I can, go to page
8 nine -- F2-985 in this document.

9 And I just want to -- I think -- were you here
10 when Ms. Swain testified earlier today?

11 A I was.

12 Q Okay. And you heard her read into the record
13 subsection (2)(a) and (2)(b), as far as the guideline
14 rules, as well as (3)(a) and (3)(b)?

15 A I don't recall which sections it was, but I --

16 Q Okay.

17 A -- yeah.

18 Q But you will agree that section (3)(a) says:
19 Average service life depreciation rates based on
20 guideline lives and salvages shall be used in any
21 Commission proceeding?

22 A I am sorry, are you on F2-985 or --

23 Q I am on 986. My bad. I am sorry.

24 A You said 986?

25 Q Yeah, this is just the next page.

1 A Okay. Yes.

2 Q Okay. It says, it uses the word "shall" there
3 on the first line, does it not?

4 A It does.

5 Q And if we go to (c), above that, (2)(c) above
6 that, you see foot note four? Well, you see number
7 four, which has footnote four. It says: Net salvage is
8 zero except as indicated?

9 A Yes, I see that.

10 Q And that footnote, if you scroll back up to
11 982. In the far right-hand side of the headings there,
12 it says, net salvage percentage, and it has a footnote
13 four. Do you see that?

14 A Yes.

15 Q Okay. And that relates -- that says: For all
16 lives it's zero, except where noted, right?

17 A That's my understanding.

18 Q Okay. You would agree that Sunshine is a
19 Class A water and wastewater utility, right?

20 A Yes, I would agree with that.

21 Q And that would mean that for the auditor to
22 its -- do the testing and reconciliation, that it would
23 go to, on page 982, the Large Utility Class A and B
24 column?

25 A Yes.

1 Q Okay. Let's go back if we can to F2-7, in the
2 workpapers, F2-777 and 778, please. Okay. I am sorry,
3 I -- we have already covered that. I apologize.

4 If you go down to page -- the auditor's
5 workpaper that contains the rule, it shows, workpaper on
6 778, it shows Workpaper 51-2.1. And there are three
7 accounts that show net salvage under that footnote four
8 column, 341, 345 and 346. Do you see that?

9 A Yes.

10 Q Okay. Now, are you aware of any notations in
11 the workpapers that say don't look at these net salvage
12 numbers, or these don't apply?

13 A No.

14 Q Okay. And if you continue on down to F2-781
15 for the wastewater, we see account 391, 395 and 396 also
16 have net salvage requirements, right?

17 A Yes.

18 Q Okay. And Workpaper 51-3, which is the next
19 -- going to 782 and 783. These workpapers show the
20 testing that the staff auditor performed when evaluating
21 the depre -- the accuracy of the depreciation expense
22 included in the filing and compliance -- and the
23 compliance with the rule, would you agree with that?

24 A I would agree with that.

25 Q Okay. Now, would you also agree that the

1 NARUC accounts on the left-hand side here reflect
2 sampling? This isn't every account for water and
3 wastewater for Sunshine, would you agree with that?

4 A I believe that's right.

5 Q If I could help you go to the water workpaper,
6 782, and scroll down on the left-hand side. They might
7 need to be enlarged a little bit.

8 Do you see there is 339.4, and then the next
9 one is 351.1?

10 A I am sorry, which page are you on?

11 Q 782 -- is that right? Yeah. And this is the
12 water workpaper.

13 A And which NARUC account number?

14 Q Well, if you go -- if you go down, these look
15 like they are in chronological -- I mean, in numerical
16 order to me, and I am looking at the 339.1. Do you see
17 that?

18 A Yes.

19 Q And you see the -- I mean, 339.4. I
20 apologize. And then do you see the next one is 351.1?

21 A It's a little blurry, but I think that's
22 right.

23 Q Okay. And that would indicate that this --
24 that the task for reconciling depreciation expense in
25 the rule did not include 341, 345 and 346, correct?

1 A I believe that's correct.

2 Q Okay. But if you look at the next page for
3 wastewater, we see that the audit -- the auditor did do
4 the reconciliation for account 391.7, 395.7 and 396.7?

5 A Yes.

6 Q Do you see that?

7 A Yes, I see that.

8 Q Okay. And there is nothing in the workpapers,
9 is there, that indicates why there was no testing of the
10 341, 345 and 346 accounts, is there?

11 A I don't recall seeing anything.

12 Q Okay. With respect to the workpaper on three
13 -- I mean, Workpaper 51-3 at F2-782 for water, just
14 because the staff did not test for those water accounts
15 that I listed, 341, 345 and 346, that doesn't mean that
16 the rule does not apply to those accounts, would you
17 agree with that?

18 A I would say the rule applies to all accounts.

19 Q Okay. To the extent there is investment in
20 the MFRs for those accounts, right?

21 A Well, zero times anything is zero, sure.

22 Q Yeah, okay.

23 And if we can go to 771 and 772. This is --
24 let me just ask you a couple questions about these.

25 And we see here on 771, this is MFR B-13 for

1 water, right?

