

# I. Meeting Packet



**State of Florida**  
**Public Service Commission**  
**INTERNAL AFFAIRS AGENDA**  
Tuesday – February 20, 2024  
9:30 AM  
Room 105 – Gerald L. Gunter Building

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1. Presentation on the National Association of Water Companies (NAWC) and Current Issues Facing the Water and Wastewater Industry by Mr. Robert F. Powelson, President and CEO of the NAWC. (Attachment 1)
2. Legislative Update
3. General Counsel's Report
4. Executive Director's report
5. Other Matters

BB/aml

OUTSIDE PERSONS WISHING TO ADDRESS THE COMMISSION ON  
ANY OF THE AGENDAED ITEMS SHOULD CONTACT THE  
OFFICE OF THE EXECUTIVE DIRECTOR AT (850) 413-6463.



## II. Outside Persons Who Wish to Address the Commission at Internal Affairs

Note: The records reflect that no outside persons addressed the Commission at this Internal Affairs meeting.

# III. Supplemental Materials for Internal Affairs



# Water Industry Overview: Challenges and Successes

**Robert F. Powelson**, President & CEO, NAWC

# NAWC

NATIONAL ASSOCIATION  
OF WATER COMPANIES



**4.5 billion**  
gallons of drinking  
water delivered daily



**73 million**  
Americans Served



**100,000 miles**  
of pipe maintained

## WHO IS NAWC?



**Robert Powelson**  
President & CEO,  
NAWC

- Former FERC Commissioner
- Former PA PUC Chair
- Former NARUC President
- Former Chair, NARUC Water Committee
- Former President, local county Chamber

### Education & Programming

#### NAWC RECEPTION DURING WINTER NARUC

February 26 | Conrad Hotel | Washington, DC

#### COMMISSIONER WATER POLICY FORUM

April 29- May 1 | Las Colinas Resort | Dallas, TX

#### NAWC WATER SUMMIT

September 9-11 | The Intercontinental | San Diego, CA

### Executive Committee



**Karine Rougé**  
CEO  
Veolia NA



**Martin Kropelnicki**  
CEO  
CA Water Service Group



**Susan Hardwick**  
CEO  
American Water



**Chris Franklin**  
CEO  
Essential Utilities



**Josiah Cox**  
President  
Central States  
Water Resources



**Robert Nicholson**  
President  
San Gabriel Valley  
Water Company



**Eric Thornburg**  
Chairman,  
President & CEO  
San Jose Water



NATIONAL ASSOCIATION  
OF WATER COMPANIES

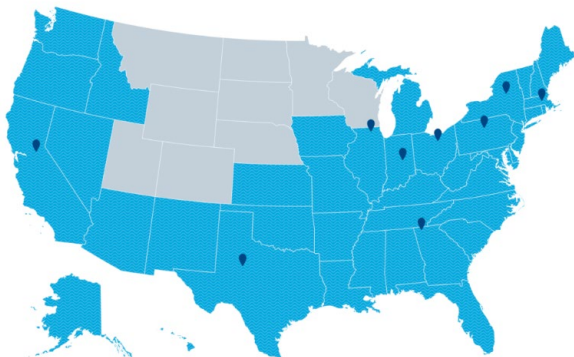
# THE VOICE OF REGULATED WATER

Since 1895, we have represented the companies that 73 million Americans trust to deliver safe, reliable and affordable water.

As communities across the country grapple with increasingly stringent environmental and safety regulations and the complexities of providing water service, they are turning to regulated water companies as a trusted partner to maintain, modernize and operate critical water and wastewater services.

**OVER \$5B**  
Invested each year by NAWC's 15 largest members to improve water systems across the country — Nearly half of what the federal government invests annually

OUR MEMBERS ARE GROWING THE WATER INDUSTRY  
ACROSS THE COUNTRY



**24%**  
Lower likelihood of water quality violations among NAWC member companies, compared to government-run systems, according to American Journal of Political Science data

**34.6%**  
Lower likelihood of NAWC member company employees to experience work-related injuries and illnesses than government-run utility employees, according to Bureau of Labor Statistics data



# NAWC Priorities



Emergency  
Preparedness



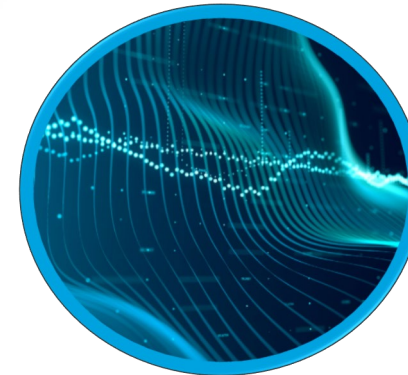
Water Quality



Affordability



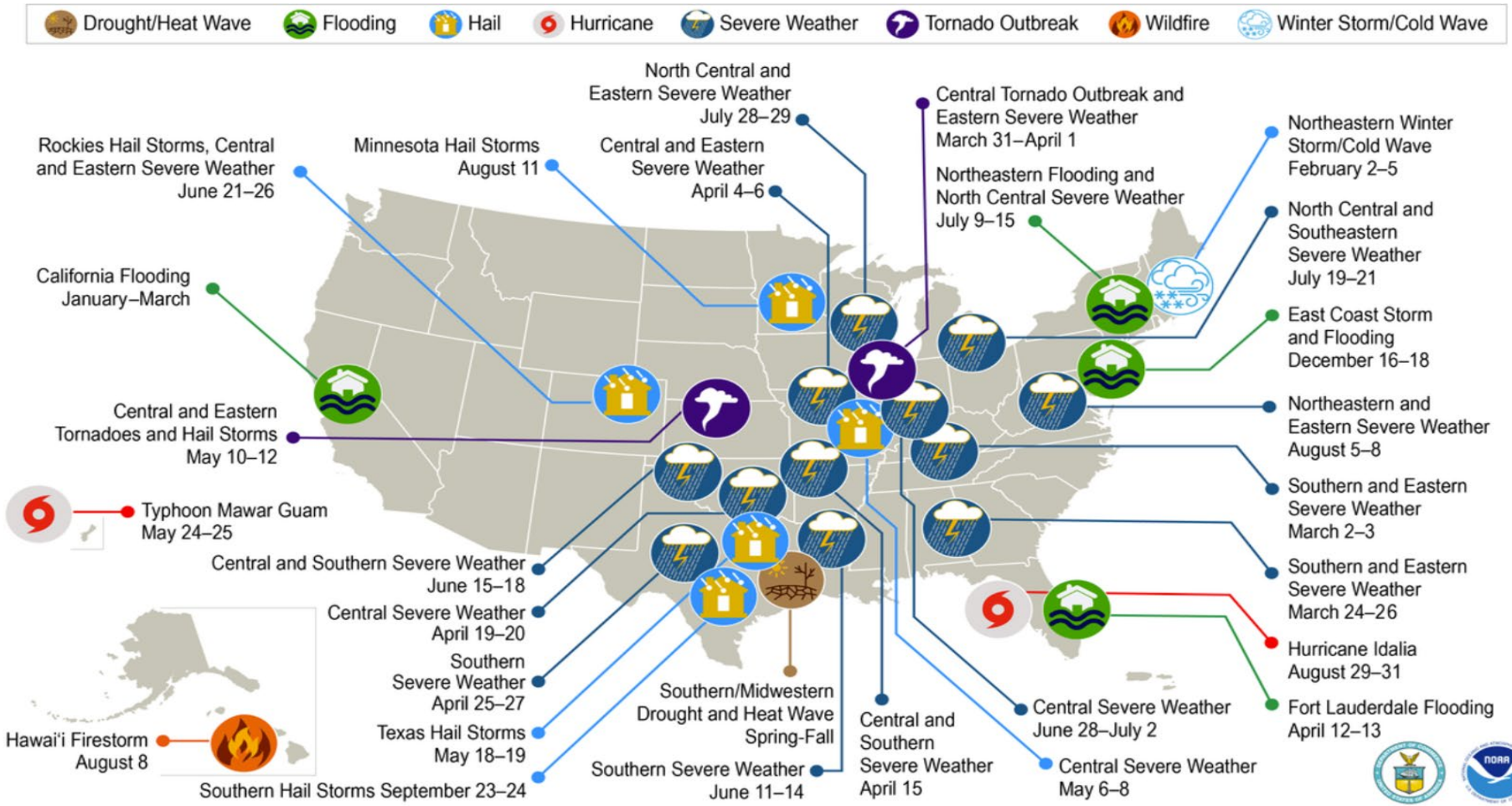
Combatting Forever  
Chemicals (PFAS/PFOA)



Cyber Security

# Emergency Preparedness is Crucial for Utilities

## U.S. 2023 Billion-Dollar Weather and Climate Disasters

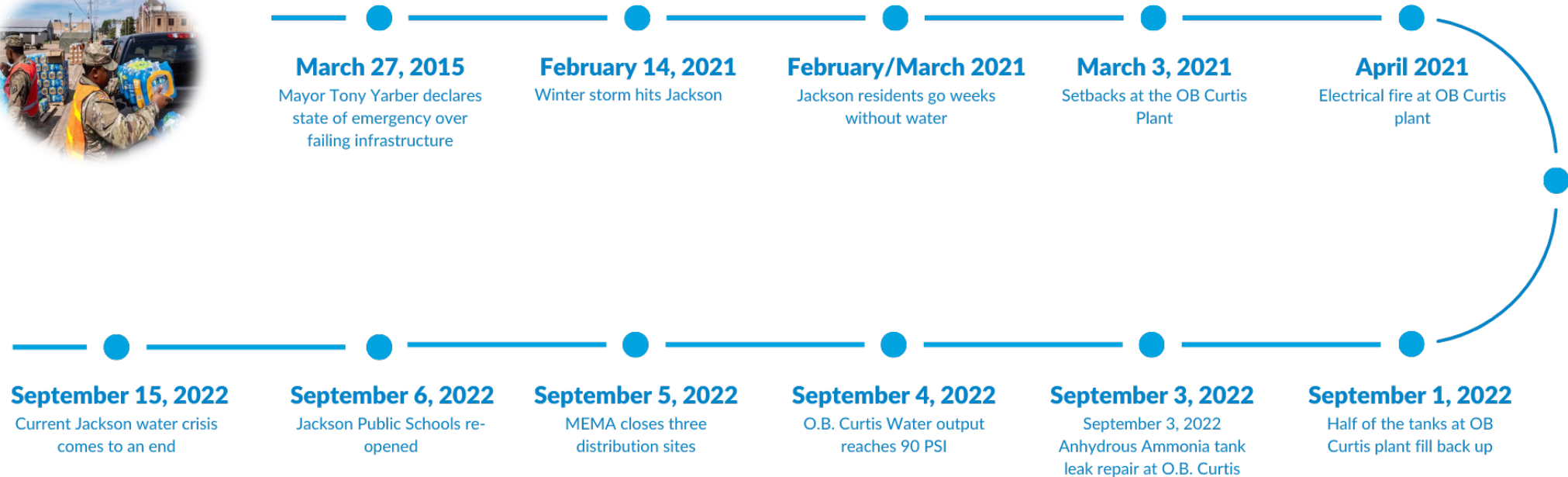


This map denotes the approximate location for each of the 28 separate billion-dollar weather and climate disasters that impacted the United States in 2023.

