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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240099-EI

Petition for rate increase by  
Florida Public Utilities Company.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 14

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

DATE: Tuesday, March 4, 2025

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

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

PREMIER REPORTING  
TALLAHASSEE, FLORIDA  
(850) 894-0828

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P R O C E E D I N G S

CHAIRMAN LA ROSA: All right. Let's move on to Item No. 14. I know that we have got some folks here that would like to speak, and we are going to do it in a similar fashion where we have got a podium here to my right, that's to your left, there is a microphone that's there.

So I am going to ask for those folks to start to make their way towards the front of the room, and then I will -- in fact, let's do this. Since we are on Item No. 14, I will ask that the folks that would like to come to speak come to the front of the room, and I am going to recognize Mr. Schef Wright, you are here. I am looking for him and I don't see him. Oh, there, right in front of me. My goodness. Sometimes I just got to look up.

Mr. Wright, will you go ahead and allow you for a quick three-minute intro on to Item No. 14, of course I am going to come back to our staff second eventually, but I would like to go through all the individuals, these are elected officials and appointed officials to come and talk and offer some comments on the item.

Mr. Wright, you are recognized.

MR. WRIGHT: Thank you, very much, Mr.

1 Chairman. Thank you for allowing me to go first,  
2 and to have our -- the representatives of the City,  
3 the County and the Jackson County School Board to  
4 address you at the outset here.

5 I will go ahead and make -- well, as you know,  
6 I am Schef Wright, and today I have the honor and  
7 privilege of representing the City of Marianna,  
8 Jackson County and the Jackson County Board of  
9 County Commissioners and the Jackson County School  
10 Board in this important proceeding. Thank you  
11 again for the opportunity to address you. And  
12 thank you to your staff for their preliminary work  
13 and analysis of FPUC's case.

14 In the big picture, you have already heard  
15 from more than 20 customers at the service hearing  
16 held in Marianna in December about the additional  
17 hardships that FPUC's proposed rate increases will,  
18 if approved, have on customers who are already  
19 struggling financially.

20 You also heard some about the impacts that the  
21 increases would have on the City's, County's and  
22 School Board's ability to provide their critical  
23 government services.

24 Representatives of the County, the School  
25 Board and the City are here today to provide

1 specific comments on behalf of these governments.  
2 By way of context, I have the following brief  
3 comments, some of which you have heard before in  
4 other cases.

5 In terms of fundamental ratemaking policy,  
6 it's the utility's mandate, it's the utility's job  
7 to provide safe and reliable service at the lowest  
8 possible cost consistent with meeting satisfactory  
9 standards of safety and reliability. This  
10 principle has been agreed to by presidents of the  
11 other three major IOUs in Florida in previous rate  
12 cases.

13 We are here today in the context of a Proposed  
14 Agency Action recommendation by your staff to  
15 address a rate increase request from the utility  
16 that already has the highest rates in the state.  
17 According to information on your website, the  
18 typical residential electric bill information sheet  
19 as of this month, FPUC's 1,000 kWh residential bill  
20 is higher than all the other IOUs even after they  
21 reduced their fuel and purchased power cost  
22 recovery charge in January.

23 The most recent information for all Florida  
24 IOUs and municipals published by the Florida  
25 Municipal Electric Association -- which that's for

1 December, that's the most recent available --  
2 similarly shows that FPUC's rates for GS, small  
3 general service, medium and large general service,  
4 demand customers, are either the highest or among  
5 the highest of all Florida's IOUs and all of the  
6 municipals.

7 In this context, we ask you, in your  
8 deliberations, to ask this question: Does FPUC  
9 need the company's requested amount? Do they need  
10 any partic -- whatever they are asking for,  
11 whatever the staff has recommended, do they need  
12 this amount of money to provide safe and reliable  
13 service at the lowest possible cost?

14 At this early stage in this case, where my  
15 clients have not been allowed to intervene because  
16 it's a PAA, we can say that we do not believe that  
17 FPUC needs what it has requested to provide safe  
18 and reliable service. We generally concur with  
19 most of the reductions recommended by your staff,  
20 though not necessarily with all of their  
21 recommendations. And we are generally agreement  
22 with the specific modest accounting proposed  
23 adjustments recommended by OPC.

24 Beyond that, we believe that there are  
25 additional issues of potentially significant

1 magnitudes that would have to be addressed if there  
2 were to be a hearing in this case.

3 As stated in the letter that I sent on behalf  
4 of my clients in December -- I am sorry, on  
5 February 19th, we will carefully study the PAA  
6 order that you issue down the road in this  
7 proceeding before we make any decision to whether  
8 to protest that order and request a hearing.

9 Thank you again for the opportunity to present  
10 my remarks. The following representatives of the  
11 County, the School Board and the City have all come  
12 to address you today, and I will ask that you hear  
13 from them at this time.

14 First up would be Chairman Jamey Westbrook of  
15 the Jackson County Board of County Commissioners.  
16 He would be followed by County Administrator  
17 Wilanne Daniels. After Wilanne would be the  
18 Superintendent of the Jackson County School Board,  
19 Hunter Nolen and his Finance Director Ellen Folsom.  
20 And finally, on behalf of the City of Marianna, Jim  
21 Dean, a former City manager and now Commissioner  
22 Elect to the Marianna City Commission, he will take  
23 office in June. Thank you again.

24 Chairman Westbrook, you are up.

25 MR. WESTBROOK: Yes, sir.

1           CHAIRMAN LA ROSA: Mr. Westbrook, you are  
2 recognized, sir.

3           MR. WESTBROOK: An old poacher friend of mine  
4 told me to tell you thank you to start with, and  
5 then maybe you would understood how we was  
6 interested.

7           We don't have a lot of wealthy people in our  
8 county, and probably will never have, but we ask  
9 you to help us. I can pay my bill, but there is  
10 10, 12,000 of them that can't.

11           A man told me one time, Speaker of the House  
12 of Representatives, he said, you vote your heart,  
13 you will always be all right. So we ask you to  
14 vote your heart. And we ask you one more thing, I  
15 don't know if it's legal or not. But no -- no  
16 customer of Florida Public Utilities can get in the  
17 door. It's locked. It's locked every day. I had  
18 a man that worked for me just yesterday, and he had  
19 been calling for four hours. I tried it about six  
20 months ago, and I just threw the phone down on my  
21 desk, and when I come back about six or seven hours  
22 later, it was still ringing.

23           So we got to have a little bit of help. We  
24 are pretty proud people there. We just a  
25 constrained county that don't have a lot of money.

1           Our fire rescue, our Sheriff's department takes up  
2           just about all the ad valorem. We are living off  
3           grant. So if you will, think about us. Vote from  
4           your heart.

5           Thank you. Good to be here. Appreciate you  
6           very much, Mr. Chairman and all the members. Thank  
7           you.

8           CHAIRMAN LA ROSA: Thank you, Commissioner.

9           Next up is Ms. Daniels.

10          MS. DANIELS: Yes. Good morning. I am  
11          Wilanne Daniels, the Jackson County Administrator.

12          As you undoubtedly understand, and we are here  
13          today, Jackson County is a rural fiscally  
14          constrained community. We are a 900-square-mile  
15          county with a population of 48,000. Our poverty  
16          rate is 20.6 percent, with 26.9 percent of children  
17          in Jackson County living in poverty.

18          For our county facilities, we are already  
19          paying in excess of \$800,000 per year for  
20          electricity to FPU. Depending on which rate you  
21          apply, since there are a number of different  
22          scenarios we could look at, this could be as little  
23          as \$100,000 increase to several hundred thousand  
24          dollar increase in increase to county facilities  
25          specifically. For perspective, that could be the

1 difference in hiring one to five firefighters for  
2 Jackson County.

3 We all have experienced inflation and other  
4 challenges. And as a reminder, Jackson County,  
5 like many people in this area, have gone through  
6 several rough years, post Hurricane Michael, COVID,  
7 minimum wage increases, which were a huge and  
8 continue to be a huge challenge to Jackson County,  
9 as we have not even reached the \$15 yet in Jackson  
10 County.

11 We have struggled with bringing in enough  
12 revenue, not for investment purposes, but for  
13 meeting our basic needs and services as a county.  
14 In fact, Jackson County has cut services in recent  
15 years to make the money work. We did a hiring  
16 freeze with specific number of positions, among  
17 other cost cutting measures.

18 While we empathize with revenue needs, we  
19 respectfully ask this commission to carefully  
20 consider the impact this increase will have on our  
21 citizens, both directly and indirectly.

22 In Jackson County, we like to say, it's not us  
23 versus we. It's not we the government versus they  
24 the citizen. It's all we. And so whatever impact  
25 this has to us as a local community will be an

1 impact to all of us as citizens in Jackson County.

2 Thank you for your time.

3 CHAIRMAN LA ROSA: Thank you.

4 Next up is Mr. Nolen and Ms. Folsom.

5 MR. NOLEN: Good morning, Chairman and  
6 Commission. Thank you for the opportunity to speak  
7 to all today on a very important topic in my home  
8 district. My name is hunter Nolen, and I have the  
9 honor and privilege of being elected Superintendent  
10 of Schools for the Jackson County.

11 First, before I begin, I would like to start  
12 off with saying some kind words to who I would call  
13 friends at the local Florida Public Utilities  
14 office and management. Like Chairman Westbrook  
15 stated, yes, the office has been closed for a long,  
16 long time. It's very difficult to get customer  
17 service, but anytime a school needs anything with  
18 power or a line is down, I can call Rhondon Gray or  
19 Mason Brock, which is high up over there, and they  
20 normally take care of us. So I wanted to start off  
21 by giving some kind words to them, as well as some  
22 of our local linemen who always seem to assist with  
23 our schools.

24 Now to the not so kind words. I was just  
25 elected a couple months ago, and I have many plans

1           for my district. I also have a clear vision on  
2           where we need to be. If the Chairman would present  
3           me, I have a chart that I would like to pass out to  
4           the Commission, as well as anyone else that would  
5           like one, rating the educational system for the  
6           Jackson County school district based off of the  
7           ratings of the Florida Department of Education.

8                     Chairman, would you allow?

9                     CHAIRMAN LA ROSA: Yes. I am going to go to  
10           staff on this. If this was submitted or put in  
11           front of us, would this have to be entered as a  
12           document?

13                    MR. NOLEN: I am sorry, I didn't watch catch  
14           that.

15                    CHAIRMAN LA ROSA: I am sorry, it's to my  
16           staff.

17                    MR. NOLEN: Okay.

18                    CHAIRMAN LA ROSA: So would this have to be  
19           entered into the docket?

20                    MR. FUTRELL: We can have that placed in the  
21           docket file after we get finished with the meeting.

22                    CHAIRMAN LA ROSA: Okay. Is there any  
23           opposition?

24                    MR. WRIGHT: I had asked that a staff member  
25           be available to hand these out. He just wants

1 y'all to see it.

2 MR. NOLEN: Yeah, I just want you to see it.  
3 Yeah. My director of finance, Ms. Ellen Folsom,  
4 has a couple of copies, and I will give it a chance  
5 to -- while she's passing this particular chart  
6 out, as you are well aware, there are 67 counties  
7 in the state of Florida. 67 counties in the state  
8 of Florida. Currently, Jackson County is ranked  
9 40th in the state of Florida based off of rankings  
10 from the Florida Department of Education. To me,  
11 as a newly elected superintendent, that's  
12 unacceptable.

13 To be quite honest, I take responsibility for  
14 some of that. I have been a teacher, a coach, a  
15 principal in this district for many, many years, so  
16 I can't pass the buck to anybody else. Now it's on  
17 me. And I realize that.

18 But with our rating from the Florida  
19 Department of Education, if FPU is allowed to  
20 increase these rates as they have requested, it is  
21 going to be very difficult in future planning.