2 A That appears to be this, yes.

3 Q Okay. And we look to 341, transportation
4 equipment, there is a balance of 220,488 in the test
5 year, and a 32,672 for proformas, I believe, for a total
6 of 253,160, right?

7 A Yes, I see that.

8 Q And then 345, power operated equipment, shows
9 a similar math, \$55,111 in that account?

10 A Yes, I see that.

11 Q And then communication equipment, same math,
12 77,585 in that account, right?

13 A Yes, I see that.

14 Q Do you know whether the 47,070 there is the
15 AMI -- related to AMI?

16 A That I don't know.

17 Q Strike that, yeah.

18 And then if we did the same thing for
19 wastewater on the next page, B-13, we see that 391, 395
20 and 397 --

21 A You said B-13 or B-14?

22 Q I apologize. You are correct. B-14 is what I
23 meant, on 772. We see that there are dollars in all of
24 those accounts, 391, 395 and 396 right?

25 A I am sorry, you said 391, 395 and 396?

1 Q Yeah. I have left off the little subaccount
2 of --

3 A Right. That appears -- that is correct.

4 Q Okay. So back on 783, let's go look at the
5 workpapers that reflect the work.

6 So for the water system, let's go and look at
7 340 -- well, I am sorry, wastewater. We have to look at
8 wastewater, because there was no work done for water.
9 So on 783, this is the wastewater system. And we see --
10 let's look at 391.7. These are vehicles, correct?
11 Transportation equipment, do you see that?

12 A 391.7?

13 Q Yes.

14 A Yes.

15 Q And it shows -- it looks like in the
16 depreciation rate column, it shows 60 and 72, which is
17 60 months and 72 months, I believe. Five years and six
18 years, is that right?

19 A I believe that's right.

20 Q Okay. And it shows vehicles five years
21 depreciation, heavy vehicles six years depreciation. Do
22 you see that?

23 A Yes.

24 Q Now, we can scroll back up to the rule, but
25 would you agree that the rule for transportation

1 equipment says six years, without distinguishing between
2 heavy and light?

3 A I would -- I would prefer to go back and look
4 at the rule just to make sure.

5 Q Okay. Let's go look at that. On 781, do you
6 see that for account 391?

7 A Yes, I see six years.

8 Q Okay. And if you go -- if you scroll up to
9 the water side, the transportation equipment, and 341 is
10 also six years, would you agree with that?

11 A Let me get there real quick.

12 Q It's on 778.

13 A Yes.

14 Q Okay. So going back down to the staff's
15 workpaper at 783. For 391.7, you would agree that in
16 the diff column -- well, there is, first of all, in a
17 recalculating rate, there is no -- staff didn't
18 calculate differently, and they don't show a difference
19 in those two columns, would you agree?

20 A I would agree.

21 Q Nor -- so first of all, there is no
22 disagreement by staff about the six versus five years,
23 and then there is also no adjustment to include net
24 salvage there, right?

25 A Can you repeat that question one more time?

1 Q Okay. So there is nothing in the diff column,
2 so there is no difference noted by staff with respect to
3 the number of years for depreciation as well as no net
4 salvage calculation?

5 A The diff column is blank for those --

6 Q Yeah.

7 A -- for those.

8 Q Okay. So of that indicates that the staff did
9 not note the need to make an adjustment for net salvage,
10 right?

11 A There is no adjustment there.

12 Q Okay. And if one was to be made, this is
13 where you would see it, right?

14 A Yes.

15 Q Okay. And would you agree that a net salvage
16 percent -- I mean, a depreciation rate percentage for a
17 six-year depreciable life would be 16.67 percent?

18 A I don't have a calculator right in front of
19 me, but --

20 Q Six divided into 100 is 16.666667, right,
21 something like that?

22 A I will take your word for it.

23 Q Okay. And that -- in order to properly factor
24 in net salvage, would you agree that you would have to
25 divide 6.67 by one, minus .0, which is the net salvage,

1 or divided by .9?

2 A Can you repeat that one more time?

3 Q Yeah.

4 Would you agree that the proper way to factor
5 in net salvage would be to take 16.67 and divide it by
6 .9?

7 A As a 10-percent salvage value?

8 Q Yes.

9 A I think that's right. I am not -- I am not
10 100 percent sure.

11 Q Okay.

12 A Sorry.

13 Q That's okay.

14 And would you agree that for any depreciation
15 rate in the guideline rules where there is a net salvage
16 requirement, that the proper thing to do would be to
17 derive a depreciation rate and divide it by one, minus
18 whatever the percentage is in the last column?

19 A I am sorry, can you repeat?

20 Q Okay. Let's just do this. Let's go to
21 Exhibit 193, please. And I don't have a page for that.
22 Actually, we can go to F2-4042. That might be easier to
23 get to.