**Source:**  
NOAA National Centers for Environmental Information (NCEI)



# Water Quality Case Study: Jackson Water Crisis



- 150,000 residents/25% of its residents living below federal poverty level
- City of Jackson is only collecting 56% of the water fees it issues
- 25,000 cases of bottled water/\$300 a day for ice
- State of Emergency issued August 30, 2022
- State imposed boil-water notice
- NAWC leads effort to pass HB 1068 “Water Quality Accountability” bill
- June 7, 2023, the city of Jackson will receive \$115 million in federal funds for infrastructure improvements





### How has LIHWAP impacted households in need nationally?

Individuals Served:<sup>6</sup>

**890,656**

Disconnections prevented:

**295,677**

Water services restored:

**35,499**

Water bill reductions:

**157,511**

Average LIHWAP benefit:

**\$411.62**

(Weighted average)

# Low-Income Household Water Assistance Program (LIHWAP)

LIHWAP is the first-ever federal water assistance program to help meet unmet water needs across the country by helping low-income households pay for their water and wastewater bills.

## Who benefits from the program?

LIHWAP benefits households with the lowest incomes, and who pay a high proportion of income for drinking water or are facing water disconnection. This includes:

Households benefited

**428,950**

Households with an older adult

**109,125**

Households with a disabled person

**110,222**

Households with a child under five

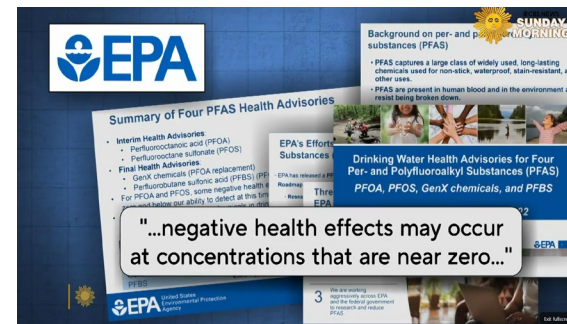
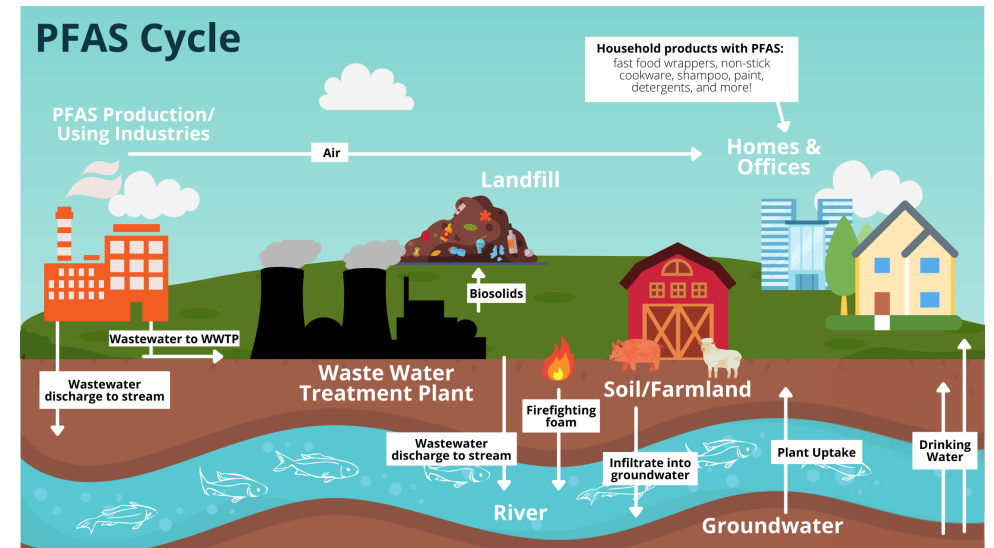
**75,055**

- LIHWAP is a temporary program that needs permanent funding
- Senator Padilla → draft bill to make LIHWAP permanent



# PFAS & PFOA: EPA Proposed Drinking Water Regulation

- PFOS & PFOA Mcl = 4 parts per trillion (PPT)
- Next Gen: PFAS Chemicals = “Hazard Index” instead of MCL
- 3-year compliance deadline
- 3,400 to 6,300 impacted water systems according to EPA
- CERCLA = PFAS hazardous substance
  - NAWC has advocated for a blanket exemption for water utilities
- Black & Veatch Study = cost to comply \$47 billion
  - Impact on ratepayers
- Polluters must pay = litigation by water utilities against DuPont and 3M



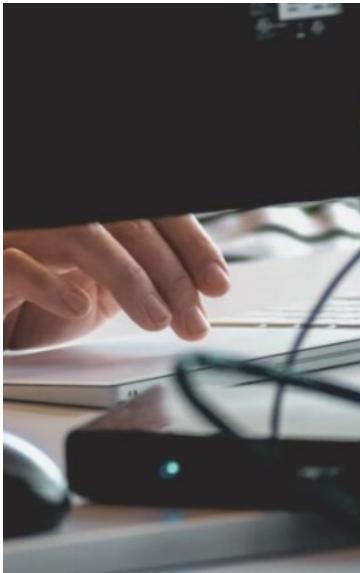


OP-ED

## CYBERSECURITY NEEDS TO BE TOP PRIORITY IN NATION'S WATER UTILITIES

In February 2021, a hacker remotely adjusted the chemicals at a water treatment system in Oldsmar, Fla.

→ By Rob Powelson, NAWC



OP-ED

## WATER COMPANIES MUST STEP UP ON CYBERSECURITY

The critical importance of ensuring the safety and reliability of the nation's water cannot be overstated.

→ By Rob Powelson, NAWC

# Cybersecurity

## PROTECTING THE NATION'S MOST VALUABLE RESOURCE

# OVER 90%

of NAWC members have a cybersecurity plan in place, however, NAWC's members are the exception, not the rule, when it comes to preparedness and cybersecurity in the water sector

# NAWC Cybersecurity Priorities

NAWC member companies support state and federal initiatives aimed at driving uniform cybersecurity compliance for all drinking water and wastewater system operators.

NAWC supports efforts to establish a North American Water Reliability Council (NAWRC) to manage the development of strict compliance standards.

NAWC supports the creation of a new FERC-like regulatory office with the EPA's Office of Administrator to oversee the NAWRC proposed compliance standards.

NAWC supports actions that require all drinking water and wastewater system operators to register for CISA's Cyber Hygiene Services.

NAWC supports legislative and administrative measures to protect against ransomware attacks and other known "threat vectors" that could compromise industrial control systems.

NAWC also supports the formation of a nationwide cyber security mutual assistance program for all drinking water utilities.



# Workforce Development: NAWC Career Center



The NAWC Career Center is a gateway to a world of opportunities in the water and wastewater industry. It serves to connect potential employees to essential roles within the NAWC Membership.





**ROBERT F. POWELSON**

President and CEO  
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202.379.2329



Questions?  
Please reach out

**VISIT**  
[www.nawc.org](http://www.nawc.org)



@NAWCH20



**APRIL BALLOU**

General Counsel and  
VP of State Regulatory Affairs  
april@nawc.com  
703-969-3203

# IV. Transcript

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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PROCEEDINGS: INTERNAL AFFAIRS

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

DATE: Tuesday, February 20, 2024

TIME: Commenced: 9:30 a.m.  
Concluded: 11:05 a.m.

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

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

PREMIER REPORTING  
TALLAHASSEE, FLORIDA  
(850) 894-0828

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

2 CHAIRMAN LA ROSA: Awesome. Well, good  
3 morning, everybody. Today is February 20th, and  
4 welcome to our Internal Affairs meeting here at the  
5 Florida Public Service Commission.

6 A few quick -- quick notes. If you did hear  
7 the music today, right, it was recommended by two  
8 of our members. I don't know maybe -- I don't know  
9 if I should say their -- I think we will get it in  
10 an email. I will send their -- I will send their  
11 name via email in case you don't want to be  
12 identified, but it was Electric by Katy Perry if  
13 you were listening closely. So keep those  
14 recommendation coming, it's a little fun process to  
15 kind of get through them.

16 I am going to go ahead and announce the  
17 Employee of the Month. I think we are good to do  
18 that.

19 Mr. Lee Smith from ECO is our Employee of the  
20 Month.

21 (Applause from the audience.)

22 CHAIRMAN LA ROSA: He is currently a PAIV in  
23 the Forecasting section, and joined the Commission  
24 staff back in 2014. He acts as a lead analyst on  
25 dockets related to electric, gas, depreciation,

1 including depreciation studies and depreciation  
2 related issues in rate cases, so certainly very  
3 important to us as we sift through that.

4 He did an excellent job communicating and  
5 coordinating with ECO and other divisions during  
6 the discovery, recommendation and drafting stages  
7 of both dockets, meaning FPC and ECG cases we did  
8 last year.

9 His previous experience comes from AFD. Lee  
10 also works with load and fuel forecasting issues  
11 such as analysts on electric utilities in our  
12 ten-year site plan. Lee certainly has his hands  
13 full.

14 Recently, Lee attended a conference held by  
15 the Society of Depreciation Professionals and  
16 subsequently shared knowledge gained regarding the  
17 depreciation and analyzing net salvage in training  
18 sessions provided to him and other staff members  
19 within his division, which is very appreciative.  
20 To bring in outside information, outside knowledge  
21 and bring that to his peers, certainly appreciative  
22 of that.

23 From his supervisors, Lee is a pleasure to  
24 work with due to his positive attitude, in-depth  
25 understanding of the subject matters, and ability

1 to remain calm under a heavy workload, which  
2 happens often here at the Commission.

3 So, Lee, congratulations, and it's a pleasure  
4 to have you here at the Florida Public Service  
5 Commission.

6 (Applause from the audience.)