22 Our graduation rate for Jackson County was  
23 59th out of 67 counties the previous year. That's  
24 unacceptable. We have never, ever been an A  
25 district in Jackson County. I will change that

1 with your help.

2 Again, I pulled some federal index records. I  
3 got this from my federal grants guy this morning.  
4 Our district poverty -- poverty average, it's  
5 called a DBA, is 94.37 percent for all of our  
6 roughly 55, 5,600 students. All of our students  
7 get free breakfast and free lunch. We have a  
8 tremendous teacher shortage, paraprofessional  
9 shortage and bus driver shortage. Last Friday, I  
10 drove a bus route. We can't find drivers. We  
11 can't pay them enough. We are struggling with the  
12 shortage right now.

13 I do have plans. I do have a vision for my  
14 county. I would love to load the Commission up on  
15 a bus one day and just ride around our beautiful  
16 county and let you see what we are going through  
17 right now. We will improve our rating. I promise  
18 you that. But like Chairman Westbrook said, we  
19 need a little bit of help.

20 I have a chart right here, and I know Ellen is  
21 going to come up and say some things about it, but  
22 as far as what FPU is requesting to raise the  
23 rates, you know, 20, 30, 40, 50 percent, if it's --  
24 if the base rate is increased around 40 percent, it  
25 will cost us somewhere around \$670,000 extra on top

1 of our 1.6 million that we paid to FPU last year.  
2 Again, that's many graduation coaches. That's many  
3 bus drivers. That's many teachers. That's going  
4 to greatly limit what we are able to do in Jackson  
5 Counties.

6 Ms. Folsom is going to come up with some more  
7 figures for you. Again, I appreciate your time. I  
8 look forward to coming back and speaking one day  
9 and letting you see that Jackson County is  
10 definitely going to climb this chart.

11 Thank you very much.

12 CHAIRMAN LA ROSA: Thank you, Mr. Nolen.

13 Ms. Folsom. You are recognized.

14 MS. FOLSOM: Good morning. I am here today as  
15 a concerned advocate for our community, especially  
16 the students and teachers in Jackson County school  
17 district. I strongly urge you to reconsider the  
18 proposed utility rate increase by Florida Public  
19 Utilities Company.

20 This increase, which could be up to \$750,000,  
21 is an extra burden on our schools. We would have  
22 serious consequences in our district impacting not  
23 just the budget, but also the people who make  
24 education possible.

25 One of the biggest concerns is how this cost

1           increase will affect our ability to keep great  
2           teachers and fairly compensate all school staff.  
3           Jackson County, like many rural areas, already  
4           struggles to and retain educators. If we are put  
5           -- forced to put more money towards utilities, that  
6           means less funding for teacher salaries, fewer  
7           raises for hard-working staff, and potentially even  
8           job cuts.

9           Florida is already a major -- has a major  
10          teacher shortage, nearly 7,000 vacancies reported  
11          at the start of last year. Rural districts like  
12          ours have a hard time keeping educators, and if we  
13          can't offer competitive salaries, we will lose  
14          teachers to other districts, or even other careers.  
15          This creates instability in our schools, larger  
16          class sizes and fewer resources for our students.

17          The reality is, the extra 750,000 could go  
18          towards well-deserved raises for teachers and  
19          staff. Instead, if this increase goes through,  
20          that money will have to be used to pay higher  
21          utility bills, leaving our educators struggling to  
22          keep up with rising cost while continuing to do one  
23          of the hardest jobs out there.

24          At the end of the day, this decision comes  
25          down to priorities. Do we want -- do we want our

1 schools to invest in better resources, better  
2 teacher pay and better education for our kids, or  
3 do we want to funnel more money into higher utility  
4 cost? And we all know the right answer. That's  
5 why I urge you to reject this proposed increase and  
6 stand with our schools, our teachers, and most,  
7 importantly our students.

8 Thank you for your time and putting our  
9 community first.

10 CHAIRMAN LA ROSA: Thank you.

11 Next up -- is it Mr. Dean, or -- Mr. Dean, you  
12 are recognized.

13 MR. DEAN: Thank you for your time. I  
14 appreciate the Commission allowing us to have a few  
15 words here this morning. Like Schef said, my name  
16 is Jim Dean, a former United States Marine and done  
17 a lot of other stuff since then.

18 Marianna -- the City of Marianna has a  
19 population of approximately 6,500 people. And like  
20 Wilanne said, there are some statistics that are  
21 very important which are associated with this rate  
22 increase.

23 The per capita income for the City of Marianna  
24 is just over \$20,000. The state of Florida per  
25 capita income is over \$41,000. We are half of the

1 state average. The median household income is just  
2 over \$36,000, where the state of Florida is over  
3 \$71,000. The poverty rate, like Wilanne said, is  
4 over 21 percent in the City of Marianna.

5 The service area for Florida Public Utilities  
6 covers Jackson, Calhoun and Liberty. If you take  
7 those three counties, those three counties are  
8 probably in the top five or six counties in the  
9 state of Florida with the highest poverty rates for  
10 the state.

11 The -- another statistic that I think is  
12 important is your median -- the cost of a home in  
13 the -- in Marianna versus the cost of a home in the  
14 state of Florida. In Marianna, Jackson County, the  
15 cost of a home is approximately \$93,000. For the  
16 state of Florida, it's 30 -- over \$32,000,  
17 one-third of the cost. Needless to say, there is  
18 significant poverty issues in our counties and our  
19 surrounding area.

20 When FPU first came out with the suggested  
21 rate increase, some of the information that was  
22 published in correspondence to residents was that  
23 it was associated with higher cost, some of those  
24 costs associated with maintenance, and also  
25 customer service.

1           Regarding the customer service issue, and I  
2           think it's been mentioned before by some of the  
3           people that are here today, is the customer service  
4           for Florida Public Utilities, in the eyes of most  
5           of the residents, hinges on personal service. The  
6           customer service has actually gone down if you look  
7           at personal service.

8           The office in Marianna has been closed down  
9           for over two years now, and it has caused a lot of  
10          anxiety for the citizens of Marianna. So where it  
11          said that the customer service has been -- will be  
12          improved, well, it's actually not improved. It's  
13          been degraded.

14          The FPU decision to downgrade the customer  
15          service by moving to -- moving its services,  
16          meaning the personal -- personal customer service  
17          has been relocated to another state. So the  
18          citizens that are on the FPU service are actually  
19          funding services that are provided in another state  
20          and funding job opportunity in other states.

21          For over five years, the customers have been  
22          repaying the tragedy that we suffered as a result  
23          of Hurricane Michael, you know, and we go back to  
24          some of the reasons for the rate increase was the  
25          maintenance issues. Well, five years ago, and over

1 a period of time, the FPU distribution system, and  
2 some of the other systems that they own and  
3 operate, have been rebuilt. So how can your  
4 maintenance costs go up on a system that is just  
5 over five years old?

6 And it's been said also, you know, we are a  
7 high poverty rate county. We lack broadband and  
8 internet service in our communities. We -- this  
9 rate increase will definitely have a negative  
10 impact on our struggling economy where we are, all  
11 the time, trying to find businesses to come into  
12 our community. The hire rates, especially on the  
13 larger and medium size customers, if you have  
14 looked at the average or the range of those  
15 increases, will definitely have a negative impact  
16 on economic development in the City of Marianna as  
17 well as Jackson County.

18 The City of Marianna provides over five  
19 services, three of those being utility services,  
20 and we do that at a cost of half, or less than half  
21 of what Florida Public Utility does with just one  
22 utility service.

23 Thank you for your time, and like Mr.  
24 Westbrook said, we need a little help so that we  
25 can get better in our community. Thank you.

1 CHAIRMAN LA ROSA: Okay. Thank you.

2 And, Mr. Wright, there is not any other  
3 speakers, correct? I think I got everyone on my  
4 list.

5 MR. WRIGHT: That's correct. Mr. Long was not  
6 able to make it, Mr. Chairman. Thank you very  
7 much.

8 CHAIRMAN LA ROSA: No problem. Thank you.

9 All right, let's -- and I appreciate all that  
10 have come and traveled today. Very appreciative of  
11 that, and I know it's a little bit of a ways away,  
12 but I appreciate your comments and your thoughts  
13 throughout.

14 Let's go ahead and do this. Let's go -- bring  
15 it back over to staff to --

16 MS. CHRISTENSEN: Commissioner --

17 CHAIRMAN LA ROSA: -- kind of get us  
18 started -- yes.

19 MS. CHRISTENSEN: Patty Christensen with OPC.

20 Would it be appropriate now for OPC to make  
21 our comments following Mr. Wright, or proceed with  
22 staff?

23 CHAIRMAN LA ROSA: I would like staff to open  
24 us up, because in all technicality, we haven't had  
25 our summary, but I got you coming up next.

1 MS. CHRISTENSEN: Okay.

2 CHAIRMAN LA ROSA: So let's go ahead and let's  
3 go to staffer to set us up.

4 Ms. Guffey, you are recognized, ma'am.

5 MS. GUFFEY: Thank you.

6 Good morning, Chairman and Commissioners.

7 Seveni Guffey with the Division of Economics.

8 Item 14 addresses Florida Public Utilities  
9 Company's petition for a rate increase. FPUC  
10 provides retail service to 33,100 customers in its  
11 northeast and northwest divisions, and its last  
12 base rate increase was approved in 2014.

13 At the October 1st, 2024, Agenda Conference,  
14 the Commission approved FPUC's interim rates and  
15 suspended the permanent rate increase. During the  
16 review process, staff had two in-person customer  
17 service hearings. The first service hearing was  
18 held on December 4th, 2024, in Fernandina Beach.  
19 The second hearing was held on January 8th in  
20 Marianna. Approximately 35 customers provided  
21 testimony at these two service hearings. And  
22 additionally, approximately 10 retail customers in  
23 the City of Marianna, Jackson County Board of  
24 County Commissioners and the Jackson County School  
25 Board has filed written comments in the docket.

1           In the staff recommendation, Issues 51 through  
2           53, 61 and 62, are fallout rates issues and will be  
3           brought before the Commission at the March 20th  
4           Special Agenda Conference.

5           Representatives of the Office of Public  
6           Counsel and elected officials from Jackson County  
7           and the City of Marianna are here to address the  
8           Commission today, and attorney Schef Wright.  
9           Representatives from FPU are FPUC are also here to  
10          address the Commission, and staff is available for  
11          questions.

12          Thank you.

13          CHAIRMAN LA ROSA: Excellent. Now let's go  
14          over to the Office of Public Counsel.

15          Ms. Christensen, you are recognized, ma'am.

16          MS. CHRISTENSEN: Thank you.

17          Good morning, Commissioners. Patty  
18          Christensen, along with Walt Trierweiler, the  
19          Public Counsel.

20          As you have heard again today from the  
21          customers of FPUC, they have talked about the  
22          significant impact that this rate increase will  
23          have on them, their ability to provide services,  
24          and generally the negative impact this will have on  
25          FPUC's customers, especially in its northwest

1 division.

2 At the service hearings, you heard from the  
3 customers about their dissatisfaction with the  
4 customer service since the company discontinued  
5 having in-person customer service representatives  
6 on Amelia Island and in Marianna. And while the  
7 company has invested significant money in a new  
8 automated customer service system, this has not  
9 solved the customer service satisfaction issue.

10 One example that was brought to the  
11 Commission's attention at the Marianna service  
12 hearings was a small business owner who had  
13 multiple -- who had to pay multiple processing fees  
14 because their bill was over the arbitrarily set  
15 750-dollar limit, so they had to make multiple  
16 payments to pay for their fees and their bill,  
17 which resulted in delays and increased fees. The  
18 customer said that this was not a problem when FPUC  
19 had in-person customer representative that could  
20 take the payment. And just where the efficiencies  
21 are that should have been gained while shutting  
22 down those two local customer care centers we do  
23 not know.