24 Okay. Do you have general familiarity with
25 this order that was issued on April 23rd, 2024?

1 A I would not say that I have a general
2 familiarity with it, but --

3 Q Are you aware of it?

4 A I am aware of it.

5 Q Okay. And you see it's dated April 23rd,
6 2024. It's a PAA order. And would you accept my
7 representation that it was not protested?

8 A I will accept that.

9 Q Okay. So to the extent this is a final order
10 in the Pluris Wedgefield case, which is a Class A
11 utility, right?

12 A I believe they are, yes.

13 Q Yes. If we could go to F2-4049, which I think
14 is page eight of this order.

15 A Okay. I am there.

16 Q All right. Okay. Do you see at the top, it
17 says: Our staff determined adjustments to increase
18 water depreciation expense by \$12,034 and decrease
19 wastewater depreciation expense by 12,475 were necessary
20 based on reclassification. On pages 4 and 5 of its
21 letter, OPC addressed concerns with the calculation of
22 depreciation by our staff's auditors. OPC states that
23 our staff auditors did not properly factor in the
24 salvage values to the calculation of the depreciation
25 rate for water plant accounts 341, 345 and 346, and

1 wastewater plant accounts 391, 395 and 396, as
2 prescribed by Rule 25-30.140, FAC. OPC included a
3 recalculation and proposed adjustments to accumulated
4 depreciation and depreciation expense based on its
5 recalculated depreciation rates. In the utility's
6 response to OPC's letter, Pluris stated that it agrees
7 with the audit findings, but does not agree with any
8 further adjustments. We reviewed Rule 25-30.140, FAC,
9 and the depreciation rates used in our audit staff's
10 recalculation. OPC's adjustment to recognize the
11 salvage value of these accounts are correct.

12 Do you see that? Did I read that right as far
13 as you could see?

14 A I see that. I think early on you said audit
15 staff's made adjustments that were necessary based on
16 reclassifications and this says recalculation, but other
17 than that --

18 Q Oh, okay --

19 A -- I agree.

20 Q -- I did say that. My bad.

21 And that first sentence that I misspoke, that
22 doesn't really relate to this net salvage issue, does
23 it?

24 A No. That's audit staff, though.

25 Q Okay. And the letter that the -- that is

1 referenced there -- let's go to Exhibit 193, if we can.
2 I think that's the -- are you aware of this letter here,
3 once it populates? And on page 30 -- F2-3540, if I can
4 ask you to look at that.

5 A Yes, I am there.

6 Q Okay. Are you generally aware that the
7 language under the colorful chart here, recalculation of
8 depreciation, that starts with "first and foremost", and
9 continues on to the end of the first paragraph on 3541?

10 A I am familiar with this excerpt, but not this
11 letter.

12 Q Okay. I just want to ask about the excerpt.
13 This is the -- this is the excerpt that the Pluris order
14 refers to, correct?

15 A It appears to be, yes.

16 Q Okay. And in this letter, it shows the
17 calculation for incorporating net salvage into
18 depreciation rates, would you agree with that? The last
19 sentence on 3540, through the first sentence on 3541, do
20 you see that?

21 A Yes, I do.

22 Q And then again, sort of the same thing but for
23 the wastewater stuff in the rest of that paragraph, do
24 you see that?

25 A I do.

1 Q Okay. Just based on what you know, given that
2 the audit -- the ASR came in on July 22nd of 2024, and
3 the date of this order at April of 2024, you would agree
4 that the Pluris order was issued before the company
5 filed its case?

6 A Before the company filed its case, or before
7 the audit was initiated?

8 Q Well, maybe both.

9 A I -- yes for sure on the before the audit was
10 initiated. I am not 100 percent sure when --

11 Q Okay. But at least before the audit was
12 started?

13 A Yes.

14 MR. REHWINKEL: Okay. Mr. Chairman, Mr.
15 Mouring gave me an answer that's allowed me to cut
16 some questions out, which I think everyone will
17 appreciate.

18 CHAIRMAN LA ROSA: I think we do, yes.

19 MR. REHWINKEL: So I am just taking a second
20 to do that.

21 BY MR. REHWINKEL:

22 Q With regard to the Pluris order, and given the
23 language in that order that we reviewed here today,
24 would you agree that the same analysis approved in the
25 Pluris order should probably have been performed in the

1 **Sunshine audit?**

2 A In respects to the application of net salvage
3 value?

4 Q **Yes, sir.**

5 A I would agree.

6 Q **Okay. What about with respect to any
7 differences in the guideline lives that were used versus
8 what's in the rule?**

9 A I didn't necessarily see that in the Pluris
10 order, but the appropriate service lives in the rule
11 should be utilized.