7 CHAIRMAN LA ROSA: All right. So today with  
8 us we have Mr. Robert Powelson. He is the  
9 President and CEO of the National Association of  
10 Water Companies, and is here to present a -- have a  
11 presentation to us, talk to us a little about what  
12 her doing and what's going on across the country,  
13 so a pleasure to be here, we will hand you the  
14 floor and you can jump in whenever you are ready.

15 MR. POWELSON: Perfect. Well, thank you,  
16 Chairman La Rosa.

17 And one request when I wrap up will be a water  
18 song. We will be a water theme --

19 CHAIRMAN LA ROSA: You know what, I think we  
20 can incorporate that. We are all about changes and  
21 unique things here at the Commission, so, you know,  
22 maybe we will take that on.

23 MR. POWELSON: Well, I want to thank you for  
24 having me here in the sunshine state. I had a  
25 pleasant trip down from chili Philadelphia. We are

1 still in post morning after starting the NFL season  
2 10 and one, and then we had a complete collapse.  
3 So it's good to be here in Tallahassee.

4 And, you know, I thought about the employee  
5 recognition as I once sat in that seat in  
6 Pennsylvania. And, Lee, congratulations. You  
7 know, you think about the commissions across in  
8 country and the work that we did, and I said this  
9 to someone, no one ever thanks us for public  
10 safety, protecting the public interest, and  
11 sometimes we make really difficult decisions.

12 We raise rates. We fine companies. We revoke  
13 licenses. And for without us, things would be awry  
14 in certain communities and certain states. And we  
15 don't pat ourselves on the back enough, but PUCs  
16 are independent agencies, and, you know what, I say  
17 to the people like Lee who are recognized in the  
18 Commission staff, you are the worker bees that make  
19 us look good. In my case, made me look good in  
20 spite of myself at certain times, so I appreciate  
21 that.

22 It's really good to be here. And obviously  
23 the topic today is the discussion on the water  
24 grid, and I thought about Florida. You know,  
25 arguably the economic marvel of the U.S. right now,

1 a thousand people a day moving to Florida.

2 CHAIRMAN LA ROSA: Could we quote you on that,  
3 economic marvel?

4 MR. POWELSON: You can, you know, as a former  
5 economic development specialist, I still have scar  
6 tissue from deals lost to Florida and other states.  
7 And that's not -- it doesn't happen by chance, as  
8 we all know. That happens by good policies, and a  
9 good regulatory climate where companies and, you  
10 know, property owners want to invest in, so we are  
11 going to talk a little bit about that here this  
12 morning.

13 You know, before I jump into it, you know, I  
14 want to contextualize with everybody, you know,  
15 water is getting a lot of headlines in the U.S.,  
16 and those headlines have not been good ones.

17 As you know, the recent events in Jackson  
18 Mississippi serve as a stark reminder. Imagine  
19 25,000 cases of bottled water delivered to a  
20 community because they didn't trust, not only that  
21 they did not trust, there was a systematic failure  
22 in engineering and safety in the delivery of what  
23 should have been a safe, reliable service to  
24 customers.

25 You will hear me talk about it in one of my



1 slides. I did three visits to Jackson. And we  
2 don't have any member interest in Jackson, but when  
3 you talk to policy-makers, you talk to the  
4 Commission, you talk to just people in the  
5 community, it's really a sad state of affairs that  
6 that event unfolded.

7 We need to do more as an industry, like our  
8 nuclear brethren. Compliance really matters in  
9 this business. You cannot have marginal systems  
10 out in the marketplace. As we sit here today, we  
11 have something like 1,500 drinking water systems  
12 that were in serious violation of the Safe Water  
13 Drinking Act, but they are still in business, and  
14 that burden falls on the Environmental Protection  
15 Agency to say, you are in violation of that federal  
16 statute, and you have a plan to either comply or  
17 decide to find a home, or be in a safe harbor  
18 environment where you are not going to create a  
19 public health crisis in the communities in which  
20 you are serving.

21 And so that really leads into the three -- I  
22 want to set it up -- contextualized three things in  
23 this conversation today. One, the public policy  
24 side of the ledger. The infrastructure. The  
25 pipes. The pumps. The meters. The water quality.

1           And then on the other side, the economics of water.

2                   And if we don't look at those issues in the  
3           context of how these problems are all  
4           interconnected, we are not going to ever solve the  
5           problem. And the problem is daunting, a trillion  
6           dollars of spend needed to fix the U.S. water grid.  
7           And by the way, I am not going to lobby Congress  
8           for spending for a trillion dollars. It's not  
9           going to happen.

10                   Good news, bipartisan infrastructure bill, \$55  
11           billion new money into the water grid acts  
12           accessible for public and private water systems.  
13           It's a good start. It's 55 billion. The problem  
14           is a trillion, these a nice appetizer to start.  
15           It's not ongoing funding, but it does help us, you  
16           know -- and we are -- we are coming at this as  
17           private capital. So we are not looking -- at  
18           times, you know, we use state water revolving loan  
19           funds, but at the end of the day, the 55 billion is  
20           really not going to solve some of the chronic  
21           problems.

22                   So we will jump into that today. And feel  
23           free at any time to stop me with a question. I am  
24           glad to -- I want to make this interactive with  
25           everybody.

1           I remind everybody -- there we go. Perfect.  
2           by way of background, we are an organization. We  
3           are celebrating our 129th anniversary. We are  
4           older than the national football league. We are  
5           older than the Edison Electric Institute. And I  
6           don't want to get the folk from the electric  
7           industry mad at me. And we are older than the  
8           American Gas Association. 129 years old, founded  
9           in 1895. And, you know, we only represent, as an  
10          industry, 15 percent of the water grid.

11          So Florida is a big municipal state.  
12          Commissioner Graham knows something about that,  
13          coming from Jacksonville. You have some really  
14          well run municipal systems in the state of Florida.  
15          I am not going to argues that. We -- a  
16          conversation about, you know, where do you see  
17          policy going with large water systems? Large water  
18          systems in areas like Miami, Orlando are well  
19          capitalized. They go out to the public markets and  
20          they finance their operations, and they invest.

21          And, you know, I am not worried about certain  
22          areas of Florida grabbing national headlines. I am  
23          worried about areas, rural areas, suburban areas of  
24          the country, where we are having O&M some of these  
25          failures.

1           Our members, just by way of background, we  
2           have 73 million customers. We maintain about  
3           100,000 miles of pipe, distribution pipe across the  
4           U.S., and about 4.5 million -- billion gallons of  
5           water services. And one of the problems in the  
6           water industry, and you are going to deal with this  
7           as a commission, is we have a lot of leaky pipes.  
8           So be dogged in asking questions, like you do with  
9           the gas industry, unaccounted for gas, unaccounted  
10          for water, and this is -- this is an issue that  
11          every commission will grapple with.

12                 Just on the leadership side of this, you know,  
13           I was honored to serve as Chairman of the  
14           Pennsylvania Public Utility Commission, and I  
15           served as President of NARUC. So my relationship  
16           with this commission is very deep. This is a gold  
17           standard commission. I am not sounding like -- I'm  
18           not coming off sounding like a used car salesman  
19           here. If you look at that wall of Commissioners  
20           past, present, future, Florida PSC, Commissioner  
21           Graham served on the Water Committee. This  
22           commission is actively involved in NARUC, and that  
23           really is important.

24                 As I like to say, at NARUC, there are work  
25           horses and show horses. Florida is a workhorse

1 state. The Commission staff is engaged. That  
2 really matters. And you gain a lot back from  
3 NARUC, which is important. So I did my public  
4 service announcement for NARUC this morning.

5 We also host policy forums. We try to bring  
6 the regulatory community together. So we do a  
7 commissioner policy forum. This year it's in  
8 Texas.

9 We also have our presidents' retreat, which  
10 will be held in Orlando. So I might be touching a  
11 few of you to come over and join us for that to  
12 speak to our company presidents.

13 And then we host an annual summit, which this  
14 we are year is in San Diego.

15 On the right side of the ledger, this is our  
16 executive leadership team. Two of those companies  
17 -- one of those companies is very invested here,  
18 Josiah Cox, President of Central States Water. But  
19 you also have Southwest Water, Corix and Peoples  
20 Water here.

21 And by the way, I am going to make a  
22 prediction. As Florida's Legislature and new  
23 regulatory tools come about, I think Florida is  
24 viewed, in my lens, as a growth state for private  
25 water to invest in.

1           By the way, a thousand people a day speaks  
2           to -- you are going to have a lot of  
3           interconnections, a lot of housing developments, so  
4           naturally, someone has to service those customers.

5           Just again, we are the voice of regulated  
6           water. What does that mean? Well, 85 percent of  
7           the U.S. water grid is municipally run. I will  
8           repeat that. 85 percent of to the U.S. water grid  
9           is municipally run. There is a good and bad to  
10          that. The 15 percent that we represent, I cannot  
11          see a sustainable model that 85 percent of the U.S.  
12          water grid is going to continue to be under  
13          government control. It just can't happen in the  
14          world of constrained budgets. What we have just  
15          come through with post -- pre and post-pandemic  
16          related spending. This is not a sustainable model  
17          where the U.S. Congress or state legislatures are  
18          going to be issuing checks to solve the water  
19          crisis in the U.S.

20          By the way, on the wastewater side, 90 percent  
21          of the U.S. water grid is municipally run. And I  
22          am not here to bash government, because I worked in  
23          government, but I am also, you know, my -- my -- my  
24          mother was in local government. Some of you have  
25          local government backgrounds. You know the

1           daunting task of running police and fire  
2           departments, managing budgets, and water is,  
3           sometimes to mayors of towns, it's I like that  
4           transfer payment, I am not so sure I need to invest  
5           heavily in infrastructure.

6                   And that's where we -- the problem with the  
7           grid is what I call the huge liability, you know  
8           what it is, deferred maintenance. You kick the can  
9           down the road, and what ends up happening, you have  
10          what we have, chronic example of Flint and a  
11          community like Jackson, where the municipal  
12          authorities have just kicked the can down the road  
13          and there was underinvestment in the system, and  
14          that led to what we see today in Jackson.

15                   You know, there is also -- you know, I talked  
16          about the 1,500 drinking water systems that are  
17          noncompliance with the Safe Water Drinking Act.  
18          Think about the 5,300 drinking water systems that  
19          are in violation of the lead and copper rule. That  
20          means we have systems out there that have high  
21          volumes of lead in the water.

22                   President Biden, to his credit, has made this  
23          a national priority. Get the lead out. You will,  
24          as a commission, and working in partnership with  
25          your state environmental regulator, you will be

1 cataloging these, you know, lead service lines.  
2 And Florida is a different state, because a lot of  
3 your infrastructure is newer, so you don't have  
4 really the lead and copper exposure that some areas  
5 like the older cities of the northeast are dealing  
6 with now. Cities like New York, Baltimore, even in  
7 my hometown of Philadelphia.