24 In addition to the quality of service issues  
25 we have addressed today, OPC has provided a copy of

1 a letter sent to the Commission staff, and provided  
2 to them from our analyst, addressing OPC's  
3 preliminary identified accounting adjustments.

4 Since we have provided a copy of the letter in  
5 the file, we will not repeat those specific  
6 adjustments today, but, rather, urge the Commission  
7 to address them as part of its PAA order by making  
8 the recommended adjustments. Any protest OPC would  
9 file would not be limited to these preliminary  
10 accounting adjustments, nor the other matters  
11 raised within OPC's letters or the comments here  
12 today.

13 We would -- we recommend the Commission staff  
14 -- or I am sorry, we commend the Commission staff  
15 for their hard work, specifically for the  
16 recommendation on Issue 19, the communication  
17 system; Issue 43, the corresponding depreciation;  
18 and Issue 59, the proposal for the technology  
19 rider.

20 We appreciate the Commission staff and the  
21 distinguished members of the Commission for  
22 considering and seizing opportunities to mitigate  
23 costs and reduce rate impacts to the customers, and  
24 we would urge you to continue that effort here  
25 today.

1 Thank you.

2 CHAIRMAN LA ROSA: Thank you.

3 Let's move now to the company, to FPUC. Ms.  
4 Keating, you are recognized.

5 MS. KEATING: Thank you, Mr. Chairman. Good  
6 morning, Mr. Chairman, Commissioners. I am Beth  
7 Keating with the Gunster Law Firm, and I am honored  
8 to be here today on behalf of Florida Public  
9 Utilities. With me is Mr. Mike Cassel, VP of  
10 Governmental and Regulatory Affairs for Chesapeake,  
11 which, as you know, is FPUC's parent. We also have  
12 a number of other folks here from FPUC and  
13 Chesapeake that are available to address more  
14 specific questions you may have.

15 Let me start by saying we appreciate your  
16 staff's work on this recommendation and the  
17 thoughtful approach they have taken, because at the  
18 end of the day, we understand that the goal is to  
19 get the pot right. And while we may quibble with a  
20 few conclusions they have reached, we also  
21 understand that reasonable minds can reach  
22 alternative conclusions.

23 First off, I want to thank the City of  
24 Marianna, Jackson County Commission for their  
25 comments and for their outreach in regard to this

1 rate case. I want to assure those citizens and  
2 this commission that the company has heard and been  
3 responsive to the concerns raised during the  
4 service hearings.

5 We have also included critical customer care  
6 technology improvements in the case --

7 CHAIRMAN LA ROSA: Let's wait for Mike to get  
8 back and get this fixed.

9 (Discussion off the record.)

10 CHAIRMAN LA ROSA: Let's take a three-minute  
11 break. Sorry for stopping you right in the middle.

12 (Brief recess.)

13 CHAIRMAN LA ROSA: All right. If we don't  
14 mind maybe finding our seats, I think we got our  
15 issues resolved.

16 All right. Apologies again, but, Ms. Keating,  
17 you were literally in the middle of a sentence. I  
18 will let you if I can up where you feel  
19 comfortable.

20 MS. KEATING: I will note that Ms. Brownless  
21 said she thought it might be a sign from God, so I  
22 am a little concerned.

23 As I was saying, we appreciate the comments of  
24 the good folks from Marianna and Jackson County and  
25 the company has heard those concerns raised during

1 the service hearings. We have also included  
2 critical customer care technology improvements in  
3 the case, which will help the company better meet  
4 the expectations of today's utility customers.

5 This company cares about its customers, and  
6 its employees live and work in the communities it  
7 serves. So it should come as no surprise that even  
8 without the benefit of more current customer care  
9 technology the company has worked hard to improve  
10 all areas of its customer care.

11 Commissioners, FPUC's last rate case was in  
12 2014. 10 without a rate case, in spite of  
13 inflation, is a pretty good indicator that a  
14 company has done an excellent job of managing its  
15 costs. In fact, they have done such a good job of  
16 cost management that in spite of the requested rate  
17 increase, the total amount reflected on bills to  
18 its customers has decreased, and will continue to  
19 decrease in the coming year.

20 More specifically, if the Commission approves  
21 staff's recommendation, the resulting base rate  
22 increase will still result in a 6.4 percent overall  
23 bill reduction from interim rates. When the  
24 Hurricane Michael surcharge terminates in January  
25 2026, the total bill will again decrease by another

1           7.8 percent, or 14.24 percent from the interim  
2           rates.

3           Put differently, whether the staff's  
4           recommendation is approved as it stands, or the  
5           Commission makes slight adjustments in the ROE,  
6           which I will address in a minute, FPU's customers  
7           will still be paying 20 plus dollars less for their  
8           electric bills in January 2026 than they did in  
9           January 2024.

10          I ask that you also remember that the  
11          company's total bill to its customers, while it's  
12          been decreasing -- scratch that, I have lost my --  
13          while this company is very cognizant that no one  
14          likes a rate increase, it's also imperative that  
15          the company earn a fair rate of return, or have the  
16          opportunity to earn a fair rate of return.

17          Last, Commissioners, as I mentioned, we do  
18          have one item that we take issue with in staff's  
19          recommendation, and that's Issue 24. We understand  
20          that, to some extent, setting ROEs is as much an  
21          art as a science, but we have struggled to  
22          understand the rationale of dropping the company's  
23          ROE below its current 10.25, which will put FPUC's  
24          ROE below that of all other Florida IOUs.

25          Typically, in terms of setting the ROE, a

1 smaller company is deemed to be riskier, which puts  
2 upward pressure on the ROE. So we have struggled  
3 to understand how staff's use of more recent market  
4 data and forecasted interest rates resulted in a  
5 decrease to 10.15. Respectfully, we would ask that  
6 the Commission entertain adjusting the ROE to at  
7 least reflect the 10.3 in Table 24-1 of staff's  
8 recommendation.

9 Finally, Commissioners, we are aware and have  
10 seen OPC's letter of concerns. We don't intend to  
11 address those right now, but we stand ready to  
12 address them. And I can tell you we don't agree  
13 with the content, as well as the tone of the  
14 letter. And we appreciate your attention, and  
15 stand ready to answer any questions you may have.

16 CHAIRMAN LA ROSA: Thank you, Ms. Keating.

17 Commissioners, it is -- it's back to us. Are  
18 there questions on Item No. 14?

19 COMMISSIONER CLARK: Thank you, Mr. Chairman.  
20 A couple of comments, observations regarding the  
21 proposal.

22 Ms. Keating, we talked -- you talked about the  
23 rate in -- the rate decrease -- excuse me, the  
24 actual net impact to consumers being a net  
25 decrease. I studied the residential components of

1 the rates and am pretty well familiar and  
2 understand how they are working.

3 Everyone that we have heard from here today is  
4 typically representing -- told the GSD, just the L  
5 consumers. Have you done any analysis on those  
6 particular rates as well? And could you share with  
7 us -- and I would also ask, have any of the parties  
8 that testified today, or addressed us, have any --  
9 have y'all met one-on-one with any of them to show  
10 them exactly what the impacts to their bills are  
11 going to be?

12 MS. KEATING: Yes. Absolutely, Commissioner.  
13 And thank you for that question. We had a number  
14 of people that attended the service hearings that  
15 met with customers after those service hearings.

16 In addition, the company did a tent event just  
17 last Friday, where they provided food and  
18 information to around 300 FPUC customers in the  
19 Marianna area. Had a number of customer care  
20 representatives there who spoke with individual  
21 customers about their bills, and about the issues  
22 and concerns they had with the bills, as well as  
23 the rate increase.

24 I would also like to note that we have Ms. Kim  
25 Estrada, the AVP for customer care, if you would

1           like any further detail on that.

2           COMMISSIONER CLARK: I want to go back to the  
3           rates issue, specifically typically for small  
4           company -- small rural areas, school systems are  
5           one of the largest customers. I am sure that the  
6           Jackson County school system is probably top five  
7           customers for FPU in this area. Have you done an  
8           analysis specifically on their rate impacts under  
9           this new rate structure?

10          MS. KEATING: I will have to check on that.  
11          Just a minute. We have done it.

12          COMMISSIONER CLARK: Yes.

13          MS. KEATING: We parent apparently do not have  
14          it right at this moment with us.

15          COMMISSIONER CLARK: Has that been shared with  
16          the school system?

17          MR. CASSEL: Commissioner, I appreciate that.  
18          We have spoken -- to part of that question, we have  
19          spoken with each OF those individual clients. And  
20          we have somebody on the ground there personally  
21          that has walked them through that, and through  
22          their bills, and how they work, and how to  
23          understand those. We have done that with OUR  
24          residential customers as well.

25          We have not, to my knowledge, at this point,

1           actually talked to them specifically about what  
2           their bill is, but we can find that out. We have  
3           been speaking.

4           COMMISSIONER CLARK: Could you share with me,  
5           was it after the adjustments are made, the proposed  
6           adjustments, did they have a net increase or  
7           decrease in cost, not rate, cost?

8           MS. KEATING: As I mentioned in our opening, I  
9           believe -- and this applies to all customers, if I  
10          am not mistaken -- their total bills are going to  
11          be decreasing, and will decrease again fairly  
12          dramatically in January when the Hurricane Michael  
13          storm surcharge rolls off, but the bills overall  
14          have been trending downward.

15          COMMISSIONER CLARK: Great. And so I would  
16          make the suggestion here that it seems to me that  
17          it's kind of an obvious one, that we get someone to  
18          go and meet with the Director of Finance so that  
19          they have some security.

20          We have heard all kind of numbers. We have  
21          heard that their own projections are that their  
22          bills are going up by \$700,000, 40 and 50 percent  
23          increase. In reality, there bills are going to be  
24          less than they are paying this year, and I think  
25          it's this kind of misinformation that kind of

1 begins to throw us all off. And I think that  
2 really needs to be communicated in a much better  
3 fashion from FPU's side. That's my opinion.

4 I also want to address the service issue, and  
5 I would like, I guess, to maybe die on a hill, or  
6 stand on a stump, or something, when it comes to  
7 this. A lot of the sentiments that we heard in the  
8 local community meetings, as well as what I have  
9 heard on a personal level for the last number of  
10 years, comes back to the quality of service. I  
11 think that the quality of service overall may not  
12 be in any sort of decline, may not be an issue. I  
13 think there is some communication gaps and some  
14 communication voids. And a lot of that has to do  
15 with the closing of offices.

16 Now, I know, as the Commission, we can't sit  
17 up here and tell you how to run your day-to-day  
18 business, but it seems to me that there is a  
19 definite correlation between the fact there is no  
20 local presence on a -- at least a business hour  
21 basis in these local communities that's causing  
22 some of these issues and some of these problems.  
23 And it's one of the things that I would absolutely  
24 urge the company to take a look at and to  
25 reconsider. And that is, at least at some level,

1 providing a staffing -- some sort of staffing in  
2 these local communities that you are going to  
3 serve. That, to me, is probably one of the  
4 strongest and most important things that this  
5 company could do to show that there is a level of  
6 commitment to service this community.

7 I realize, your employees are very well known  
8 in the community. I know many of them myself. I  
9 talked to a couple of them last week just in  
10 passing. I know how to get in touch with them. I  
11 know their availability. Every customer doesn't  
12 know that, and they don't have that. And the  
13 ability to walk down to a local office, open the  
14 door and talk with a live human being sends a  
15 strong, strong message when it comes to commitment  
16 to customer service in my personal opinion.