12 Q **Okay. Let's go, if we can, real quickly, to
13 783. That's the workpaper. And if we could -- if we
14 could go to -- let's look at the power operated
15 equipment account, 395.7.**

16 Do you see that there is a 10-percent and an
17 8.33 percent rate in the second column next to the
18 account number?

19 A Yes, I see that.

20 Q **Okay. And then if you scroll over, there is
21 dollars associated with a 10-year life and dollars
22 associated with a 12-year life, do you see that?**

23 A Yes, I see that.

24 Q **And the 8.33 is 12 divided into 100, right,
25 subject to check?**

1 A Yeah.

2 Q And then the 10 is just 10 divided into 100.
3 So those are the two rates that the staff checked, and
4 they show -- they just reproduce the rates of 10 percent
5 and 8.33 percent, and then have zero difference in the
6 diff column, do you see that?

7 A I see that.

8 Q Okay. And by definition, based on what we
9 looked at in the formula for incorporating net salvage,
10 they don't have net salvage in here, right?

11 A It does not appear that it does.

12 Q Okay. And they also did not question the
13 10-year and the 12-year lives, but if we go back up to
14 look at 395 on page 781. For Class A utilities, would
15 you agree with me that power operated equipment shows a
16 12-year life?

17 A I would agree with that. I -- there is a note
18 on -- with that item that has the 10-year life. I am
19 not sure if that --

20 Q Are you talking about back on 783?

21 A Yes.

22 Q Okay. So -- but the 10 on seven -- on the
23 rules at 781, that's for Class C utilities, right?

24 A Yes, but I don't know if we are --

25 Q All right. So let's go back and look at 783

1 at that note. There is a note that says: FL 2021
2 Central Florida Emergency Generator Purchase CP
3 20211248.

4 A Yes.

5 Q That's what you are talking about?

6 A Yes.

7 Q Okay. But do you know what that means?

8 A I don't know if that -- if there is a reason
9 why that one has a specific rate of 10 percent instead
10 of 12 percent.

11 Q Okay. But the rule says 12 percent, right?

12 A I would agree with that.

13 Q Okay. And I realize that you were not
14 involved -- well, first of all, let me just establish.

15 When the audit plan was determined and the
16 sampling was per -- the sampling was performed, you were
17 not audit manager of this audit, right?

18 A That's correct.

19 Q Okay. So you had nothing to do with the
20 selection of accounts in the sampling, correct?

21 A Of what sampling?

22 Q Well, the accounts that are included in 78 --
23 in these two workpapers, staff workpapers, these were
24 selected samples, obviously, right?

25 A Yes. Yes.

1 Q Okay. And you weren't part of that
2 decision-making, right?

3 A No.

4 Q And the testing that was done, that was
5 performed before you became audit manager, I would
6 assume?

7 A I believe so. I don't know when
8 specifically --

9 Q Okay.

10 A -- it was done.

11 Q Had you been involved in the planning of the
12 audit back in July, and you were -- and if you were
13 aware of the Pluris order, would you likely have, at
14 that time, included the evaluation of net salvage values
15 discussed in the Pluris case in the order within the
16 scope and review of this audit?

17 A At the very least, I would have noted it --

18 Q Okay.

19 A -- whether it's in or out.

20 Q Would you agree that one of the purposes of
21 the auditing that your staff performs is to identify
22 instances where a company is not following Commission
23 rulings so that the staff can make the Commission aware
24 and allow them to take whatever action is needed?

25 A Generally, I would agree with that.

1 Q That's why, when we looked at the objectives,
2 compliance with the rule is one of the things that's
3 called out there, right?

4 A Yes.

5 Q Okay. To your knowledge, do these work --
6 audit workpapers, or any correspondence in the audit
7 file, reflect that the company is -- asserted that they
8 had received a waiver of any sort for not following the
9 rule, or include -- with respect to the lives or net
10 salvage?

11 A Can you repeat that question again?

12 Q Yes.

13 In the audit workpapers, whether it's in 51 or
14 somewhere else in the audit, you are not aware, are you,
15 that the company asked for a waiver of this rule with
16 respect to how the staff reviewed the audit -- the rule
17 compliance for depreciation, are you?

18 A I am not aware of any request.

19 Q And the staff auditors didn't note any such
20 request, did they?

21 A No.

22 Q Okay. Nor is there any indication that the
23 staff affirmatively agreed that net salvage should not
24 be included in the calculation of depreciation expense?

25 A They did not make any clear proclamation that

1 it should not be --

2 Q Okay. If we go back to -- well, let's see if
3 we can do that without going back. The Pluris order
4 that we read, that I read and you agreed, except for my
5 mistake on recalculation, was accurate --

6 A Yes.

7 Q -- is there anything in that order that you
8 could see that says that the Pluris order represents a
9 change in Commission accounting policy?