8 As an industry, we invest -- our top five  
9 members invest \$5 billion per annum private capital  
10 into our distribution grid. I don't like to, you  
11 know, take victory laps, but one of the big things  
12 we are very focused on as an industry is our  
13 compliance record. So you see that bottom stat,  
14 about 35 percent of member companies, their  
15 employees are less likely to have a work-related  
16 injury. I think part of that is a culture that we  
17 drive as an industry. Safety matters.

18 The safety of delivery of water molecules to a  
19 home, think about it, we are the only public  
20 utility service consumers ingest in this country.  
21 We know we don't ingest Florida Power & Light  
22 electrons., we don't touch them. We don't drink.  
23 We don't ingest them. And we certainly don't want  
24 to ingest gas molecules. But our part is from the  
25 tap to the home or to the business. And when you



1           have failures, they are failures that create  
2           massive public health scares in communities. And I  
3           am sure we have all read those headlines, world  
4           water alerts, and just the interruption of service  
5           to customers.

6                    Being here in Florida, I know there is one  
7           thing you guess guys are really good at, emergency  
8           preparedness. You have dealt with hurricanes.  
9           Think about, you know, people come -- become  
10          accustomed. I can deal with power being out, you  
11          know. I get it. Crews, mutual assistance crews  
12          are out. I guarantee you, you deal with a customer  
13          that's been down water service for a while, it's a  
14          different -- and I have been there, and I have that  
15          scar tissue to feel it -- it's a different outrage.  
16          So let's hope in Florida we don't have to read into  
17          that chapter.

18                   Let's shift gears and really get into what's  
19          the key priorities for our industry. There --  
20          oops, go back -- is really these five issues, and  
21          all of them, you know, start with emergency  
22          preparedness.

23                   There is not a utility in this country, or  
24          there better not be, that is not engaged in  
25          resiliency planning and emergency planning, and is

1           just not dealing with weather related events. It  
2           is -- it should be in the fabric of every utility  
3           you regulate here. Emergency preparedness is front  
4           and center, and we will get into that.

5           Water quality, we will talk about the failures  
6           and what we are going to see on the horizon with  
7           water quality regulations coming out of the EPA.

8           Affordability, I don't think you can go  
9           anywhere in this country and not talk about the  
10          affordability of water, but we also lose sight of  
11          the fact of the value proposition of water at about  
12          \$83 a month to an average American for bottled  
13          water. I am not going to pick a fight with the  
14          bottled water industry here today, but that's an  
15          aside.

16          Forever chemicals, these emerging  
17          contaminants. There is not an individual in this  
18          room, I guarantee you, you have heard about PFAS  
19          and PFOA, and we are going to talk about that as  
20          well.

21          And then really, the emergence of threat  
22          vectors in the water grid. Florida had one with  
23          the Oldsmar incident. Up in my home state, Iranian  
24          threat vector, with the Aliquippa Water authority.

25          The velocity of these attacks on mainframes,

1 fishing expeditions, trying to capture customer  
2 data, trying to disrupt the industrial control  
3 systems, these are real, and they are present, and  
4 they are not going away, and we need to talk about  
5 cyber in a really different context.

6 I put this slide up there because I am not --  
7 I am not an expert on weather patterns. I am not a  
8 meteorologist. But one thing I begin to catalog  
9 new terminology. So in Florida, you know about  
10 hurricanes pretty much. So think about what is an  
11 atmospheric river? Did anybody, like, five years  
12 ago know what an atmospheric river was? I didn't.

13 When I was at the FERC, there was a thing  
14 called a bomb cyclone. I didn't know what a bomb  
15 cyclone.

16 Anybody know what a derecho is? When I was  
17 the Commission Chairman, a derecho cropped up in  
18 PJM and devastated the grid for a couple of days  
19 and wreaked havoc, and so I didn't even know what a  
20 derecho was. I just thought it was, like, okay,  
21 hurricanes, winter storms and flooding, right?

22 That's the map. Okay. That's what it looks  
23 like. And that is impacting the resiliency of not  
24 only the electric and gas grid, but our grid.

25 And so from our lens, you know, we are

1           invested, you know, investing in mitigation efforts  
2           around flooding. You deal with it here in Florida  
3           with red tide, and the exposure red tide has not  
4           only on the overall tourism market but the overall  
5           economic impact red tide has had. And so you go  
6           through the map there, and you are just seeing this  
7           convergence of weather events, and they are having  
8           drastic impacts on utility infrastructure.

9                     And for us, we've had some really, you know,  
10           missed -- near miss events where, you know,  
11           floodwalls maintain themselves, but, you know,  
12           we've had flooding of water treatment plants. I  
13           need not remind anybody in the room, when that  
14           happens, the sewage overflows and it has to go  
15           somewhere. So then you have to the downstream  
16           impacts of that.

17                    So this slide is just to really put things in  
18           context. It's not a conversation around climate.  
19           It's really to look at the impact these weather  
20           events are having. And by the way, we are seeing  
21           it now in states like Florida and Texas, the impact  
22           it's having on insurance markets as well as we  
23           insure these assets -- these critical assets.

24                    And let me just stay on this slide for a  
25           moment to put something in context. 40 U.S. states

1 over the next decade, according to NOAA, are going  
2 to face some type of drought or water scarcity  
3 event. So you think about that, 40 states. Where  
4 is it happening?

5 As we sit here today, we go up into Lake Mead  
6 and Lake Powell. They provide seven lower basin  
7 states in the southwest about 80 percent of their  
8 water supply next to the Colorado. And my little  
9 stat here says 28.8 of the -- excuse me, the 28  
10 percent of the water distribution is impacted by  
11 that -- those two -- two lakes being at some of  
12 their lowest levels in 100 years.

13 And by the way, anybody that says, well, these  
14 are only 100-year events. Those days are gone.  
15 These are not 100-year events. These are 100-year  
16 events happening on a per annum basis, velocity,  
17 economic impact, I go down the line. These are not  
18 -- this is the new normal.

19 And I know in this room, and the Commission  
20 staff, and you, as commissioners, are dealing with  
21 this. In fact, Florida has been at the, clearly on  
22 the front line of this.

23 So I just wanted to share that with you,  
24 because this is something that is very big to us as  
25 an industry, investing in that preparedness and

1           that resiliency.

2           We talk about Jackson. And, you know, I start  
3 with my three visits there. You know, Jackson  
4 wasn't the August event that really started things.  
5 It was seven years in the making. And I put that  
6 timeline together. And the reason I did that was  
7 to think about Jackson, Mississippi, you know,  
8 150,000 residents. It's the state capital. 25  
9 percent of the capital -- excuse me, the citizens  
10 live below the federal poverty line.

11           When the event hit, you heard about the 25,000  
12 cases of bottled water. You saw the lines on the  
13 major news networks of people lining up to get  
14 their cases of bottled water.

15           The Governor at the time -- the Governor Tate  
16 Reeves basically issued an emergency order. The  
17 EPA came in, tried to -- we'll call it triage the  
18 event. There has been federal emergency funding.

19           So let's go to the bottom. June 7th, 2023,  
20 City of Jackson will receive \$115 million in  
21 federal funds for infrastructure improvements.

22           So just take Jackson, and for every Jackson,  
23 is there another 115 million out there? I don't  
24 think so. I really don't believe that we have the  
25 capacity in the world of Congress right now with

1 the war in Ukraine, and all the other national  
2 priorities, that the EPA is going to be giving  
3 these blank checks to give out.

4 And so I come from the thesis of, we can solve  
5 that problem with private capital investment in  
6 investor-owned water utilities coming into the  
7 space to solve those problems.

8 One thing I am very proud of that NAWC did,  
9 and it was, again, my visits to Jackson, is we  
10 worked with the Legislature to institute a water  
11 quality accountability bill. And I will be very  
12 quick on that.

13 We have been going around to state capitals.  
14 It started in New Jersey. We worked a bill in  
15 Indiana, which were signed -- both states signed  
16 into law, and then a bill has been introduced in  
17 Pennsylvania. But here's what the water  
18 accountability bill does. It says that every  
19 drinking water provider in the state -- by the way,  
20 these are entities that are non-PUC regulated. And  
21 I don't want to sound like I am, you know, my days  
22 -- they used to joke with me back in Pennsylvania  
23 -- a big government republican looking to manage  
24 things. No, that's not what this is about.

25 We basically say in the act, every drinking

1 water provider needs to submit a plan, whether you  
2 are regulated or not by the public utility  
3 commission, you have to submit a cybersecurity  
4 plan, right? I think that's pretty basic, right?  
5 You should have a cybersecurity plan. I am not  
6 saying it has to be as robust as Florida Power &  
7 Light, but it has to have -- you have to have a  
8 plan, and you have to test that plan, and you have  
9 to demonstrate that you have a plan.

10 The second thing is you should be able to, any  
11 system provider, drinking water and wastewater  
12 provider, should be able, in the world of GPS, be  
13 able to map their assets under the ground. And so  
14 you should be able to file an asset optimization  
15 plan to show where your assets are.

16 The other piece of the legislation says, every  
17 one of those fire hydrants that you serve a  
18 volunteer fire company, they need to be tested.  
19 And I don't need to tell anybody in this room, I am  
20 a former volunteer firefighter at Garden City Fire  
21 Company in my hometown where I grew up. The last  
22 thing you want to do is touch the hydrant and there  
23 is no delivery of water product to fight the fire.  
24 You would be amazed in the U.S. water grid where  
25 fire hydrants are not tested to levels where they



1           should be, so the flows of water cannot adequately  
2           provide fire protection.

3           And I share that with you, because it's a  
4           pretty simple bill. It's not a mandate. It's to  
5           basically tell the marketplace -- remember my  
6           earlier point, compliance. The greater the  
7           compliance, the greater the marginal system will  
8           find a home and get out of the business, and  
9           basically will avert what happened in the Jacksons  
10          and other communities, where you have these public  
11          health crisis.

12          And this is -- by the way, this case study  
13          here, this is not just -- believe me when you hear  
14          me say, this there is more Jackson water crisis out  
15          there, okay. And bottom line is, we feel very  
16          strongly about states passing water quality  
17          accountability bills to require every system,  
18          drinking water system, to be able to file plans  
19          that demonstrate, like you do with -- this  
20          commission, Braulio, what, management audits,  
21          right?