17 So I will leave that out there, Mr. Chairman.  
18 That's all I have. Thank you.

19 CHAIRMAN LA ROSA: Yeah. No. I am just going  
20 to piggyback a little bit on what you just kind of  
21 closed with. The customer service has also been a  
22 concern, frankly, of mine. And I felt like we  
23 both -- we heard that not just in Marianna, which  
24 we heard a little bit today, we also heard that in  
25 Fernandina Beach.

1           I guess maybe a more kind of direct question  
2           to the customer service side, the CIS system that's  
3           being implemented, or has already been implemented,  
4           is that in -- is there intensions behind that  
5           technology, because it is a big ticket item, to  
6           help communicated, to help create more transparency  
7           for the customer? I don't know that that replaces  
8           someone physically being available, and I  
9           understand how that, in the community, is  
10          important, but is there benefit to maybe solving  
11          this issue with this program?

12           MS. KEATING: Absolutely, Mr. Chairman. It's  
13          going to improve the ability to communicate  
14          information to the customers as well as to help  
15          with their billing and provide them an avenue for  
16          getting information from the company. Do you have  
17          anything?

18           MR. CASSEL: I would also add, in the personal  
19          touch space, we have a community advocacy group  
20          that goes out. They started back in 2023, and they  
21          have met every year. They periodically go to both  
22          divisions so that -- especially, Commissioner  
23          Clark, for commercial customers, because we do tend  
24          to focus on the impact to residential customers.

25           So that is intentionally set up, and we got a

1 lot of positive feedback from that, where the  
2 community has the ability to come out and speak  
3 with both the head of customer care as well as the  
4 head of operations, and walk through issues that  
5 may exist at that time.

6 So we are in that community, and that's aside  
7 from the events that we do, but that is a set thing  
8 we do in the community to make sure people have  
9 access to us, understanding that the close of the  
10 office on the nonresidential people can be a little  
11 bit difficult as well.

12 CHAIRMAN LA ROSA: Commissioners, any further  
13 questions or thoughts?

14 Commissioner Passidomo Smith?

15 COMMISSIONER PASSIDOMO SMITH: Thank you, Mr.  
16 Chairman.

17 I first want to kind of echo Commissioner  
18 Clark's points about communicating actual bill  
19 impact and how this would play out. I think that  
20 would give a lot of clarity, and especially, I  
21 think -- remember, when we were in Marianna,  
22 hearing from the school board about it's so  
23 important for them to be able to plan. And I think  
24 in all those small businesses that came and talked  
25 to us, that they need to be able to plan their

1 rates. And so they need to know exactly what they  
2 are going to -- one, you know, when bills go into  
3 effect, what they are going to be so that they can  
4 budget their annual budget.

5 As far as the quality of service, the things  
6 that I had some concerns -- I remember our service  
7 hearing until Fernandina Beach, there was customers  
8 there that there used to be a dropbox or something  
9 for them to be able to bring their bills. I don't  
10 know -- I understand that it's costly to have a,  
11 you know, a typical -- a day lease, having an  
12 employee there. But if there is some way that  
13 those customers -- a lot of them, you know, might  
14 be retirees or, you know, not as --

15 I appreciate all of this that's included in  
16 the rec under Issue 5, that there is a lot of  
17 improvements that the company is doing as far as,  
18 you know, technology and on-line interaction with  
19 customers, but some customers, that's not their  
20 first mode of communication, and so having some  
21 other way -- it's kind of ironic, I know that I am  
22 the one that's like make sure that, you know, older  
23 customers have that ability, but I just speak on  
24 behalf of, you know, like, my grandparents, or  
25 something, when they -- they don't go on-line.

1           They didn't go -- they didn't go on-line. So  
2           having some way of, you know, maybe bringing that  
3           back.

4           The other thing, it really did bother me to  
5           hear when were in Marianna, we had a business owner  
6           who came in -- and this was touched on I believe --  
7           I don't know if Mr. Wright said it, but of a  
8           customer who, you know, had to pay multiple service  
9           fees because of her -- she was a business owner,  
10          her bills are going to be over -- likely to be over  
11          \$750. I don't understand why -- maybe you could  
12          explain that -- why if they -- if a customer opts  
13          to have automatic payments they don't have the  
14          service fee, but if they want to review their bill  
15          -- I don't go on automatic payments to pay my  
16          electric bill because I like to look at it every  
17          single month. So why, you know, why there is an  
18          additional fee if they choose to, you know, make  
19          sure that they review their bill? So I will kick  
20          that back to you guys to maybe clarify that little  
21          bit.

22                 Those are just, you know, my comments.

23                 MS. KEATING: Thank you, Commissioner. I am  
24                 going to turn it over to Ms. Kim Estrada.

25                 MS. ESTRADA: So for the credit card fee,

1           that's when they have to pay the fee, it's \$2.25  
2           per \$750 that they pay. And the reason we went  
3           with that flat rate was really to help kind of  
4           mitigate that cost across, right, so that we didn't  
5           have residential customers paying a higher amount  
6           at a flat rate for the commercial customers that  
7           generally pay more. So that's why we went with  
8           that flat rate.

9           We are reevaluating that. This year, we have  
10          gone out to bid for new vendors for those services,  
11          and we will reevaluate that at that time.

12          COMMISSIONER PASSIDOMO SMITH: So that's just  
13          the -- that's a credit card processing fee if they  
14          were to take it out of their general checking --

15          MS. ESTRADA: Checking, it's free.

16          COMMISSIONER PASSIDOMO SMITH: -- or  
17          something, they wouldn't have that fee?

18          MS. ESTRADA: Correct.

19          COMMISSIONER PASSIDOMO SMITH: Okay. And then  
20          could you also expand upon why it may -- and I  
21          might be reading that incorrectly, but that why  
22          that fee -- you don't have that fee if it's under  
23          automatic payment, you know, you are still having  
24          to go through that process once a month when you  
25          get that bill, so why is that not there when you

1 have an automatic payment?

2 MS. ESTRADA: And that's the way -- that's the  
3 way the vendor agreement is written with the  
4 contract that we currently have in place, is if  
5 it's recurring, right, there is no fee, but if it's  
6 a one-time, there is. And so those are the things  
7 that we have heard the feedback. We are taking  
8 that into consideration, and we will, you know,  
9 obviously change that when we go forward.

10 COMMISSIONER PASSIDOMO SMITH: Okay. Thank  
11 you.

12 COMMISSIONER CLARK: May I add?

13 CHAIRMAN LA ROSA: Sure, you are recognized.

14 COMMISSIONER CLARK: On that same issue, the  
15 issue -- one of the issues that the customer  
16 mentioned was that they couldn't pay their bill if  
17 it was over \$750 as well, is that correct?

18 MS. ESTRADA: That should not be correct.  
19 They should be able to make multiple payments at  
20 the \$2.25 fee per \$750.

21 CHAIRMAN LA ROSA: Yeah, walk us through that.

22 COMMISSIONER CLARK: She was explaining that  
23 she had to physically make two or three different  
24 payments. She may have had the process wrong, but  
25 the way she explained it to us was that she was

1           having to physically log out -- if her bill was  
2           \$1,000, she could pay \$750. She had to log out and  
3           log back in and pay an additional \$250 in order to  
4           settle her entire bill. That was my understanding  
5           of what she was saying, is that the case?

6           MS. ESTRADA: That doesn't sound right to me.  
7           I know that we did reach out to that customer  
8           specifically and we resolved -- you know, we talked  
9           through, so she was fully aware of how the process  
10          works. I would have to revisit that one and see  
11          why she was having to log out and back in.

12          CHAIRMAN LA ROSA: Commissioners, other  
13          questions or thoughts?

14          Commissioner Fay, you are recognized.

15          COMMISSIONER FAY: Thank you, Mr. Chairman.

16          First of all, I appreciate Commissioner Clark  
17          asked some of this stuff about the quality of  
18          service that I had questions on, he probably did a  
19          much better job of honing in on some of the points  
20          that are controversial or problematic from what we  
21          heard from customers.

22          I also will add that since I have been on the  
23          Commission, I am not sure ever the Commission has  
24          an advocate for rural Florida more than  
25          Commissioner Clark. I think in particular

1 northwest Florida, and he has demonstrated that  
2 over and over. And so the fact that he has some  
3 concerns are, you know, that's important to me and  
4 my thought process.

5 I -- Mr. Chairman, I have some questions that  
6 I would want to ask about staff on how we  
7 potentially move forward with the PAA  
8 recommendation. I am happy to do that after we  
9 have asked the utility their questions, and  
10 whenever you think would be appropriate. But I --  
11 I don't have a ton of questions for the utility on  
12 what's in front of us. I appreciate that they have  
13 people here. It is starting to feel a little bit  
14 like a hearing and so, you know, I think we are  
15 doing our best to kind of get our questions  
16 answered and make a decision, but I would move more  
17 towards my questions to staff whenever appropriate.

18 CHAIRMAN LA ROSA: Okay. So let's do this.  
19 Is there any other questions of the company? Not  
20 that I am taking them off the hook, or asking them  
21 to move away from the table. Are there any other  
22 questions of the companies' -- or of the company?

23 Okay, so then let's -- Commissioner Fay, I  
24 will recognize you on staff. And I have got some  
25 stuff lined up that I may just either follow up or

1 piggyback with you.

2 COMMISSIONER FAY: Okay. Hopefully I won't  
3 steel your questions, Mr. Chair.

4 CHAIRMAN LA ROSA: Hopefully you do.

5 COMMISSIONER FAY: Okay. I guess just to  
6 start, so this is the first -- based on the  
7 legislative directive and what's in the statute,  
8 this would be the first electric PAA kind of  
9 process the Commission has taken up, is that -- and  
10 I will direct it to legal, whoever feels like they  
11 can answer it would be --

12 MR. HETRICK: That's correct.

13 COMMISSIONER FAY: Okay. Great. So then  
14 we -- if the Commission rules on the PAA as in  
15 front of us, essentially -- and this goes a little  
16 bit to OPC's letter and comments in their letter.

17 There is a 120.57 -- there is a process in  
18 place that parties can look at that PAA decision by  
19 the Commission and say they take issue with  
20 something specifically in there, and I know that's  
21 a little bit complicated, because sometimes in rate  
22 cases, we have fallout, and you might change a  
23 number that might change a number. But in  
24 generally -- in general, they are allowed to pick  
25 some issues that they believe would be more

1           appropriate to have a hearing.  It's not that they  
2           necessarily protest those components.  They just  
3           say that the PAA process maybe is not sufficient  
4           for the Commission to make a review on that, is  
5           that fair?

6           MS. CIBULA:  I think they would have to  
7           protest.  So there will be a notice that will be  
8           issued with the order that sets forth what they  
9           need to do and what they need to file at the  
10          Commission to protest the order.

11          COMMISSIONER FAY:  Okay.  And when we say  
12          protest, we are saying the request for 120.57  
13          hearing is --

14          MS. CIBULA:  Correct, and then set out their  
15          facts in law as to why they want a certain decision  
16          made, and why they are protesting the Commission's  
17          Proposed Agency Action.

18          COMMISSIONER FAY:  Okay.  And they are able to  
19          do that on just specific -- for example, if they  
20          just picked a specific issue within what we have in  
21          front of us, the efficiencies of the PAA process  
22          could still be intact because we make a decision on  
23          that PAA, and then the parties who want that  
24          hearing, they, for lack of a better term, target a  
25          specific issue, is that fair?

1 MS. CIBULA: Correct.

2 COMMISSIONER FAY: It doesn't reopen the whole  
3 decision within the PAA. Just it's those things  
4 that they believe impact them in a way that they  
5 want a full hearing?

6 MS. CIBULA: Correct, unless they protest  
7 everything. Otherwise, it would be targeted, and  
8 then the stuff that is not protested would be  
9 stipulated.