10 MR. SANDY: Objection, Mr. Chair. I believe
11 that is outside the scope of the witness's
12 testimony.

13 CHAIRMAN LA ROSA: Do you have a response, OPC
14 or --

15 MR. REHWINKEL: Yes. Ms. Swain testified
16 today earlier that Public Counsel was seeking a
17 change in the policy, the accounting policy. And I
18 want to know whether the auditors who would be
19 looking at this stuff perceived there to be a
20 new -- a change in policy following the rule.

21 CHAIRMAN LA ROSA: Okay.

22 MR. SANDY: Mr. Chair, Mr. Rehwinkel is asking
23 the witness to offer an interpretation of a
24 Commission order. I believe that's inappropriate,
25 not only for this witness, but for any witness at

1 the Commission would offer. He simply has
2 sponsored the audit report, and I believe questions
3 within the scope of that audit report are correct.
4 But I don't believe this witness is appropriate for
5 the interpretation of Commission policy, as Mr.
6 Rehwinkel has set out.

7 MR. REHWINKEL: Mr. Chairman, I can -- I think
8 the order speaks for itself. I will withdraw the
9 question. I think any staff or auditor is full at
10 this invested with the ability to interpret
11 Commission policy and implemented it, but we don't
12 node to argues that. I will withdraw the question.

13 CHAIRMAN LA ROSA: Show it withdrawn. Let's
14 move forward.

15 MR. REHWINKEL: Thank you.

16 BY MR. REHWINKEL:

17 Q Just a couple of things off of this net
18 salvage issue. Would you agree that one of the tenets
19 of the staff audit manual is that it's important to
20 ensure that the current audit provides a good transition
21 point or handoff to the auditors in the next rate case?

22 A I would generally agree with that.

23 Q And you would agree in your exhibit attached
24 to your testimony, there were several times where the
25 auditor, or the audit report said -- I am going to

1 paraphrase -- leave it up to the company to determine
2 the impact on the general ledger?

3 A Yes.

4 Q Okay. And would you agree that the amounts in
5 the general ledger should be reconciled to the MFRs, and
6 that the award in the current case should be traceable
7 back to the MFRs and the general ledger for future
8 auditing purposes?

9 A Can you repeat that question? I am sorry.

10 Q I guess what I am asking you is, whatever the
11 Commission awards in this case, future auditors should
12 be able to trace back to this case to see what carries
13 forward, right?

14 A Yes.

15 Q And that goes not only to whatever MFRs are
16 filed, but to the general ledger that is maintained
17 after the rate award, right?

18 A Yes.

19 Q Okay. And you would agree with the statement
20 in the audit manual that if adjustments are made to the
21 actual test year in the filing, parentheses, not
22 proforma, that were not booked in the ledger, the
23 auditors should make a finding to adjust the ledger even
24 though it does not affect the filing. If this is not
25 done, the book balances will not agree to the filing on

1 which the ordered rate base was based. Future auditors
2 will not know that an adjustment is needed. Do you
3 agree with that?

4 A I agree that's what it says. I think we have
5 been using Commission ordered adjustment issue -- the
6 issue in a rate case where the Commission requires proof
7 of adjustments to verify that what the Commission
8 actually approved is reflected on their books.

9 Q Okay. And just to be clear, you -- your staff
10 or the auditors did not audit the proformas in this
11 case, right?

12 A That's correct.

13 Q And that would mean that a staff audit cannot
14 be relied upon with respect to, for example, support the
15 \$20 million AMI project with respect to the need for it,
16 the reasonableness of it, or the prudence of it,
17 correct?

18 A We did not look at the AMI meter project.

19 Q Okay. And then finally, I call it AFAD. I
20 don't know what it's called now. AFD or AFAD?

21 A AFD.

22 Q Okay. AFD has some staff experts in the
23 depreciation area, right -- that your staff that
24 evaluates depreciation, I think they are in AFD, right.

25 A Generally Division of Economics.

1 Q My bad. So that your depreciation experts,
2 they don't look at water and wastewater depreciation
3 rates and expenses, right?

4 MR. SANDY: Objection. This is outside the
5 witness's testimony.

6 CHAIRMAN LA ROSA: I agree.

7 Do you have a response?

8 MR. REHWINKEL: Yes. If I could have a little
9 leeway to set the predicate here. This is my last
10 two questions I want to ask this witness, and you
11 will see it when I ask the questions, but I think
12 that it is a necessary implication of what the
13 audit does relative to the testimony that we have
14 heard in this case.

15 Ms. Swain says that they don't -- they can
16 ignore the rule to some degree. Staff audits the
17 depreciation, and they use the guideline rules. If
18 the staff -- if the company doesn't follow the
19 rules and the staff doesn't review depreciation,
20 there is nobody regulating the depreciation rates
21 of water and wastewater companies if that's allowed
22 to go, and I want to find out exactly how the
23 auditors interface with this.