22                 MR. BAEZ: Uh-huh, among other things.

23                 MR. POWELSON: This is like a management audit  
24                 for everybody in the water grid.

25                 I will go one step further, is I think every

1 drinking water provider, municipal, should be under  
2 the purview of a Public Service Commission. Art  
3 might disagree with me there, but I will give my  
4 thesis.

5 I never met a mayor that appointed a board  
6 that said, go ahead and raise water rates to  
7 properly fund the water authority, or the  
8 wastewater authority. I mean, there might be a few  
9 exceptions, right?

10 So you have a political dynamic of appointees  
11 on boards, and what are they there to do?  
12 Artificially suppress rates. Mayors do not get  
13 reelected saying, I raised your sewer rates by X.

14 That's a problem. This body, this independent  
15 agency is programmed to do economic and safety  
16 regulation, much better than a legislature could  
17 ever do, and that's why you are constituted as an  
18 agency.

19 So commissions, regulated water companies, we  
20 understand economic and safety regulation. I am  
21 not saying they don't, but rates -- and by the way,  
22 Pennsylvania put the Allegheny -- Allegheny County  
23 Water Authority, the Legislature was so fed up with  
24 all the mismanagement, and said, okay, Speaker of  
25 the House and the Majority Leader and the Minority

1 Leader of the Senate said, we are putting you under  
2 the auspices of the PUC.

3 At the time, a lot of friction. Guess what.  
4 The authority -- the Allegheny Water Authority will  
5 say that was the best thing that ever happened to  
6 us. We are under the purview of the PUC. We now  
7 understand how to do a rate case, and we are a  
8 properly capitalizing and investing in our system.

9 So I am not looking to add more workload here.  
10 That is not my advocacy. But I am just giving you  
11 a conception of why I think commission oversight  
12 matters in this conversation.

13 COMMISSIONER GRAHAM: Rob, a question for you  
14 before you move on.

15 MR. POWELSON: Yep.

16 COMMISSIONER GRAHAM: This Jackson study, so  
17 these -- these guys are munis.

18 MR. POWELSON: Uh-huh.

19 COMMISSIONER GRAHAM: And Flint, Michigan,  
20 that was a muni as well.

21 MR. POWELSON: Correct.

22 COMMISSIONER GRAHAM: Remind us quickly what  
23 happened out there in Flint.

24 MR. POWELSON: And so the Flint crisis was one  
25 where you had -- the state detected high levels of

1           lead, and the Governor, Rick Snyder, I believe at  
2           the time, did like Tate Reeves did, emergency  
3           order. And in the case of Flint, they asked for a  
4           private operator to come in and manage it.

5           At that point, all right, the ship had sailed.  
6           I mean, they had the lead -- the lead lines needed  
7           to be replaced. The lead levels were rising. I  
8           think we had an engineering issue and safety issue  
9           that gets blamed to the private operator. The  
10          reality, as the court cases demonstrate, it wasn't  
11          the private operator. These were the legacy issues  
12          that the private operator was dealing with.

13          COMMISSIONER GRAHAM: So it was still an  
14          infrastructure program -- infrastructure problem?

15          MR. POWELSON: Absolutely. Yeah. Yeah.

16          And look, you know, to the credit of the this,  
17          you know, what the EPA, Office of Water, and  
18          Michael Regan, the administrator, they are very  
19          focused on, let's -- we got to go into the  
20          communities like Flint, and Newark and  
21          Philadelphia, and we got to get the lead service  
22          lines out, but how do you do it and manage  
23          affordability? So that's going to be a big -- a  
24          big issue for some of these larger municipal  
25          systems.

1           Good question, though.

2           CHAIRMAN LA ROSA: Rob, quick -- similar  
3 question.

4           So in Jackson, right, so it was no secret in  
5 2015, the mayor declared a state of emergency for  
6 failing infrastructure. If this was privately  
7 owned, what do you think, you know, would have been  
8 done or could have been done? Because, I mean,  
9 there are six years there were, you know, before  
10 things started to fall apart.

11          MR. POWELSON: So let me -- I missed the point  
12 here.

13          This is a system that we look -- we look at  
14 the -- at the failures. This is a system over that  
15 seven-year period that had uncollectibles that  
16 would probably give this commission heartburn,  
17 meaning people not paying their bills. And I don't  
18 have the number, but it was alarming when I heard  
19 it.

20          And the bottom line is, the viability of the  
21 utility is the ability to collect on the rate.  
22 Well, if you don't have people paying their bills,  
23 this leads to the death spiral of a utility.

24          And to credit of the current operator, Ted  
25 Henifin, who I have met, he is trying to figure out

1 a way to cal -- you know, they a metering debacle,  
2 a rollout on metering which did not go well. They  
3 had, again, a lot of customers that were not paying  
4 bills. And then you had the issue of  
5 cross-subsidization. As you know in this industry,  
6 good customers paying for bad customers non-fail --  
7 failure to pay. That is where we are today. And  
8 they are trying to actually get that under control.

9 And, by the way, you can't drop a \$10,000 bill  
10 on someone for past payments. So I think they are  
11 kind of saying, we are going to forgive the past,  
12 but you are going to have metered water. And for  
13 people who run into affordability issues, we are  
14 going to provide assistance, which is smart. I  
15 think that's a smart way to do it. But it was a  
16 mess when I was there my first visit.

17 And by the way, think about it. People  
18 knocking on doors, hi, I am with the  
19 filtration company, I would like to sell you a  
20 water filtration system. That -- that -- that  
21 is -- that is the theme -- you know, that is  
22 praying on peoples fears. A lot of that went on.

23 Here's my -- here's my concern. \$115 million.  
24 If that money is not allocated properly to  
25 engineering and investment, they are not going to

1 fix this problem. I am hopeful they will.

2 I will tell you what, when the City put out  
3 the bid for anybody willing to come in and invest,  
4 there was not one investor-owned water utility that  
5 submitted a bid. Why? Because they are worried  
6 about the risk of what happened in Flint and a  
7 public -- or a private owned water system being  
8 blamed for all the past sins.

9 And if we are not held -- you know, look, I am  
10 not saying we can't be held liable if that, but we  
11 have to have -- it's like a brownfield legislation,  
12 where you go in and redevelop it. You know, I  
13 can't -- you know, the developer can't be held  
14 accountable for, you know, the polluter. He is  
15 trying to clean up the pollution. Well, that's  
16 what we run into here, and we are going to talk  
17 about that in another side around -- around the  
18 CERCLA with PFAS, so --

19 But this -- this is -- you know, you can't go  
20 anywhere in the country where this topic doesn't  
21 come up. And I purposely, my number two, Rikardo  
22 and I went down there, and I mean, it's just sad  
23 that you would see a community face -- you know,  
24 they just don't trust what's coming out of the tap,  
25 and it didn't start back in that 2022 timeframe.

1           You saw it started in 2015 --

2                   CHAIRMAN LA ROSA:   Right.

3                   MR. POWELSON:   -- so.

4                   Okay.  So we talked about the issue of  
5           affordability and, you know, there is a -- there is  
6           a lot of groups, the Aspen Institute.  There is a  
7           lot of NGOs out there that talk about this.  How  
8           many of you have heard this term, water equity?  
9           It's out there, it's, you know, water equity.  And,  
10          Art, you are going to laugh, but I think I will use  
11          the Butch Howard definition of water equity.  South  
12          Carolina commissioners, you know, everybody in this  
13          room, right, we all should have access to water,  
14          right?  Fair enough.  I agree with that.  But there  
15          is input cost to produce water.  You have to source  
16          it.  You have to treat it.  You have to invest in  
17          the pipes, and you have to deliver it, right?

18                  So my good friend Commissioner Howard would  
19          say, everybody has -- water is -- should be  
20          equitable.  It should be delivered to every  
21          community, and everybody should have access to it.  
22          But let's not forget, you wouldn't go down to the  
23          local water basin and put a bucket in there and  
24          drink it.  Pretty primitive thought.  I go, you  
25          wouldn't.



1           And that's where I think we lose sight of this  
2           water equity. It's a human right exactly, but it's  
3           a public -- whether you are a municipal system or a  
4           private system, it is a public utility service, and  
5           it has to be invested in, and it has to have  
6           physical and cybersecurity protection. You have to  
7           invest in water treatment, because if you don't,  
8           that previous slide is what you have.

9           So that's the -- that's -- you know, we spent  
10          lot of time defining, or spending time with groups.  
11          Okay, we got the water equity. We understand it.  
12          But water equity comes with investment of the -- of  
13          the service to the customer.

14          This next issue is really important. This is  
15          really -- you know, you look at, you know, a lot of  
16          the money that pre and post-pandemic, good or bad,  
17          one of the things Congress did is put up emergency  
18          funding for a first ever low-income water  
19          assistance program.

20          For my friends in the electric and gas  
21          industry, can I get a show of hands here? Show  
22          yourselves. Your program is LIHEAP, right? LIHEAP  
23          has \$12 billion of monies annual appropriations.  
24          It's a great program. I know Florida Power &  
25          Light, TECO, everybody in Florida benefits from

1           having access, low-income customers, to LIHEAP.

2           Our program has the word emergency in front of  
3           it, but we are beyond the emergency. We are a  
4           public utility service, and we have been allocated  
5           1.13 billion emergency funding. And we are begging  
6           Congress -- not a good time, by the way, to lobby  
7           for an entitlement program. We are asking Congress  
8           in bipartisan fashion to supereminently fund  
9           LIHEAP. By the way, we are not asking for  
10          12 billion. \$1 billion, probably, over time, if we  
11          get to five billion would be great. But these are  
12          the numbers.

13          In my home state of Pennsylvania, we had a 95  
14          penetration rate of dollars to customers. Dollars  
15          went through the utility to help the customer with  
16          arrearage in their water and wastewater bills.

17          The numbers speak for themselves. I mean, I  
18          will just go down the left side. These are numbers  
19          that are put out by HHS. And the bottom line is,  
20          look, we lose LIHEAP -- or LIHWAP, the Low-Income  
21          Water Assistance Program, it's going to -- it's  
22          going to really be a setback for our industry. Or  
23          commissions are going to come forth and ask  
24          utilities to stand up low come assistance programs.

25          I would rather have the federal backstop of

1 LIHWAP to support customers than going around and  
2 having a 50-state compacted for how we do this.

3 It's a very good program, and we struggle with  
4 the fact that LIHEAP is working very well. I am an  
5 advocate for LIHEAP. LIHEAP has a 60 percent  
6 penetration rate. We are at 95. And granted, you  
7 know, some of this we can root cause why there are  
8 lower penetration rates, but the reality is, if  
9 that's not -- if Congress is not going to support  
10 permanent funding for LIHWAP, why not just put us  
11 under LIHEAP.