10 COMMISSIONER FAY: Okay. And then the stuff  
11 that would be reviewed is a de novo review, so it's  
12 not -- the decision we make today would not be part  
13 of the hearing process --

14 MS. CIBULA: Correct.

15 COMMISSIONER FAY: -- going forward if they  
16 challenge this?

17 MS. CIBULA: Correct.

18 COMMISSIONER FAY: Okay. And there is no -- I  
19 guess final question. There is no process --  
20 within the PAA structure that we are in, there is  
21 no process to go directly to a hearing or anything  
22 like that by the Commission?

23 MS. CIBULA: Not in this instance.

24 COMMISSIONER FAY: Okay. Great.

25 Mr. Chairman, I think that answers my

1           questions. I guess if we move into discussion, I  
2           just -- I want to make sure that since this is kind  
3           of a new process for an electric utility, that we  
4           are being thoughtful about how we move forward and  
5           what options there are. I know OPC has filed a  
6           letter that has some potential changes. We have  
7           heard from some of the individuals of Jackson  
8           County. I just think we want to, I guess, be very  
9           thoughtful how we put this forward. And then the  
10          parties at that point, depending on what our  
11          decision on this PAA and this recommendation, it's  
12          within their power, I guess, to decide if there are  
13          things that they would want a full hearing process  
14          on.

15                 I don't -- and maybe it's just terminology I  
16          don't think of it necessarily as a protest of our  
17          decision. I think of it more as they want a  
18          hearing process, but I think with that said, I have  
19          got -- I have got some concerns as to how we take  
20          up what's been presented to us by the intervenors  
21          and be fully informed on the decision that we make  
22          for a PAA, but legally, we don't control that back  
23          part, depending on what the intervenors decide to  
24          do for our decision. And for that matter, the  
25          utility. We could just as easily make a decision

1 on the PAA and the utility could take issue with  
2 whatever we have put forward and ask for a hearing.

3 So I think it's a difficult decision. I  
4 didn't know how rate cases were going to work in  
5 this process as far as an electric. It seems like  
6 it is pretty complicated, and I want to make sure  
7 we get it right. So with that, Mr. Chairman, I  
8 guess I just ask before we make a full motion,  
9 maybe we can confirm with legal as to what posture  
10 we would be in, and then, you know, what our  
11 options are.

12 CHAIRMAN LA ROSA: Okay. Excellent. And I  
13 will make sure to come back before that happens.  
14 And that's a good point, and I understand why you  
15 are asking those questions, because obviously, this  
16 is the first time I think we've seen it this way.

17 Go ahead, Commissioner Clark.

18 COMMISSIONER CLARK: Yeah. I appreciate  
19 Commissioner Fay asking these questions. I love  
20 listening to the lawyers argue, but somebody has  
21 got to explain to me what they said.

22 I want to make sure I understood. I really --  
23 you have the -- you pointed out the things I think  
24 that I was wondering about myself in terms of -- I  
25 want kind of a more concise answer.

1           The issues that we are going to vote on today,  
2           they can be objected to one by one by one of the  
3           intervenors, and that is the only issue that comes  
4           back to the Commission in -- but don't we open it  
5           into a full rate hearing at that point? I mean,  
6           I -- this PAA thing confuses me as well. This is  
7           new ground, so I haven't done this since I have  
8           been here.

9           CHAIRMAN LA ROSA: Yeah, I guess where my -- I  
10          am similar, curiosity, is the limitations or the  
11          boundaries that are created by the PAA process if  
12          there was an appeal.

13          MS. BROWNLESS: As --

14          CHAIRMAN LA ROSA: Yes.

15          MS. BROWNLESS: -- as I understand the way  
16          this process works, it works the same for electric  
17          as it does for water and sewer. So to the extent  
18          that you issue an opinion today on all of the  
19          issues. Let's say you say you are just going to  
20          move staff, okay. Then every party here would have  
21          the opportunity once the PAA order is issued to  
22          say, I don't like, I protest Issue 22, 44,  
23          whatever; or a party can say, I protest each and  
24          every issue that has -- that is part of the PAA.

25                 If they protest specific issues, then the

1 issues that have not been protested are essentially  
2 stipulated to, and the issues that have been  
3 protested are set for hearing, okay. If they  
4 protest the whole thing, then we will go to hearing  
5 as if there had been no PAA order.

6 So that's the process of how it works. And of  
7 course, every party has the right to read the PAA  
8 order and to decide whether it wants to protest  
9 everything or whether it just wants to protest  
10 specific issues.

11 COMMISSIONER CLARK: And it's not limited to  
12 those that have already -- that are here now. It  
13 could be any party, right? They don't have to  
14 be -- we don't have an intervenor yet, I guess. I  
15 guess we do kind of.

16 MS. BROWNLESS: Well, due to the fact that  
17 this is a PAA --

18 COMMISSIONER CLARK: A PAA.

19 MS. BROWNLESS: -- we don't have intervenors  
20 yet.

21 COMMISSIONER CLARK: Well, I don't know what  
22 we call them then.

23 MS. BROWNLESS: We do obviously have the  
24 company. We have Schef's clients. We have OPC.  
25 So obviously, the people that are here today are

1 going to file for intervention after the PAA order  
2 is issued, and will have the right, because they  
3 are substantially affected, to protest whatever  
4 portion of the PAA order they wish to protest.

5 COMMISSIONER CLARK: Okay. That helps.

6 CHAIRMAN LA ROSA: Would other parties be able  
7 to intervene?

8 MS. BROWNLESS: Sure, once the PAA order comes  
9 out.

10 MS. CRAWFORD: And if I may, just for  
11 clarification. Anybody who wishes to protest and  
12 have that protest continue on, or who wants to  
13 intervene, would have to show standing. But with  
14 that, they don't have to be present here today to  
15 make comment.

16 MS. BROWNLESS: Right.

17 MS. CRAWFORD: They can still, like Ms.  
18 Brownless said, review the order and decide at that  
19 point whether they want to protest, whether they  
20 have spoken to you either at this agenda or the  
21 rates agenda previously.

22 CHAIRMAN LA ROSA: Commissioners, questions --  
23 further questions of the staff?

24 I have got a question when it comes to ROE. I  
25 want to see if we can shed a little bit of light on

1 staff's weighted average ROE, and maybe  
2 specifically -- let me just kind of maybe set up  
3 the question. I see Mr. Buys getting ready here.

4 So we use the DCF, the discounted cash flow  
5 model, then the CAPM, average and then weighted,  
6 and then we add flotation costs of .14 percent, or  
7 14 basis points. And I know that is consistent  
8 with what the Witness Crowley had offered in the  
9 testimony.

10 Can I understand maybe, I guess, more depth of  
11 why staff then agreed to say use that same  
12 floatation -- I am going right, really, to the  
13 center of the point -- why staff used that same 14  
14 basis points as a floatation, I guess, so I can get  
15 an understanding of it myself.

16 MR. BUYS: Yes, Commissioner. Witness Crowley  
17 used a similar methodology that was approved by the  
18 Commission in the TECO rate case, where they used  
19 the company's actual issuance costs and applied  
20 that to a DCF to determine -- a DCF model -- to  
21 determine what the difference is between having  
22 issuance costs accounted for in one DCF model  
23 result and then compare it to one with that  
24 issuance cost.

25 I did the same methodology just using the

1 proxy groups altogether using the -- with using a  
2 three-percent, assuming it's a three-percent  
3 issuance cost based on the stock price. That's the  
4 same methodology we would use in our DCF model we  
5 apply in the leverage formula that the Commission  
6 approves every year.

7 So that difference between the two results of  
8 the DCF model was very similar. It was about 14  
9 basis points. So using that analysis as a test, a  
10 reasonable test to that 14-basis-point estimate  
11 Witness Crowley came up with, it appeared  
12 reasonable, and that's why I used that as well.

13 CHAIRMAN LA ROSA: Okay. All right. And I  
14 appreciate that, and that gives me the a background  
15 behind it. I don't disagree. I just wanted to  
16 understand how you, you know, basically created or  
17 came up with the same similar finding, so thank  
18 you.

19 That -- that's the only other question I have  
20 got. Commissioners, are there any other questions  
21 for staff or any of the parties.

22 Commissioner Fay?

23 COMMISSIONER FAY: Yeah, Mr. Chairman, I just  
24 -- I wanted to, I guess, just ask our staff -- so  
25 we have the letter from OPC including the various

1 issues that they have raised, and then within the  
2 record, we have the response from the utility. I  
3 guess I would just like to hear, if appropriate,  
4 Mr. Chairman, maybe our staff's thoughts.

5 I guess I am not asking them to reengage in,  
6 you know, a new sort of theory as to what they put  
7 forward in the recommendation, but I think, you  
8 know, the realities of this process is the  
9 Legislature has directed to allow --

10 CHAIRMAN LA ROSA: Mine is off as well.

11 All right. Let's go ahead and take a  
12 three-minute recess while we fix this challenge.

13 (Brief recess.)

14 CHAIRMAN LA ROSA: Okay. So the microphones  
15 are not working and it doesn't look like they are  
16 going to be able to start working anytime soon, and  
17 I know that we would like to get finished. So what  
18 we can do is that we can move this meeting to the  
19 IA room downstairs in our building in 15 minutes.  
20 So in 15 minutes from now, we will reconvene this  
21 meeting in the IA room in the first floor of our  
22 office. See you guys there.

23 (Brief recess.)

24 CHAIRMAN LA ROSA: All right. I think we are  
25 loud and clear. I think y'all can hear on the

1 microphones pretty good. Perfect. If there is  
2 ever a time for a song of the month, it would have  
3 been today, right?

4 So -- all right, let's pick up where we left  
5 off. We were -- it was in the Commissioners hands.  
6 I think, Commissioner Fay, you were, like, in the  
7 middle of a sentence. So I will send it back to  
8 you to start however you would like.

9 COMMISSIONER FAY: Thank you, Mr. Chairman. I  
10 appreciate your adaptability for this process. I  
11 don't know if I broke the system, or what happened  
12 today, but we will keep moving forward.

13 So I guess where I was at is maybe getting  
14 some feedback from our staff on the proposed  
15 adjustments that were provided by OPC, and just put  
16 some of this into context. I mean, I -- you know,  
17 the Legislature created this process for us to be  
18 able to create some efficiencies, and I think  
19 that's a valid goal. I think depending on when we  
20 get information in the process, it creates this  
21 dynamic of how much time do we have to then intake  
22 that and validate what's proposed in front of us.  
23 And I think that can be very difficult depending on  
24 the timeline. I mean, we can receive something the  
25 day before we have a PAA, and then how do we

1 process that and make a decision for that, right?

2 So I think I want to make sure if there are  
3 things that our staff have time to look at based on  
4 this proposal and this letter, and there are  
5 obvious, you know, potential adjustments that maybe  
6 the Commission agrees with, that the recommendation  
7 agrees with. I don't want to be dismissive of  
8 those. But I do want to be very cautious about  
9 intaking something, not having a ton of turnaround,  
10 like we did for the actual published  
11 recommendation, and then making a change before we  
12 put the PAA forward.

13 And I keep calling them intervenors.  
14 Commissioner Clark made a very valid point, right?  
15 Legally they are not there yet. They will have to  
16 meet standing to intervene, and then request a  
17 hearing if they choose to do so. But if those  
18 individuals decide they want to do that, they have  
19 the opportunity to do that and go through the  
20 hearing process.

21 So none of what we are doing would limit that  
22 today. I just want to make sure that just because  
23 it's a tight timeline, we are not just being  
24 dismissive with what was submitted to us by our  
25 Public Counsel.