24 CHAIRMAN LA ROSA: Okay. Can you rephrase the
25 question so it's within his scope?

1 BY MR. REHWINKEL:

2 Q Your audit, Mr. -- yeah, I will withdraw the
3 last question.

4 And your audit, Mr. Mouring, it involves
5 determining compliance with the depreciation rule,
6 because the guideline rule is what governs depreciation
7 unless certain exceptions based on a filing with the
8 Commission and a petitioner made, is that right?

9 A That's my understanding, yes.

10 Q Okay. So for purposes of verifying the
11 appropriateness of depreciation expense for a water and
12 wastewater company, the audit staff is singularly
13 important because nobody else in the Commission
14 investigates water and wastewater depreciation, right?

15 A Okay. I think I understand your question now.
16 And, yes, AFD does look at depreciation expense.

17 Q Okay.

18 A We -- historically, we have not included --
19 the Commission has not included net salvage value. It
20 is in the rule. It was approved in the Pluris case. I
21 see that.

22 Q Okay. And you are not aware of any directive
23 that says, don't use it, or don't audit for it; is that
24 fair?

25 A I would agree with that.

1 **Q** Okay. Thank you, Mr. Mouring. I apologize
2 for keeping you here after hours, and thank you for your
3 time and your good work.

4 **A** Thank you.

5 CHAIRMAN LA ROSA: Let's move to Sunshine.

6 MR. FRIEDMAN: Thank you, Commissioners.

7 EXAMINATION

8 BY MR. FRIEDMAN:

9 **Q** Mr. Mouring, have you had an opportunity to
10 review past Commission orders to determine if the
11 Commission has used the depreciation rule as it relates
12 to salvage value?

13 **A** You said past Commission orders or workpapers?

14 **Q** Yes.

15 **A** I am not familiar with it -- outside of the
16 Pluris case, I am not -- I am not real familiar with an
17 instance where the Commission has approved depreciation
18 rates that have net salvage value included, or
19 reflected.

20 **Q** So you did review some prior orders with the
21 Commission and did not see that adjustment other than
22 the Pluris case?

23 **A** I -- subsequent to a deposition in this case,
24 I did go back and look and I found, I think, two -- two
25 other cases where net salvage value was used for water

1 and wastewater companies.

2 **Q And when were those, do you recall?**

3 A One of them was Arredondo. I don't recall the
4 other.

5 **Q Did you note the years?**

6 A They were in the mid-'90s.

7 **Q Okay. And any idea how many orders you looked**
8 **at?**

9 A I couldn't tell you -- how many orders total I
10 have looked at?

11 **Q Yeah, on that particular issue, yes.**

12 A In terms of whether or not net salvage value
13 was used?

14 **Q Yes, sir.**

15 A I mean, I don't know how many came back on my
16 query, but I looked at a bunch.

17 **Q And other than that bunch, other than the two**
18 **from the '90s and the Pluris order, none of them**
19 **addressed the salvage value, is that correct?**

20 A A lot of them referenced where net salvage
21 value was referenced in the rule, but they didn't make
22 an adjustment to include it but for those two that I saw
23 and the Pluris.

24 **Q Well, then wouldn't you agree that the Pluris**
25 **order is an anomaly?**

1 A I don't know the specifics. I don't know if I
2 would characterize it as an anomaly.

3 **Q It certainly doesn't -- it certainly isn't**
4 **consistent with the majority of the orders you reviewed,**
5 **is it?**

6 MR. REHWINKEL: I am going to object, Mr.
7 Chairman. I was not allowed to ask about -- well,
8 there was an objection to him giving a legal
9 opinion. I don't think he is authorized to go and
10 give legal opinions about precedent, and what
11 orders mean and what orders don't mean.

12 CHAIRMAN LA ROSA: He started by asking his
13 opinion, but can you rephrase the question so that
14 it doesn't offer -- doesn't request a legal
15 opinion?

16 BY MR. FRIEDMAN:

17 **Q All right. In most of those orders that you**
18 **reviewed, other than the two '90s and the Pluris order,**
19 **you did not see that net salvage value had been applied,**
20 **did you?**

21 A I did not.

22 **Q And you don't recall, it was just a bunch of**
23 **orders?**

24 A Yes.

25 **Q Isn't the audit that was done in this case**

1 with regards to depreciation, these deferences between
2 12 and five and six years, isn't that consistent with
3 the audits the Commission has done in the past for
4 Sunshine?

5 A I would have to go back and look. I am not
6 sure.

7 Q Well, didn't you say that the audit or -- that
8 the auditors in the audit looked for what was done in
9 the last audit and bring that forward?

10 A That's generally what we do. I am not sure if
11 those particular service lives were used in the last
12 rate proceeding or not. I would have to go back and
13 look.

14 MR. FRIEDMAN: That's all I have. Thank you.

15 CHAIRMAN LA ROSA: Commissioners, any
16 questions of the witness?

17 Is will send it back over to staff for
18 redirect.

19 MR. SANDY: Thank you, Mr. Chair.

20 FURTHER EXAMINATION

21 BY MR. SANDY:

22 Q Mr. Mouring, who are audit reports created
23 for?

24 A Commission staff for Commission use.

25 Q Okay. And do audit reports in any way

1 constrain the Commissioners in their decision-making
2 process in this rate case?