12 That's how we are received at EDI and HEA. So  
13 I am not going to go there, because we are not  
14 advocating for that. And that's why we have U.S.  
15 Senator Padilla from California, who is going to  
16 introduce a bipartisan bill to provide us permanent  
17 funding for LIHWAP.

18 It's a good program, and I can share with you,  
19 you know, there are the stats. I am glad to go  
20 deeper on it, but just by way of background, a  
21 number of state commissions have sent letters to  
22 Congress, to their congressional delegations asking  
23 for permanent funding for LIHWAP.

24 COMMISSIONER PASSIDOMO: And we also, Florida,  
25 have done that.

1 MR. POWELSON: Good.

2 COMMISSIONER PASSIDOMO: NARUC put out a  
3 pitch, and as a commission, we all agreed that we  
4 wanted to support permanent -- the permanency of  
5 this program.

6 MR. POWELSON: You have made my day. I  
7 appreciate that.

8 COMMISSIONER FAY: To be clear, Commissioner  
9 Passidomo led our --

10 MR. POWELSON: That's -- that's really good.  
11 Thank you. That means a lot, because the more, you  
12 know, states like Florida, California, Texas,  
13 Pennsylvania, it really does it helps, because we  
14 are -- I told my team, Senator Padilla is great,  
15 but you can't have one -- you need -- we need a  
16 bipartisan bill. An R&D on a bill matters in the  
17 Senate and the House, and so we are trying to --  
18 trying to push that. So thank you.

19 All right. The topic of all topics. The  
20 monumental rulemaking that came out of the EPA last  
21 year around PFAS and PFOA. I put this little chart  
22 of the PFAS cycle.

23 So I want you to all imagine that is a -- an  
24 environmental generation equity failure. Big  
25 statement, right? What does that mean? What is it

1 means we didn't know then what we know now. What  
2 we know now is PFAS chemicals -- and by the way, I  
3 live in the thriving metropolis of Philadelphia.  
4 And the Dupont Corporation is in Wilmington,  
5 Delaware. Founded it there and has deep lineage.  
6 In fact, the chemical industry came out of that  
7 area.

8 Well, PFAS, as a chemical, had tremendous, you  
9 know, universal needs in streets, spray stick  
10 panning, fire suppression. I mean, just really a  
11 lot of good multiple use both in commercial and  
12 consumer usage. Here's the problem, those  
13 chemicals have now seeped into wells, water wells.  
14 So there comes the generation equity failure. And  
15 what we didn't know then was the impact these  
16 chemicals are going to have in our drinking water  
17 system. Even worse in areas of the country around  
18 military bases.

19 I live -- you know, Pennsylvania, we have the  
20 case of the Willow Grove Navel Air Base and, you  
21 know, a couple thousand people showing up in a high  
22 school auditorium saying is this -- is this safe to  
23 drink.

24 And I want you to go back three years ago,  
25 because not -- not an R&D conversation, but under

1 the Trump EPA, we had a 70 parts per trillion  
2 health advisory standard. Meaning, if anything  
3 went above 70 parts per trillion, you had to issue  
4 an advisory, and that was it.

5 As an industry, we kind of said, whoa. Whoa.  
6 Wait a minute. New Jersey, California,  
7 Pennsylvania, state departments of environmental  
8 protection are moving in a direction to put MCL  
9 standards, maximum contaminant levels for PFAS.  
10 Meaning, the states were moving faster, as is often  
11 the case, ahead of the feds when it came to setting  
12 a maximum contaminant level for PFAS.

13 EPA, under the Biden administration, says, we  
14 are going to issue an MCL, and we are going to come  
15 out at four parts per trillion. That's basically  
16 what we call zero detect. We are going to do it in  
17 a way that -- by the way, a historic number of  
18 comments filed. I think it is 130,000 comments  
19 were filed at the EPA. It actually crashed their  
20 website. 130,000 plus comments filed on this  
21 proposed rulemaking.

22 It sets forth a three-year compliance  
23 deadline. And if you look at that bullet point on  
24 the impacted systems across the country, it ranges  
25 on the EPA -- this is EPA data -- 3,400 to 6,300

1 sites. I guarantee you there are sites here in  
2 Florida.

3 And then you get into the cost. And that  
4 cost -- Black & Veatch is a very reputable firm.  
5 They were retained by the American Water Works  
6 Association -- over a ten-year compliance window,  
7 it's about \$47 billion of compliance cost.

8 You heard me say earlier, our industry is all  
9 about regulatory certainty. So you are not going  
10 to hear me -- I am not going to capitulate. We  
11 support an MDL standard. You got to have it. You  
12 can't have health advisories, and you can't have  
13 this checkerboard approach where New Jersey and all  
14 these other states are doing stuff and we can't get  
15 to a number.

16 By the way, the state numbers were in the  
17 range of 10 to 15 PPT. I think that was a more  
18 rational approach. Four parts per trillion comes  
19 at a very big price tag, and the implementation's  
20 timeline of three years could be difficult.

21 Here comes the next issue. We didn't create  
22 the problem. This stuff is showing up in drinking  
23 water wells. We have to treat it. We have to  
24 detect it. And then we get sued by the trial  
25 lawyers potentially because we are a passive

1 receiver of this. Cases are coming. I have been  
2 to this state by the way, not a TV commercial I  
3 haven't seen.

4 COMMISSIONER FAY: We are just clarifying  
5 lawyer and trial lawyer are different categories.

6 MR. POWELSON: No disrespect to the Florida  
7 law.

8 And so here comes this enormous risk and  
9 liability where water utilities, who never created  
10 this problem, who are passive receivers, who are  
11 going to invest right now in a technology called  
12 galvanized activated carbon, and we are going to  
13 take this stuff out, and then we are going to get  
14 blamed for the disposal of it for liability.

15 Does that make any sense to anybody? I mean,  
16 it's almost like coal ash. We knew it was an  
17 issue. Many states dealt with it. And, you know,  
18 you are sitting here telling us, as an industry,  
19 not this commission, but you are going to be held  
20 -- you are passive receiver, we know you didn't  
21 create the problem, but there are environmental  
22 groups in Washington talking to people saying, do  
23 not give them an exemption. Do not give the water  
24 industry an exemption.

25 I don't get that. I think it's an absolute



1 failure to recognize that we are going to -- you  
2 know, we will go to four parts per trillion. We  
3 are going -- we are investing. I mean, our systems  
4 are, you know, we are -- we are ahead of that  
5 curve, but to back end sue us and not give us what  
6 they call a CERCLA exemption for PFAS is -- I think  
7 it's a policy failure.

8 So we are spending a lot of time. We will  
9 work with NARUC, but we need to work through this  
10 exemption, because it's going to cause a world of  
11 hurt for the industry going forward.

12 CHAIRMAN LA ROSA: You mentioned other states.  
13 I think you said 10 to 14 PPT?

14 MR. POWELSON: Yes.

15 CHAIRMAN LA ROSA: Is that digestible by  
16 states that have done --

17 MR. POWELSON: That seems to be a number that,  
18 in one of our companies, in their -- in their  
19 issuance of -- to Wall Street, he said we can live  
20 with a 10 to 15 PPT. And, you know, I think that  
21 -- that's where we thought the EPA was going to  
22 come down. They were going to look at those states  
23 like New Jersey and say, okay, their science meets,  
24 you know, that litmus test -- they are closer to  
25 the issue, right. They have tested these wells,

1 and so that's -- that's where you saw this range of  
2 states with 10 to 15. Four threw us all for a  
3 curveball. It is, like I said, that's zero detect.

4 CHAIRMAN LA ROSA: Is there any exemption in  
5 those states?

6 MR. POWELSON: No. No. I mean, there is --  
7 CERCLA has to be -- this is a fed -- so no state  
8 can give us a one-off. We need federal exemption  
9 provided, and EPA cannot do it. Congress has to do  
10 it.

11 Now, the good news is, Senator Lummis, Senator  
12 Capito from West Virginia, have been rock solid --  
13 Senator Carper from Delaware, are members of the  
14 Senate that are very supportive of making sure we  
15 get that exemption. But we might lean in on NARUC  
16 to say, hey, you know, this is -- as passive  
17 receivers of this, the water industry should not be  
18 held liable for something they didn't create, so --

19 COMMISSIONER FAY: Other state commissions  
20 that disagree with that?

21 MR. POWELSON: That's a great question. I  
22 don't think so, but I don't have the, you know, we  
23 will call it the empirical data. So we have had,  
24 you know, a lot of -- a lot of the states attorney  
25 generals -- I don't want to speak for your

1           governor, but your governor has said we -- we are  
2           going to challenge this rule. And at four PPT, I  
3           just want to know how you got to that number. Give  
4           me -- give me rationale for how you go from 10 to  
5           15 at the state level, how you got to four PPT.

6           CHAIRMAN LA ROSA: Can we go back a little  
7           bit? And so you -- you -- I think you mentioned  
8           that it could be in some systems in Florida.

9           MR. POWELSON: Uh-huh.

10          CHAIRMAN LA ROSA: Is there any known quantity  
11          or --

12          MR. POWELSON: So your state environmental  
13          regulator should have a catalog of potential sites.  
14          I would assume that there are sites around military  
15          bases, your big military installation in the state,  
16          where you will see -- this is -- this is one of the  
17          common threads where you do see it because of the  
18          fire foam sprays.

19          And then again, the other -- the other areas  
20          where this has gotten upstream into wells. When  
21          you do the upstream testing and you point source  
22          where it's coming from, the common thread is it's  
23          usually a chemical manufacturer and this is seeping  
24          out, and it goes down.

25          We -- our members will go up a basin, point

1 source test the leakage, and then obviously, you  
2 know, we will do the -- we will do the report out  
3 on it, and then we start, you know, how we are  
4 going to invest, what are we going to do, you know,  
5 we are going to use the gap technology right now.

6 By the way, good news/bad news is think about  
7 this rule. Let's say we get three years -- let's  
8 assume next year is the start date, which is by all  
9 reasonable benchmarks, that's where it will start,  
10 and we are under that three-year compliance. We  
11 are all out in the market competing for that  
12 technology. It's going to be -- I -- to overuse  
13 the word supply chain constraints, it is going to  
14 be -- we are actually -- we have a task force  
15 within our membership that is looking at all of  
16 these engineering and supply chain constraints.

17 So if we can get out and do group buying  
18 power, I call it Walmart buying power, to get ahead  
19 and buy it now, that's what we might do.