1           MR. HIGGINS: Yes. Devlin Higgins with AFD  
2           staff.

3           I would agree in terms of the timeline. It  
4           was tight. We did our best to just kind of go  
5           through and at least get a high level. There is  
6           some things we can agree with pretty much. There  
7           is some things that we would like to look at a  
8           little bit further. But most importantly to us, we  
9           did have the company kind of, you know, provide  
10          some comments around that -- or at least verbal  
11          today, maybe have a more formal response or  
12          something that we can enter in the docket file to  
13          also evaluate -- help evaluate the letter in terms  
14          of at least their position and some of the remarks  
15          from the Office of Public Counsel.

16          COMMISSIONER FAY: Okay. Great.

17          And you were -- the utility did also provide a  
18          response to this letter in the docket or --

19          MR. HIGGINS: No, sir. I think we would like  
20          to see that in order to have a more full picture of  
21          this letter.

22          COMMISSIONER FAY: Okay. And is it the best  
23          way to do this maybe within the letter just to go  
24          through, like, just go through the issues as they  
25          are presented, and if that works for you and staff.

1           MR. HIGGINS: At the pleasure of the  
2 Commission.

3           COMMISSIONER FAY: Okay. Great. Yeah, I  
4 would like to do that, and then for some of these  
5 -- once again, like, it starts to feel like a  
6 hearing. We don't need to get into, like, all of  
7 that level of detail, but for the things that you  
8 did think maybe were caught or easy to validate in  
9 that short timeline, maybe just address those.

10           And so I think I start with Issue 6 here from  
11 the letter, if you want to just, you know, opine on  
12 that. And if it's -- if it's based on what we  
13 received, we still stand by the recommendation in  
14 the PAA, that's fine too. You can just state that.  
15 You don't have to go through -- you don't have to  
16 reestablish your thought process for what's in the  
17 recommendation for that.

18           MR. HIGGINS: Yes, sir. And just to be clear,  
19 you did want to start from Issue 6 and not 2?

20           COMMISSIONER FAY: Yes. Yeah. Yeah. I want  
21 to go -- I want to follow it through the letter  
22 just so we can keep -- well, I guess if you want to  
23 address 2 first, that's fine, because it is a  
24 little bit different. So let's do that, and then  
25 come back to that.

1 MR. HIGGINS: My understanding is Andrew  
2 Kunkler --

3 COMMISSIONER FAY: Yeah.

4 MR. HIGGINS: -- from the Division of  
5 Economics --

6 MR. KUNKLER: Good morning, Commissioners.  
7 Andrew Kunkler with Commission staff.

8 So essentially what OPC is arguing is that the  
9 earnings surveillance report filing that is filed  
10 on March 15th showed higher base revenues than the  
11 company's rate case filing, which was filed on  
12 August 22nd.

13 So essentially their concerns are that FPUC's  
14 forecast of customers energy and demand, may be  
15 overstated in the rate case filing -- or, I am  
16 sorry, be understated.

17 So essentially staff appreciates OPC's  
18 concerns, but believes the customer energy and  
19 demand forecast presented in the company's rate  
20 case filing are more appropriate forecast for a few  
21 reasons.

22 First, the rate case forecast is the more  
23 recent forecast by five months. And staff is  
24 always going to prefer a more recent forecast over  
25 an older forecasts.

1           And secondly, the rate case filing had four  
2 months of actual data, which was January through  
3 April of 2024. And I don't know if I made this  
4 clear, but this is about 2024 forecasts, not the  
5 test year.

6           So the rate case filing actually had four  
7 months of actual data. And in addition to that,  
8 the company provided four months of actual data  
9 that has been reviewed, and vetted by staff. So  
10 this would be may through August. And staff has  
11 reviewed it and determined that they are within the  
12 range of reasonableness of the forecast compared to  
13 the actuals.

14           And then lastly, the rate case forecast was  
15 prepared by an expert witness Jon Taylor of Atrium  
16 Economics. And he utilized regression analysis and  
17 modeling to prepare the company's 2024 and 2025  
18 billing determinants, so -- and the estimates from  
19 the company's March earnings surveillance report  
20 filing was prepared by, internally by FPUC by  
21 non-forecasting experts.

22           And lastly, the company responded to OPC's  
23 concerns, stating that the MFR forecast base  
24 revenue, because they actually have the actuals for  
25 2024 now, are within 1.1 percent -- the company can

1 speak more to that, but they are within 1.1 percent  
2 of the actuals after adjusting for interim rates.

3 COMMISSIONER FAY: Okay.

4 MR. KUNKLER: So in conclusion, staff stands  
5 by their recommendation.

6 COMMISSIONER FAY: Okay. And then I was going  
7 to move to Issue 6, Mr. Chairman. I didn't know in  
8 you wanted to make sure there weren't any  
9 questions. I didn't want to just fly through.

10 CHAIRMAN LA ROSA: No, that's a good point.

11 Commissioners, any questions on that issue to  
12 Commissioner Fay's questions?

13 Seeing none, let's go to 6 then.

14 MR. HIGGINS: Yes, sir. So Issue 6, we think  
15 there is a fair point to be made to move some of  
16 the property tax associated with the step increase  
17 into the step increase. We think that would not --  
18 that that's fair.

19 Following on, we have another property tax  
20 adjustment for the two-way communication system.  
21 We believe that is fair.

22 There is some methodology around property tax  
23 -- methodology concerns around property tax in  
24 total. We would like to see a little bit more from  
25 the company perhaps in response. But my

1           understanding is some of this has been -- it is  
2           part of the rate case filing as filed, so there  
3           would be a little bit difference in this section if  
4           not in total.

5           Rate case expense, as I understand it, it's an  
6           area which the OPC would explore given a certain  
7           spot in this process.

8           The bad debt, we believe we have the  
9           appropriate bad debt expense for the multiplier.  
10          If we need to tighten up the order, any language  
11          there, we would do so.

12          Total O&M expense, it seems to me there is  
13          some discussion there around a couple of points --  
14          or a couple of matters, in particular, storm  
15          accrual and directors and officers liability  
16          insurance.

17          Fair point on the D&O insurance. We believe  
18          we would put an adjustment in there. If I remember  
19          correctly, it would be around 16 or \$17,000.

20          And income tax expense. We took a look at  
21          their income tax, and it's -- my understanding, we  
22          will also have a meeting with at least OPC, but  
23          perhaps OPC and the company, and we will walk them  
24          through our calculation.

25          In conclusion, would you like to --

1           COMMISSIONER FAY: Yeah, so, Mr. Chairman,  
2           just a quick follow-up for this.

3           So just to clarify. So we take -- we take the  
4           test year. If these adjustments -- some of the  
5           adjustments you were talking about were  
6           implemented -- I mean, I know it's so difficult to  
7           get every number perfect in the rate process.  
8           Sometimes I want it have of that locked in. But,  
9           of course, then you go through the implementation  
10          of those rates at a certain date and there is  
11          always adjustments made.

12          I presume -- I guess you can answer this in a  
13          more general way if appropriate. But if the  
14          numbers don't line up exactly kind of where the  
15          rate case sets them out to be in the, you know, the  
16          rate base and then the revenue requirement that's  
17          allocated, then the next time the utility comes in,  
18          there is an adjustment, either up or down for that.

19          So let's say they overshoot or they undershot,  
20          like, property tax. If they used a calculation and  
21          they ended up over or undershooting on that,  
22          there -- they have the ability, I guess, to make  
23          adjustments in that rate case. Is there also the  
24          possibility those adjustments would be made sooner  
25          than that? Because I just -- this utility is so

1 unique in that they haven't been in since 2014, and  
2 so -- I mean, it's just kind of unheard of that you  
3 see this type of GAAP before a rate case in front  
4 of you.

5 So normally, I would think, okay, we will see  
6 in a few years and we can make those adjustments.  
7 I don't know when they would have to come in again,  
8 so I want to make sure that there would be -- there  
9 would be able to be some, you know, I guess,  
10 adjustments along the way.

11 MR. HIGGINS: Yes, sir. If I understand your  
12 question, next rate case they will come in with the  
13 actuals, and the actual will be their base year, or  
14 their historic year, and we will, you know, look at  
15 that as being the place to start for their property  
16 tax for the next rate case, you know, and -- if I  
17 understood your question.

18 COMMISSIONER FAY: Yeah, you did.

19 And then for some of those things that -- some  
20 of them I agree with you as to what those changes  
21 could be made. Is there a way to do that without,  
22 I guess, impeding on the PAA process? So would you  
23 just -- maybe it's a legal question. Would you be  
24 able to have authority if the Commission today  
25 said, I would like to, you know, I agree with one

1 of these things whatever. I presume that it's  
2 almost too complex, like, everything would kind of  
3 domino if we were to make some change like that. I  
4 mean, that's a legal question and not a technical  
5 one.

6 MS. BROWNLESS: I guess what I would suggest  
7 is that for each of the issues identified in the  
8 staff rec, you could suggest another number, and  
9 that would be reflected in the Proposed Agency  
10 Action order that was issued. You have the ability  
11 to do that today.

12 COMMISSIONER FAY: And since we would, at a  
13 later date, vote for the actual implementation of  
14 the rates, if we voted conceptually to agree with  
15 some of the changes that have been presented and  
16 reviewed, would that allow technical to then make  
17 those adjustments -- like, do we need the exact  
18 number today?

19 MS. CRAWFORD: Yes.

20 MS. BROWNLESS: You are not going to --

21 MR. FUTRELL: Yes, Commissioner.

22 COMMISSIONER FAY: Go ahead.

23 MR. FUTRELL: This is the phase of the  
24 establishing revenue requirements, and so if you  
25 want to make adjustments to the numbers that are

1 presented to you, we need to get direction from the  
2 Commission on those precise numbers, and if we can  
3 -- and if there is agreement, we can flow it  
4 through the revenue requirement, then that revenue  
5 requirement will be used to determine the -- to  
6 allocate to the rate classes, and that's what will  
7 be addressed at the Special Agenda on the 20th --

8 COMMISSIONER FAY: Gotcha.

9 MR. FUTRELL: -- how the revenue requirement  
10 is then allocated through the rate design and  
11 allocation process.

12 COMMISSIONER FAY: Okay. Gotcha.

13 MR. FUTRELL: So we do need -- we do need  
14 precise numbers today --

15 MS. CRAWFORD: Yeah.

16 MR. FUTRELL: -- and if there is desire to  
17 make some adjustments to staff's recommendation,  
18 this is the --

19 MS. BROWNLESS: Time to do that.

20 MR. FUTRELL: -- this is the time to do that.

21 And then as far as future adjustments beyond  
22 this rate case, that would be considered within a  
23 rate proceeding that either is initiated by the  
24 company, or if we are in an earnings situation  
25 where we have to initiate a proceeding, that's

1 where that with happen.

2 COMMISSIONER FAY: Okay. There could be some  
3 other scenario than just coming back in for a rate  
4 case potentially that adjustments could --

5 MR. FUTRELL: On that type of adjustment, I  
6 don't believe so.

7 COMMISSIONER FAY: Okay.

8 MR. FUTRELL: Under other types of cost  
9 recovery mechanisms, this type of an issue is not  
10 normally addressed.

11 COMMISSIONER FAY: Right.

12 MR. FUTRELL: That doesn't mean it can't be if  
13 the company needs some relief on a particular item,  
14 but --

15 COMMISSIONER FAY: Something like fuel?

16 MR. FUTRELL: -- normally this is handled  
17 within a large rate case.

18 COMMISSIONER FAY: I gotcha. Okay.

19 COMMISSIONER CLARK: Doesn't this contradict  
20 what Mr. Higgins was saying, though? They need som  
21 e time to get with staff and work these things out.  
22 We can't get give these numbers today in many  
23 cases.