3 A No, not that I am aware of.

4 Q Okay. And as the auditing reports are
5 crafted, there was mention of an auditing manual and
6 some standard operating procedures. What level of
7 guidance would you describe as standard operating
8 procedures given an auditor looking at the specific
9 numbers and information of utilities? Is it high level
10 guidance or low level guidance, or somewhere in between?

11 A It's -- generally, I would characterize it as
12 high level, kind of best practices guidance.

13 Q Okay. And are there -- when you are applying
14 the standard operating procedures and the auditing
15 manual, is it -- is what's in there set in stone? In
16 other words, is it a commandment, or is there some
17 flexibility there?

18 A It certainly is not set in stone. There is
19 flexibility based on a lot of different factors.

20 Q Okay. What sort of factors may be at play
21 when looking at the flexibility of that guidance?

22 A The specifics of the filing made in the rate
23 case. The availability of resources. Any kind of
24 specifics, adjustments made in the ASR.

25 Q Okay. And off the top of your head, how long

1 have you worked at the Commission?

2 A It's -- I think it's coming up on 17 years.

3 Q Congratulations on that.

4 And is it fair to say you have held multiple
5 roles within the Commission throughout the course of
6 your 17 years?

7 A I would agree with that.

8 Q Okay. To your knowledge, and just your own
9 specific knowledge, are -- what's the right way to word
10 this? Are all utilities the same? So in other words,
11 if you are just even water and wastewater utilities,
12 would you categorize them all the same, or is there some
13 sort of nuance from one utility into the next?

14 A Certainly each utility is different.

15 Q Why is that, out of curiosity?

16 MR. REHWINKEL: I am wondering what -- how
17 this is within the scope of cross.

18 MR. SANDY: Mr. Chair, there were questions
19 from Mr. Rehwinkel regarding Pluris, which is
20 another wastewater utility. And so within the
21 context of that, I think it's fair to flush out how
22 different utilities may be viewed at the
23 Commission.

24 CHAIRMAN LA ROSA: I agree.

25 MR. REHWINKEL: Are we just talking about

1 water and wastewater or electric and gas?

2 MR. SANDY: Water and wastewater -- well, I
3 can rephrase my question and make it clear, if I
4 wasn't before, that it's only for water and
5 wastewater if that helps.

6 CHAIRMAN LA ROSA: Yeah, go ahead.

7 BY MR. SANDY:

8 Q Looking only at water and wastewater
9 utilities, can you describe some of the ways that they
10 may be unique from one utility to the next, in your own
11 professional experience?

12 A Just in terms of organization, operation, and
13 how they are capitalized, they are all very different.

14 Q Okay. Does geography throughout the state of
15 Florida play a role in that, I guess you would call it
16 uniqueness from one utility into another utility?

17 A As I understand it, I am not an engineer, but
18 the source water, and kind of what I will call the
19 quality of the source water can make a big difference in
20 terms of how their treatment is set up.

21 Q Okay. And what about the size of the utility?
22 Even among the Class A utilities that I think we have
23 been discussing here this evening, is there some
24 variance there from one to the next?

25 A I would say so, yes.

1 MR. SANDY: Okay. No further questions,
2 Mr. Chair.

3 MR. REHWINKEL: Mr. Chairman, I have one
4 recross based on the scope of that, just one
5 question.

6 CHAIRMAN LA ROSA: I am going to go back to
7 the decision I made earlier, that I am not going to
8 allow any questions after-the-fact.

9 MR. REHWINKEL: Well, I mean I think it's
10 accepted that on redirect, if new information is
11 solicited, then the cross-examiner is entitled to
12 ask about the scope of redirect questions. I just
13 have one question.

14 CHAIRMAN LA ROSA: I am going to go to my
15 legal staff, but I --

16 MR. REHWINKEL: Mr --

17 MR. FRIEDMAN: Just remember, if you open that
18 door --

19 CHAIRMAN LA ROSA: I am aware.

20 MR. REHWINKEL: Mr. Sandy introduced an
21 element of variation suggesting that the rule can
22 be waived or varied based on characteristics of the
23 utility. And I just want to ask Mr. Mouring if he
24 is familiar with any provision of the depreciation
25 rule that allows that kind of consideration. He

1 said he is familiar with the rule.

2 CHAIRMAN LA ROSA: I understood what he said.

3 I am going to go to my legal staff, but --

4 MR. SANDY: Mr. Chair, I don't -- for what
5 it's worth, I don't believe my questions went to
6 application of the rule. They were solely Mr.
7 Mouring's experience with 17 years working at the
8 Commission, but I wasn't asking for a legal
9 interpretation, and what I think would be called
10 legal variance from the rule probably Chapter 120,
11 or something like that. So to that extent, I would
12 not agree with Mr. Rehwinkel's interpretation of my
13 questions.