20 CHAIRMAN LA ROSA: Then safe to assume that  
21 the smaller systems would be the ones that are  
22 hugely impacted.

23 MR. POWELSON: Hugely impacted. And the  
24 disparity of compliance costs what they are going  
25 to have to pass on to the customer is going to be

1 big. It's a big number.

2 So I hate to be Debbie downer about this, but  
3 this is, you know, you heard me say it. We are not  
4 against an MCL standard. We actually think an MCL  
5 standard is a good -- whether state imposed or  
6 federal imposed, now it's federally imposed, but at  
7 four to 10 to 15, that's a dig bigger gap, and  
8 every one of those layers PP reduction -- PPT  
9 reduction comes at a cost, so --

10 CHAIRMAN LA ROSA: Is there any studies on it?  
11 I mean, I am sure you guys are looking at it, but  
12 is there any, you know, I guess, evidence or data  
13 to show, all right, you know, kind of where are we  
14 at the layer? So 15 we are here, at 10 we are  
15 here, at four, it sounds like it's --

16 MR. POWELSON: I will supply the Black and  
17 Veatch study, which is very comprehensive, and that  
18 would be a good primer to answer that.

19 And here, one last thought. So here we are,  
20 you know, we got the risk of not getting a CERCLA  
21 exemption. You got the compliance costs. The good  
22 news is, as an industry, we have enjoyed in a suit  
23 in South Carolina where we -- our member companies  
24 have engaged in suing Dupont and 3M. So here's  
25 what that looks like.

1           We are trying to seek settlements to get  
2           settlement dollars to help absorb some of these  
3           compliance costs that are coming. So it's like a  
4           two-prong attack. Get the CERCLA piece dealt with,  
5           and then we are suing the polluters.

6           And we have been very dogged about polluters,  
7           and saying polluters must pay. We are the passive  
8           receiver, so, okay, we are going to have to invest  
9           and we are going to eradicate this from the water  
10          course, but we didn't cause the problem, so we owe  
11          it to our ratepayers, our consumers, to go after  
12          the polluters.

13          So a lot of -- the big case is in South  
14          Carolina, and we have enjoined in that case to make  
15          sure that, you know, if we get settlement monies,  
16          it's -- by the way, it's better that these  
17          companies be financially whole than go bankrupt,  
18          because we will get zero dollars versus maybe 50  
19          cents on the dollar. And what I have said to our  
20          members, we've got to be -- we have to be part of  
21          these cases, because if we get nothing, that's not  
22          a good storyline so --

23                 COMMISSIONER CLARK: Just a quick question. I  
24                 have no issue with the concept of going after the  
25                 polluter, but how does that -- how does that

1 compare with the same issue that some of the  
2 utilities are facing with lead and copper pipes?  
3 You are not passive in that case. You are the  
4 installer. You put those in. You know, are you  
5 opening yourself up to some of that same liability  
6 assignment by saying, hey, we think you should pay  
7 but we don't think we should in this case?

8 MR. POWELSON: That's a good -- good -- that's  
9 a good way to look at it.

10 I think on the lead and copper piece, you  
11 know, we are -- we are absorbing those costs. I  
12 mean, I don't know who we go after in the lead and  
13 copper. I don't even know if some of those lead  
14 and copper shops are around anymore because the  
15 technology is so outdated.

16 COMMISSIONER CLARK: I was implying from the  
17 consumer perspective, from the consumer looking at  
18 the water utilities in the same way the water  
19 utilities are looking at Dupont and 3M going in,  
20 you are responsible for that as well.

21 MR. POWELSON: Good thought, I haven't -- I  
22 haven't looked at that time that way.

23 All right. Last issue -- well, second to last  
24 issue, cybersecurity.

25 So February 2021, Oldsmar, right outside of

1 Tampa, some will say it wasn't a cyber attack.  
2 Okay, it wasn't a cyber attack. It was a former  
3 employee that had remote pass codes that hadn't  
4 been changed in three years. I don't about you,  
5 but that's cyber hygiene, and that's what happened,  
6 okay.

7 But for a very astute engineer that was  
8 sitting at the control center, he was watching the  
9 industrial control systems with the dispatchment of  
10 treatment into the treatment fluctuate. And what  
11 would have happened if that treatment level created  
12 a toxin or a poison in the water system? That's  
13 the what if, okay. So someone will say, well, it's  
14 no the a cyber event. It's a domestic cyber event,  
15 okay. And it happened. And it happened, no  
16 disrespect, it happened in a municipal system.

17 More recently, Iranian cyber attach in  
18 Aliquippa, Pennsylvania, out near Pittsburgh.  
19 Ransomware attack. Shut down the City of  
20 Baltimore's water system where they couldn't  
21 collect bills for a month-and-a-half, let alone  
22 process deeds at the recorder deeds office.

23 So my earlier point about the threat vectors  
24 are changing, the level of capacity that's needed  
25 is critical. And if we don't get ahead of this, as



1 the White House is being on our industry in a very  
2 good way, saying, you got to get your act together,  
3 and here's the problem. There is 51,000 drinking  
4 water systems in this country. There is only about  
5 3,200 electric distribution companies, and there is  
6 about a thousand gas LDCs.

7 So that fragmentation, that 51,000, think  
8 about it, municipal, investor-owned, rural,  
9 suburban water works, metropolitan water districts,  
10 agricultural water districts. That sets up a huge  
11 -- that fragmentation sets up huge compliance gaps.

12 So let me -- let me just shift gears, because  
13 this is where we are, and this is why I think  
14 cyber, you know, we present it, we were invited to  
15 the White House cybersecurity conference two  
16 summers ago, and this is where we really where we  
17 come at it.

18 I want to think -- I want y'all to think in  
19 the lens of an electric utility. So electric  
20 utilities have robust mutual assistance, right?  
21 They also have, when a cyber event hits, a codified  
22 mutual assistance program. The water industry does  
23 not. Problem number one.

24 Problem number two, the water industry does  
25 not have what we call a NERC like model where

1 industry develops standards that the Federal Energy  
2 Regulatory Commission signs off on around cyber.  
3 And that goes from CIP standards to the vendor that  
4 you are using is cyber compliant, meaning anybody  
5 you are touching that has a touch point into that  
6 industrial control system, they are certifying that  
7 that software is not compromised.

8 I will give you an example of that. Art, I  
9 think you have done a couple of the NARUC skiff  
10 meetings with Joe McClelland, you sit there and  
11 it's like something out of Star Wars, right? You  
12 are in a big intelligence room.

13 Did you ever heard of Kaspersky software?  
14 Kaspersky software, when you would go to Best Buy  
15 you used to buy it, it was -- it was the software  
16 that you would buy. On a skiff, you look at the  
17 connections to the KGB and someone went, we got a  
18 problem. It's declassified.

19 That's how much rigor you need we did not have  
20 then that we have now. The software that utilities  
21 are buying need to be cyber compliant, and I  
22 learned that lesson looking at that matrix on a  
23 board. And by the way, there was a footnote in the  
24 Washington Post, or one of the big -- the GSA,  
25 cease and desist at all Kaspersky software in

1 government -- government -- Braulio, you are  
2 nodding your head --

3 MR. BAEZ: I remember the press, yeah.

4 MR. POWELSON: -- you probably read it.

5 MR. BAEZ: Yeah.

6 MR. POWELSON: Yeah. So I am not trying to be  
7 dramatic here, but that's how much rigor the, you  
8 know, the intelligence agencies are looking at  
9 this. And so we need to, as an industry, stand up  
10 a North American water reliability council and  
11 develop standards, and we are not doing that. And  
12 that's a failure in compliance, and it's got to get  
13 fixed.

14 The next issue is the EPA is what? They are  
15 an environmental regulator. They are not a cyber  
16 regulator. By the way, there is five people at the  
17 EPA that are running the cyber office. They are  
18 set up right now, for anybody in the military, we  
19 call that mission failure. There is no way five  
20 people can manage a 51,000-portfolio of assets.  
21 It's just not going to happen. So as an industry,  
22 we are saying, we are not so sure the EPA is the  
23 right cyber regulator for our industry.

24 And then the other piece of this is training.

25 We believe that it would be great to see -- and Joe

1 McClelland at the FERC, by the way, who helped me  
2 Pennsylvania commission stand up our cyber office,  
3 will do cyber trai -- the FERC will come to this  
4 commission and do cyber training and help. There  
5 are -- sometimes actually there are resources in  
6 Washington that are free that you can use, and I  
7 did that with Joe, and he -- and now we have the  
8 cyber office back at PA.

9 But the reason I share that with you is  
10 because we need to do what the electric and gas  
11 sector does, and you do it here, is more  
12 multi-sector training, box sky exercising together.  
13 And the problem with the water industry is we are  
14 all working in silos, and that leads to what you  
15 are seeing out there with these events.

16 So we need to see a NERC like model. We have  
17 been very focused on that. We've also talked about  
18 codifying mutual assistance. So when a system goes  
19 down, we can bring in capacity to help them triage  
20 the event. We don't have that right now.

21 And again, I go back to the water quality  
22 accountability example. Every drinking water  
23 provider should have on file a tested, audited  
24 cyber plan with a regulatory agency.

25 So that is just -- you know, I don't want to

1 leave you on a low point with cyber, but this is,  
2 you know, a lot of the cyber events are happening  
3 in the water sector, because the weak links in  
4 cyber are the systems that are not investing, so --  
5 and it's troublesome. It really is.

6 I am not here to defend it, because we, as an  
7 industry, many of our companies are investor-owned,  
8 so they have SEC requirements. They have to file  
9 cyber plans in those states that require them.  
10 It's part of a PUC management audit. It's not a  
11 check the box, do you have a cyber plan. I think  
12 state public utility commissions are saying, you  
13 have a cyber plan. Black box. What's your  
14 penetration testing? Have you had any noticeable  
15 events? And that is shared with you in confidence,  
16 but that's where we need to get to. And I am  
17 worried that we are flying a little blind when it  
18 comes to cyber compliance, so --

19 COMMISSIONER FAY: Let me ask you --

20 MR. POWELSON: Yes.

21 COMMISSIONER FAY: -- is there -- well, two  
22 questions.

23 Is there a divergence from the industry itself  
24 in that position? I mean, mutual assistance  
25 related to cyber, to your point, most industries

1 accept, at least in utility sector accepted it. Is  
2 there a cost debate that, you know, a small --  
3 because I think there is very little debate as to  
4 muni or investor-owned, the larger, the better the  
5 ability to absorb that cost, or navigate that or to  
6 enter into mutual assistance with somebody who may  
7 be very small, but when they need it, they really  
8 need it.