24 MR. FUTRELL: Well, there is -- if I may,  
25 there are a couple of numbers, I think, in his

1 opening comments Mr. Higgins indicated that given  
2 the short time we have had to assess this, there is  
3 a couple of numbers on the front end of the  
4 property taxes where we have a level of comfort,  
5 but there is a lot of unanswered questions that  
6 come from the letter that, you know, we just don't  
7 have -- we are not in a posture now to go through  
8 each one of these and precisely give you a fair  
9 assessment. So we are in a bit of a disadvantage.

10 But the staff has been working hard Friday and  
11 all weekend to try to process this. And I think we  
12 feel a little more confident about those first  
13 couple of property tax numbers. Beyond that, it's  
14 a lot of uncertainty.

15 COMMISSIONER CLARK: Then how are we going to  
16 give you those numbers today?

17 MS. BROWNLESS: Well, the bottom line is this,  
18 just as with any PAA, regardless of whether it's  
19 electric or gas or water and sewer, it is a  
20 proposal based on the best information the staff  
21 has.

22 If you wish, for example, to modify what the  
23 staff recommendation is, today is your opportunity  
24 to do that. But understand that a PAA is -- has  
25 the same knowledge deficit every time. And if any

1 of the parties wish to disagree with any of the  
2 numbers, they have the right to file a protest and  
3 request a hearing to further develop those numbers.

4 I mean, I guess the bottom line is, based upon  
5 the time the staff has had to review the materials  
6 provided by OPC, their calculation is that the  
7 forming recommendation is as good as it stands.

8 COMMISSIONER CLARK: But that's not what Mr.  
9 Higgins said. Mr. Higgins said during the  
10 conversation that they agreed with OPC on a couple  
11 of these issues.

12 MS. BROWNLESS: Yes, I think on two of the  
13 issues.

14 COMMISSIONER CLARK: Do we have those  
15 calculations done and complete, or --

16 MR. HIGGINS: Preliminary, yes, sir.

17 COMMISSIONER CLARK: Well, that's not very  
18 assuring.

19 MR. HIGGINS: Yeah, I mean -- you know,  
20 it's -- we always like to go over things a few  
21 times and verify.

22 COMMISSIONER CLARK: You also made the  
23 statement that you would like to get with the  
24 company to determine some of these other numbers,  
25 but you are asking us to make a decision, and you

1 are saying, but I would like to get -- well, what  
2 value is that? You are not -- there is no need for  
3 you to get with the company if we make a decision  
4 today because we have already made a decision. Am  
5 I missing something?

6 MR. HIGGINS: I guess my comment was more to  
7 afford them the opportunity before, you know, for  
8 staff's consideration before we bring something to  
9 you. It was more just I guess a fairness argument  
10 more than anything.

11 MS. CRAWFORD: If I may, Commissioner, my read  
12 of it is staff would feel more confident in making  
13 a recommendation on any of the OPC suggestions had  
14 they had more time to do double, triple checks. We  
15 are not in that position today unfortunately. That  
16 would have been the preference, to have more time,  
17 but we are here today for your vote.

18 COMMISSIONER CLARK: Are we required to make  
19 decision?

20 CHAIRMAN LA ROSA: Well, and in coming back to  
21 that point, but are we saying that the changes -- I  
22 guess, what, two of the issues that we are, I guess  
23 agreeing, with, that OPC is -- staff is agreeing  
24 with what OPC's is suggesting, are they -- is there  
25 a gray line that we can say these are significant

1 or these are not significant?

2 MR. HIGGINS: I guess with -- I mean, we are  
3 talking a couple of them are approximately near  
4 \$20,000 apiece, and one of them is about \$125,000.  
5 But that one would slip to the step increase, so  
6 it's more of just a transfer or timing thing,  
7 but --

8 MS. BROWNLESS: So I guess the bottom line is  
9 if you would like to modify staff's recommendation  
10 by the two changes that they believe have some  
11 merit, you can do that today.

12 CHAIRMAN LA ROSA: But we won't know what the  
13 calculations are.

14 COMMISSIONER CLARK: I -- okay --

15 MS. BROWNLESS: But the revenue requirements  
16 are not going to be calculated, sir, until the next  
17 agenda hearing, the fallout.

18 COMMISSIONER CLARK: You said there are two  
19 recommendations. He actually went through a list  
20 and said, staff was -- it seemed to me saying we  
21 would like some time to get more information to  
22 figure out -- I don't want to pick a side just  
23 because we can pick a side. I want to pick what's  
24 right. I want to nope what the right number is,  
25 what the right answer is. And you have opened it

1 up say, hey, we don't know. Maybe there is --  
2 maybe there is a reason we need to look at this  
3 direction and ask this question.

4 I think you are absolutely correct in that  
5 assessment. So I am just saying -- so you are  
6 putting it back on us to say, no, you have to make  
7 a decision today. I don't really want to.

8 MR. FUTRELL: I think Mr. Higgins, you know,  
9 intent is that in a perfect world, it would be good  
10 to be able to sit down and work through this, but  
11 again, we are -- there is a statutory dead -- there  
12 are statutory deadlines in this process that we are  
13 up against. And unfortunately, that puts us in a  
14 very -- puts the Commission in a very challenging  
15 posture, but -- and again, we are trying to give  
16 you a quick assessment based on limited time and  
17 ability.

18 You know, we stand by the recommendation is  
19 the thing that we have had the time to vet and ask  
20 ourselves questions internally, work with the  
21 company, consider other factors and bring a solid  
22 recommendation to you. There is a little there  
23 with a couple of these, but it's very -- again, we  
24 are just kind of standing on sand, if you will.  
25 But we are in a -- unfortunately, the Commission is

1 in a posture to make a decision given the timelines  
2 prescribed by the statute.

3 CHAIRMAN LA ROSA: Help us understand what  
4 that framework looks like.

5 MS. CRAWFORD: Well, for a PAA decision of  
6 this nature, it's in 366.06, we have a five-month  
7 clock that we are actually already past. What's  
8 the consequence of exceeding the five-month clock?  
9 The company can put its requested rates into effect  
10 subject to security.

11 We have additional time needed to process the  
12 order to allow the protest deadline to run before  
13 protests can come out. So those are other  
14 considerations, but the statutory factors are the  
15 five-month clock at this juncture.

16 CHAIRMAN LA ROSA: Commissioners?  
17 Commissioner Fay?

18 COMMISSIONER FAY: I will defer to my  
19 colleague.

20 COMMISSIONER GRAHAM: I want to here from the  
21 utility --

22 CHAIRMAN LA ROSA: Commissioner Graham would  
23 like to hear from the party.

24 COMMISSIONER GRAHAM: Yes.

25 CHAIRMAN LA ROSA: Party.

1 MS. KEATING: Thank you, Mr. Chairman.

2 I think that we can probably help with a few  
3 of the items phrased by the OPC.

4 I would emphasize that we haven't had this for  
5 a very long amount of time, and we have had to  
6 respond to numerous requests in the interim since  
7 this letter was filed on Thursday.

8 I think you already have our response with  
9 regard to Issue 2. I believe there is a typo in  
10 that, and that's on me. The MFR should be the --  
11 should actually say the forecasted DSR in that one.

12 But moving on to Issue 6, the company doesn't  
13 disagree with the property tax adjustment. If the  
14 13-month average adjustment is removed from the  
15 filing and income taxes sync is done, staff's  
16 number is correct, but the property tax does need  
17 to be included in the step increase.

18 For Issue 10, we also don't disagree with the  
19 property tax adjustment.

20 For Issue 36, as far as rate case  
21 amortization, we prefer four years, but we are not  
22 going to object to changing that to five years.

23 Issue 39 we think is immaterial.

24 It's when we get to Issue 44 and Issue 45, we  
25 have struggled to get to OPC's number. Again,

1           there has been little time to go through this, and  
2           no opportunity to try to touch base with them and  
3           get more information, but we are not -- are just  
4           not coming to their number.

5                     And then for Issue 45, we also think that  
6           their calculation on that one is incorrect. It  
7           looks like they may have done a comparison to the  
8           income tax filed in a data request, where  
9           adjustments were already incorporated to the  
10          updated depreciation expense adjustment on line 10  
11          of their analysis of the income tax step schedule.  
12          So where we get to is actually about \$1,000  
13          difference in the other direction, so --

14                    COMMISSIONER FAY: With your changes to 6 and  
15          10, accepting the changes of 6 to 10, your total is  
16          \$1,000 --

17                    CHAIRMAN LA ROSA: On No. 45.

18                    COMMISSIONER FAY: Just that issue?

19                    MS. KEATING: Just on 45.

20                    COMMISSIONER FAY: Okay. Gotcha.

21                    MS. KEATING: Just on 45.

22                    And again, I would emphasize, we have not been  
23          able to delve into the minutiae of the analysis,  
24          but that's with regard to 6, 10 and 36, we don't  
25          disagree.

1           COMMISSIONER GRAHAM: Mr. Chairman, if we  
2           accepted OPC's recommendation, and the utility  
3           seemed to go along with it, we can make those three  
4           changes, and other than that, I can't see anything  
5           -- any other changes we could make today.

6           CHAIRMAN LA ROSA: I am going to look to  
7           staff. That -- that's the way I kind of read it,  
8           but then what about the other open items, or the  
9           other disagreed items?

10          MR. FUTRELL: I think you have got the  
11          discretion to decide which of these you feel are  
12          worthy of including and making adjustments or not,  
13          and based on the information and the time we have  
14          had with it, and voted out, and if it's something  
15          that rises -- again, when ultimately the rates are  
16          established, the PAA order comes out, if the  
17          parties feel it's something they want to identify  
18          as an issue to seek a hearing on, they have that  
19          avenue available to them.

20          CHAIRMAN LA ROSA: Okay.

21          MR. FUTRELL: But I think here, it's -- again,  
22          we are trying to get to a place where we have  
23          had -- we feel is confident and convey to you a  
24          level of confidence about some of these adjustments  
25          that we feel can be substantiated and have merit,

1 and then hearing from the parties, that helps to  
2 bolster that some of these adjustments on the 6, 10  
3 and the others have some merit. The others we have  
4 concerns about.

5 CHAIRMAN LA ROSA: Sure.

6 Commissioner Fay.

7 COMMISSIONER FAY: Thank you, Mr. Chairman.

8 Maybe what I would like to just put into  
9 context kind of my thought of how I see us moving  
10 forward, and then we can discuss if that's  
11 appropriate for a motion or not.

12 I mean, I don't always love the PAA process  
13 necessarily, but I think, you know, the goal of  
14 something like this is to create some efficiencies,  
15 reduce costs, reduce cost to ratepayers, you know,  
16 reduce litigation costs. I mean, there is a lot of  
17 real benefits to this, and so I don't want it being  
18 negated based on some of the technicalities that we  
19 have had.

20 This is kind of our first process of a case  
21 this large being taken up in the PAA process. And  
22 so I think in a normal situation, for example, for  
23 a hearing and a decision that we would make on  
24 this, some of the push for, you know, to be perfect  
25 and all of that makes a lot of sense in the rate

1 setting process even know there are these later  
2 adjustments.

3 For this, the reality is the structure that we  
4 are in, is we have the decision to rule on what's  
5 in front of us today with or without, I think, the  
6 accepting adjustments. I mean, I think we can sort  
7 of discuss if we think that's appropriate.

8 But then you have this very appropriate  
9 structure of 120.57, this legal structure for any  
10 entity -- I will stop calling you intervenors --  
11 the utility, anybody who decides that they say,  
12 there is some component of this that we think is  
13 worthwhile litigating. We want to go through -- we  
14 wouldn't to hire our lawyers. We want to go  
15 through that whole process and litigate that. And  
16 they are perfectly entitled to do so.