14 CHAIRMAN LA ROSA: I think -- I agree, so I
15 think that's the answer.

16 MR. REHWINKEL: Thank you, Mr. Chairman. I
17 appreciate it.

18 CHAIRMAN LA ROSA: Okay. So let's go -- let's
19 go, we have -- do we have to bring any exhibits
20 into the record?

21 MR. SANDY: At this time, Mr. Chair, I would
22 move to enter into the record Mr. Mouring's Exhibit
23 CM-1, which is marked on the Comprehensive Exhibit
24 List as CEL 45, I would seek to move that into the
25 record.

1 CHAIRMAN LA ROSA: All right. Is there
2 objection?

3 Seeing none, show that entered into the
4 record.

5 (Whereupon, Exhibit No. 45 was received into
6 evidence.)

7 CHAIRMAN LA ROSA: Seeing no further exhibits.

8 MR. REHWINKEL: No, the Public Counsel, Mr.
9 Chairman, would -- if you just give me a second
10 here, I need to make sure I pick the right number.
11 The Public Counsel would move 154, 155, 158 and
12 193.

13 CHAIRMAN LA ROSA: Any objections to those?

14 MR. FRIEDMAN: I am sorry?

15 CHAIRMAN LA ROSA: 154, 15 --

16 MR. FRIEDMAN: 151?

17 CHAIRMAN LA ROSA: 154, 155, 158 and 193, is
18 that accurate?

19 MR. REHWINKEL: Yes.

20 MR. FRIEDMAN: If you --

21 CHAIRMAN LA ROSA: I will do it again. 154,
22 155, 158 and 193.

23 MR. SANDY: No objections from staff,
24 Mr. Chair.

25 MR. FRIEDMAN: The only one I would object

1 would be 193. That's the self-serving letter that
2 the Public Counsel wrote to the Commission, and
3 it's just a letter that the Public Counsel wrote to
4 the Commission. I could write a letter to y'all
5 and put it in here. I just don't think it's
6 appropriate.

7 CHAIRMAN LA ROSA: So you are objecting to it?

8 MR. FRIEDMAN: I am objecting to that one for
9 that reason?

10 MR. REHWINKEL: May I be heard, Mr. Chairman?

11 CHAIRMAN LA ROSA: Yeah. Sure.

12 MR. REHWINKEL: Yeah, the difference between
13 Mr. Friedman's writing any letter he wants to the
14 Commission is this letter is actually incorporated
15 into a Commission order. And the only purpose I am
16 offering it for is the formulation that Mr. Mouring
17 agreed to that's laid out in there. That's the
18 limited purpose that I am offering it for, is
19 that's how you incorporate net salvage pursuant to
20 the Pluris order.

21 CHAIRMAN LA ROSA: Understood.

22 Staff?

23 MS. HELTON: Well, I have a little bit
24 different issue I guess, that Mr. Friedman didn't
25 let it be known at the time that Mr. Rehwinkel was

1 cross-examining the witness about that letter that
2 there was a problem, so -- from his perspective.
3 And I -- my recommendation, Mr. Chairman, is to let
4 the letter in and just give it the weight that it's
5 due.

6 CHAIRMAN LA ROSA: I agree. I am going -- I
7 was looking back at my notes and what my bullet
8 points that I was saying, but I agree to allow it
9 into the record.

10 MR. REHWINKEL: Thank you, Mr. Chairman.

11 CHAIRMAN LA ROSA: No problem.

12 And no objection on the rest of the exhibits?

13 MR. FRIEDMAN: No objection on the rest of
14 them.

15 CHAIRMAN LA ROSA: Okay. Show them entered,
16 all four of them.

17 (Whereupon, Exhibit Nos. 154, 155, 158 & 193
18 were received into evidence.)

19 CHAIRMAN LA ROSA: Okay. We are going to end
20 for the evening. Tomorrow, we are going to pick up
21 at 9:00 a.m. So 9:00 a.m. tomorrow, and we will
22 pick up with OPC's witness Mr. Smith.

23 MR. REHWINKEL: He will be on the stand.

24 Thank you.

25 CHAIRMAN LA ROSA: Okay. And we will be ready

1 to rock and roll then. So thank you all for today,
2 and we will see you guys tomorrow.

3 Thank you.

4 (Transcript continues in sequence in Volume
5 3.)

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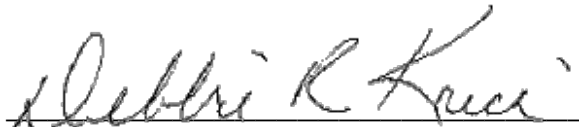
STATE OF FLORIDA)
COUNTY OF LEON)

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, 2025.


DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028