17 And I think that probably allows the mechanism  
18 to address if some of these things are deemed worth  
19 that or not for anybody. Not just for the folks  
20 who maybe object to one way or another.

21 So I think that structure gives me a pretty  
22 good comfort level for how we could proceed with  
23 this. And then I -- I give some validity to the  
24 changes and the way our staff has reviewed and  
25 tried to get through this.

1           I mean, we hear about workloads from our  
2           staff, from OPC, from all the entities we hear  
3           from, and our folks basically worked through the  
4           weekend to try to figure out what was appropriate  
5           here, and I appreciate them for doing that, but it  
6           doesn't change the fact that it's very difficult in  
7           the time span that was given to them to come up  
8           with a clear, concise, this is what I believe would  
9           be appropriate for the Commission to do as a  
10          number.

11          So as much as I appreciate some of those  
12          things being analyzed, I don't really even feel  
13          that those changes should be made at this point,  
14          because I think what we have in front of us is a  
15          very thoughtful worked on recommendation that is  
16          done very well. I mean, when I read through it, I  
17          think it makes sense. When I read through what  
18          came in from OPC, I could see where they were  
19          working to address some of their concerns, but I  
20          had troubling processing some of these components  
21          and how they would impact our decision.

22          So I am comfortable knowing that everybody  
23          will have the opportunity to make a decision if  
24          they want to go through that that longer process.  
25          And I think probably, you know, the billable lawyer

1 wins in that situation. I don't know if anybody  
2 else really wins in that situation, but it could  
3 happen. It could play out that way, and their --  
4 you know, these folks are legally entitled to do  
5 that. There is nothing that we would do here today  
6 to prevent that, or stop that from happening.

7 But I do think we have a pretty thoughtful  
8 recommendation, and I am comfortable with. And I  
9 have do think we have heard on all of these issues  
10 from both the folks who have an interest in it and  
11 our staff. And we realize that maybe in the  
12 future, something like this is better played out  
13 with more time for adjustments to be made. And if  
14 we had a mechanism to initiate a hearing and avoid  
15 all of that, maybe that's a different story, but  
16 then we would eliminate all the efficiencies and  
17 savings that these consumers get from doing this  
18 type of thing. And probably the worse case  
19 scenario is people had to listen to us all day,  
20 right? I mean --

21 CHAIRMAN LA ROSA: In two different rooms.

22 COMMISSIONER FAY: Yeah, right, two different  
23 rooms. We broke a bunch of, you know, mics, I  
24 mean.

25 But I think, in all seriousness, it's -- it

1 shows that we went through this process pretty  
2 thoroughly and thoughtfully, and trying to get to  
3 the best result. And then there is an avenue for  
4 anybody who believes that's not the case to  
5 articulate why.

6 And that's why I don't like the word protest,  
7 because it's -- they decide, hey, we think this  
8 would be better worked through under this structure  
9 and statute and rule to articulate, you know, why  
10 we think there should be more discussion about this  
11 issue, and why we want to articulate another  
12 position. But they are going to have to decide if  
13 that expense and that time is worth going into  
14 that. And as we stated, some of these things may  
15 have minimal rate impact, if any, when you do the  
16 calculations and the step-up.

17 And so I am comfortable, you know, supporting  
18 it, but I obviously would love to hear from my  
19 colleagues as to what they think.

20 CHAIRMAN LA ROSA: Sure. I will just say  
21 this, is that I think the PAA process is something  
22 that we have had for some time, and I think these  
23 optionals that we are talking about could happen in  
24 any which case. I think this case is maybe just a  
25 little bit different from the way we have seen this

1 system used, but I believe that the option is there  
2 and it's there for a reason.

3 And I agree with you in the sense that the  
4 decision is going to have to be made based on does  
5 it get to that tipping point? So I also feel  
6 comfortable from the sense and direction that you  
7 are coming from, but I will turn it back over to my  
8 fellow Commissioners.

9 Any other thoughts?

10 Commissioner Passidomo.

11 COMMISSIONER PASSIDOMO SMITH: The only thing  
12 I am going to add is I just -- I appreciate OPC  
13 going through this, you know, but -- and, you know,  
14 putting forward their calculations.

15 When I -- again, when I got this, I just -- I  
16 don't -- I feel more comfortable with the way that  
17 staff laid out. I know that there was a lot more  
18 time and process in here. I am not saying that OPC  
19 didn't do that, but I don't think that we had -- I  
20 personally didn't have adequate amount of -- or I  
21 am not as comfortable, because I know that staff  
22 didn't have as much time to be able to, you know,  
23 to conduct any sort of discovery how were these  
24 calculations made, things like that. I am not  
25 saying that they are inaccurate, whatever. I

1 just --

2 And I think that we -- again, I appreciate  
3 this process with -- the PAA process in that it  
4 can -- there is efficiencies built in, but I think  
5 we are going to get to a reconsideration anyway  
6 likely, regardless of what, you know, what  
7 adjustments are made. So I personally, at this  
8 juncture, am more comfortable supporting the  
9 recommendation as presented, and not saying that  
10 I -- you know, that if those things -- if we do --  
11 we are going to have to reevaluate this, you know,  
12 through a regular hearing process, these issues are  
13 brought back up, that we will get to the bottom of  
14 what is the right number. I appreciate what  
15 Commissioner Clark said. It's not about voting one  
16 way or another. It's about getting it right. So  
17 with that, that's kind of where I stand. That's my  
18 thoughts.

19 CHAIRMAN LA ROSA: Commissioners, any further  
20 questions or thoughts?

21 COMMISSIONER CLARK: I don't like the process.  
22 I don't know that this is the most efficient. We  
23 are going to end up having to go through and I  
24 think litigate the process anyway, so maybe we  
25 should have started there.

1           And I -- Commissioner Fay, I really appreciate  
2           your comment. You are -- I think you took some of  
3           my emotion out of this, but the facts that you laid  
4           out, I think you are right. I think that there is  
5           a process. We have gone through the process. We  
6           do have an opportunity, if you want to litigate it,  
7           we will litigate it. So I accept that part of it.  
8           I would rather get it right up front, but I don't  
9           know that that's possible. So I am willing to go  
10          along with it under the circumstance and the idea  
11          that protest if you like.

12           CHAIRMAN LA ROSA: I think we are all kind of  
13          leaning on that tone, but --

14           Okay. Commissioners, this is back to us. Is  
15          there any other questions, any other thoughts that  
16          we have of staff? Otherwise, we can open this up  
17          for a motion.

18           Let's go ahead and do that. Is there a  
19          motion?

20           COMMISSIONER FAY: Sure, Mr. Chairman. I am  
21          happy to make a motion. I know, to be respectful  
22          to my colleague, Commissioner Graham, he had  
23          mentioned some of these other issues being taken  
24          up. I didn't know if that was something that you  
25          wanted to discuss. I mean, I think we know where

1 we are at as far as what we are going to do going  
2 forward, but I think this sort of issue for  
3 discussion that came up was inclusion of these. So  
4 I just didn't want to be dismissive of if you felt  
5 that was something worthwhile that we could  
6 obviously discuss including those.

7 COMMISSIONER CLARK: You are talking about,  
8 like, 6, 10, 36, those items?

9 COMMISSIONER FAY: Yes. Correct. Those  
10 three.

11 COMMISSIONER CLARK: Since the parties are  
12 agreement --

13 COMMISSIONER FAY: Yes, correct. Yeah.

14 COMMISSIONER CLARK: -- of accepting that?

15 COMMISSIONER FAY: Yeah. Yeah.

16 COMMISSIONER CLARK: That's my preference.

17 CHAIRMAN LA ROSA: I have 6, 10 and 36.

18 COMMISSIONER CLARK: 6, 10, 36.

19 COMMISSIONER GRAHAM: Correct.

20 CHAIRMAN LA ROSA: That's what I have written  
21 in my notes.

22 COMMISSIONER FAY: Yeah. So if that's the  
23 prerogative of the body, I don't take issue in  
24 doing that. I just want to make sure, for the  
25 record, Devlin, that we feel that, from a

1 quantitative perspective, we know what those  
2 numbers would be today to be able to include them  
3 in the revenue requirement? I don't mean to put  
4 you on the spot, but I think that makes a big  
5 difference as to what our comfort level would be to  
6 go ahead and agree to those changes and move  
7 forward and maybe not seek to litigated, right? I  
8 mean, I don't want to be dismissive of those things  
9 that are presented, so do have a comfort level  
10 making those three, and I -- because I think I  
11 misspoke, so 6, 10 and 36?

12 MR. HIGGINS: Yes, sir, there is -- certainly  
13 on 36, that's easy enough.

14 10, our number is very close to the OPC's  
15 number, so I don't think that that would be too  
16 much of a concern.

17 With 6, it's -- our number is substantially  
18 different than the OPC's given the nature of what's  
19 actually occurring, and we would just recommend  
20 that that go to the step increase, so out of this  
21 and into the step increase.

22 COMMISSIONER FAY: Okay. And, Mr. Chairman,  
23 if it's okay, just to be clear from the utility,  
24 you were saying you agree with that -- agreeing to  
25 that with that concept of the step increase

1 implemented? I don't want to speak for you.

2 MS. KEATING: Yes, it definitely needs to be  
3 included in the step.

4 COMMISSIONER FAY: Okay.

5 COMMISSIONER PASSIDOMO SMITH: Mr. Chair, is  
6 it worth granting staff administrative authority  
7 just officially on the record so that -- to make  
8 those -- for these adjustments that we are making  
9 now, that way that you can make to adjust for the  
10 revenue requirement, we just, during the vote, we  
11 include that?

12 CHAIRMAN LA ROSA: Sure. We will include that  
13 in a motion that I anticipate coming.

14 COMMISSIONER PASSIDOMO SMITH: Right.

15 COMMISSIONER FAY: All right. Mr. Chairman,  
16 whenever you are ready, I am happy to propose a  
17 motion to the body.

18 Okay. So, Mr. Chairman, I would move for the  
19 approval on all issues with the proposed  
20 modifications as agreed -- discussed and agreed  
21 upon hear today for 6, 10 and 36.

22 CHAIRMAN LA ROSA: With the ability for staff  
23 to make modifications?

24 COMMISSIONER FAY: With the ability for -- any  
25 administrative authority for staff to make any

1 modifications for the final vote.

2 CHAIRMAN LA ROSA: Okay. Hearing a clear  
3 motion on the table, is there a second?

4 COMMISSIONER GRAHAM: Second.

5 CHAIRMAN LA ROSA: Hearing a motion and  
6 hearing a second.

7 All those in favor signify by saying yay.

8 (Chorus of yays.)

9 CHAIRMAN LA ROSA: Yay.

10 Opposed no?

11 (No response.)

12 CHAIRMAN LA ROSA: Show that Item No. 4 passes  
13 with those modifications.

14 Excellent, well, thank you all for making the  
15 adjustments, right. Sometimes you are thrown  
16 variables you don't know that are coming at you,  
17 and we got to divert, and we did, and we have done  
18 it successfully, so thank you all for being able to  
19 get us going.

20 Thank you to our tech staff from behind the  
21 scenes which is running around, which we don't see  
22 them, but they are running around to make all of  
23 this happy. I think that this worked as best as it  
24 could.

25 I don't see any further other business before

1           us. Commissioners, if we don't have anything else,  
2           let's go ahead and see that this meeting is  
3           adjourned. Thank you all.

4                       (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

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

IT IS FURTHER CERTIFIED that I  
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same has been transcribed under my direct supervision;  
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employee, attorney or counsel of any of the parties, nor  
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financially interested in the action.

DATED this 18th day of March, 2025.

  
DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH575054  
EXPIRES AUGUST 13, 2028