9 MR. POWELSON: Right. I think it does come  
10 out down to cost. And that's -- you know, if we  
11 had a NERC like model, right, and we are all at the  
12 table, and we are developing what that -- what the  
13 mutual assistance model might look like, we would  
14 -- we would revenue share in that, and that's why I  
15 think we are just, again, flying blind in our  
16 ability to say -- example -- go back to another  
17 example.

18 When Jackson hit, we called down to their --  
19 their Mississippi Emergency Management Office. I  
20 had three member companies ready to go in and  
21 triage and help. You can't come. We don't have  
22 codified mutual assistance with investor-owned. I  
23 am like, what? Are you kidding me? Like, I am  
24 bringing safety and water engineers to help. No --  
25 no -- no end game in this other than to help triage

1 the event, and we were told no.

2 COMMISSIONER FAY: They rejected assistance?

3 MR. POWELSON: They rejected investor-owned  
4 water support to come in and triage the event.

5 COMMISSIONER FAY: That's wild.

6 MR. POWELSON: Yes, that is wild.

7 And going backs to your point, like, you know,  
8 when the event hits -- I am trying, like, right  
9 now, the question I have, and there is a lot of  
10 water groups in Washington, some are opposed to the  
11 NERC like model. Only one, by the way. We are  
12 beating them into submission here. But, look, on  
13 mutual assistance, it's like, okay, what's the  
14 root -- what were the root cause -- we know the  
15 root cause. What were the post actions on  
16 Aliquippa? What were the post actions on Oldsmar.

17 Now, Oldsmar is a low bar. It was password  
18 protection. You change your password out, right?  
19 You don't allow someone, a former employee, it just  
20 shouldn't have happened. That's cyber hygiene.  
21 That's a low standard.

22 Aliquippa is different. That's an Iranian  
23 threat factor that got in, and, you know, got into  
24 the industrial control system and shut the system  
25 down with ransomware. I don't think Aliquippa,

1           Pennsylvania is equipped, no pun, to figure out how  
2           to get -- how to fix the problem.

3                        So that -- that's where I think if we are all  
4           -- if we have this NERC model, which the power  
5           sector has. We develop standards. We adhere to  
6           those standards. We have mutual assistance built  
7           into this. We submit plans that are audited by  
8           commissions. I think it's a different -- I think  
9           we move the needle.

10                      COMMISSIONER FAY: And then the training side,  
11           is it same dilemma, small, rural, just they are not  
12           going to write a check for somebody to fly to DC  
13           and sit through --

14                      MR. POWELSON: Exactly. So that's a great --  
15           that's a topic right now that use as examples.

16                      Bob Scott, former Vermont -- New Hampshire  
17           Commissioner, now the environmental secretary in  
18           New Hampshire, under Governor Sununu, called me up  
19           and said, look, we have all the stimulus money. I  
20           want to use some of it to give technical grants to  
21           small water companies to help them get cyber plans  
22           in place.

23                      Actually, it turned in to being a best  
24           practice, where that's a great use of those funds.  
25           Help those small companies that don't have the



1 monies that we have as an industry, and help them  
2 build that capacity, and bring resources to help  
3 them.

4 So we've had of that conversation, like,  
5 allowing states to have flexibility to use some of  
6 those funds to do things like that as a best  
7 practice.

8 COMMISSIONER FAY: Yeah. And then is there  
9 de -- I mean, do you struggle on Capital Hill? Is  
10 there a debate, like, I mean, the inflation  
11 reduction, there is huge chunks of funding in  
12 there. There is a lot of debate as to how that  
13 funding is being used and appropriately or not --

14 MR. POWELSON: Yeah.

15 COMMISSIONER FAY: -- and so when you -- you  
16 talk about appropriations in a bill like that, that  
17 puts money towards replacing lead pipes, for  
18 example, and I think there is a lot of debate  
19 between the states as to what that formula should  
20 look like and what chunk.

21 Is there and also a debated as to, if you are  
22 going to give us money, cyber is a prioritization  
23 over what might occur tomorrow than what we have to  
24 worry about more long-term or -- I mean, do you  
25 have to choose when you make those pitches?

1           MR. POWELSON: I think it comes back to that  
2 Jackson slide, that 111 million. There should be  
3 some accountability behind that, how the monies are  
4 spent, and how the system improved.

5           Same thing with -- you know, requiring someone  
6 to have a cyber plan is one thing, requiring to  
7 submit it and go through an audit process is a  
8 different thing, right?

9           COMMISSIONER FAY: Yeah.

10          MR. POWELSON: So if I am a municipal  
11 authority, I don't have to submit to anybody. I  
12 self-govern.

13          COMMISSIONER FAY: Yeah.

14          MR. POWELSON: Is that good? That leads into  
15 my -- that overarching gap issue when it comes to  
16 compliance.

17          And you have heard -- I am going to say it  
18 again. The greater -- imagine nuclear plants after  
19 Three Mile Island in this country. Three Mile  
20 Island, not a good -- it's not a good historical  
21 event that happened in our nuclear industry.

22          But after Three Mile Island, our nuclear plant  
23 operators in this country under the NRC not only  
24 meet, they exceed NRC standards, and they peer  
25 review each other with tremendous rigor. It's

1 almost like doctors doing peer review.

2 That's what we need to get to in this  
3 industry. The compliance gaps are causing the  
4 problems that you read about in the newspaper. You  
5 are going to deal with a system -- you are going to  
6 have a scenario where you have a system that has  
7 environmental consent decrees, the operator hasn't  
8 invested, and someone, a dance partner is going to  
9 be in front of this commission and saying, okay, we  
10 are going to take it over, we are going to fix the  
11 problem, and we are going to work with the  
12 commission on what the long-term capital looks  
13 like. What's that investment look like?

14 We are not going to be gold-plating it. We  
15 are going to be basically triaging it. And I had  
16 those cases, and I had those cases where my senate  
17 oversight committee had water buffaloes brought in  
18 on Thanksgiving weekend, because we couldn't have  
19 tap water service. That was not a good day, by the  
20 way. But that's -- that's the reality of what's  
21 going on in certain parts of the country.

22 So you are going to be -- your water  
23 portfolio, I can tell, is growing. The Legislature  
24 passed fair market value, which is a great tool for  
25 us to use to get companies to want to, you know,

1 willing buyer, willing seller of assets, and we  
2 think that's going to be a big -- big opportunity  
3 here in Florida.

4 COMMISSIONER CLARK: Do you think the -- the  
5 PPAs are certainly going to be a driver, I think,  
6 towards some of the consolidation issues. Is there  
7 -- are there other issues out there that are  
8 looming that you think will drive some of this  
9 consolidation consideration?

10 MR. POWELSON: Yeah, one in particular. You  
11 all deal with CIAC, right? That word in utility  
12 the utility tax jargon, but under the Trump tax  
13 bill -- anybody have -- anybody CIAC?

14 MR. BAEZ: C-I-A-C.

15 MR. POWELSON: C-I-A-C. I am sorry. I got a  
16 couple heads. Lee does depreciation schedules,  
17 right? So he knows a little something about CIAC  
18 -- C-I-A-C. I'm sorry.

19 MR. BAEZ: I going to start calling it kayak.

20 MR. POWELSON: Someone is like CIAC is spelled  
21 K-A-Y-A-K, and I go, well, you know. Pardon.

22 MR. BAEZ: I got you.

23 MR. POWELSON: So this is going to be --  
24 answer your question this way.

25 So Trump tax code passes, and we are pulled

1 out -- the CIAC exemption for water is stripped  
2 out. Don't ask we why it happened but it happened.  
3 Two years, three years later, we finally get a bill  
4 passed and we get the exemption back.

5 There is a system here in Florida, a big  
6 system outside of Naples called Ave Maria. And we  
7 -- they call us up, they are not members and we  
8 start talking to them. And I realized, looking at  
9 the Google maps how big a community, like, big  
10 expansive community outside of Naples.

11 They said, well, we are going to be -- you  
12 know, and you are going to see it in Florida, a lot  
13 of developers start with -- they have a treatment  
14 system, and they might be providing water service,  
15 and then they are on to the next development.  
16 Well, who's maintaining that system, and then all  
17 the liability that goes with it?

18 And that's what happened, and when we had --  
19 we didn't have CIAC on the books. It was a  
20 hindrance for that developer to sell the asset to a  
21 priority operator. Now that's changed, and that  
22 will open up doors for developers to say, okay, I  
23 am out, and my taxes liability and the utility's  
24 ability to acquire the system is -- is treated  
25 fairly under the CIAC.

1           That was not the case. So that hindered a lot  
2 of these -- there is going to be a lot of these  
3 cases in Florida, I predict, with residential  
4 developers coming in and setting up systems.

5           COMMISSIONER CLARK: And I am supportive of,  
6 certainly our small systems that are ran  
7 efficiently, economically and have the capital  
8 infrastructure dollars to be able to continue to  
9 support growth.

10           My biggest concern in the waterside of it is  
11 that we have so many small companies that have  
12 basically refused to make those necessary  
13 investments, and that's where I think that the FMB  
14 act is going to give us a little bit of leverage  
15 and incentive to help some of these larger  
16 companies to be able to come in and evaluate, I  
17 guess, if you will, the smaller companies.

18           Are there other incentives out there, are  
19 there other things that we should be looking at,  
20 these larger companies can be looking at to  
21 consider whether or not these small companies are  
22 worth taking over, if it's going to be a descent  
23 investment for them, and at the same time, how do  
24 we protect affordability for those ratepayers in  
25 this case?

1 MR. POWELSON: Yeah, great question.

2 I think FMB in the 15 states where we've  
3 actively pushed for it has work very well. As I  
4 said earlier, this is not a willing buyer, willing  
5 seller, where the Commission is going to be the  
6 front line. You are going to have -- you are going  
7 to set up this model, right? You are going to  
8 require valuation work done, and you are going to  
9 consummate what the sale price should be, right?  
10 And then how much of that should be put into rates?

11 My thesis to you in answering your question is  
12 that the -- the reality is a lot of these systems,  
13 going back to my -- you remember the three points  
14 -- policy, economics of water, infrastructure,  
15 pipes and pumps, you -- that deferred maintenance,  
16 we are going to have to fix it.

17 We are asking to fix deferred maintenance, and  
18 -- and that's -- it comes at a cost. The bigger  
19 the better. Meaning, in some systems, where if I  
20 am, like, a bigger company, I can spread those  
21 costs amongst my universal rate base.

22 So there is -- there is -- you know, single  
23 tariffed pricing has worked well. I think for us,  
24 there is no real big -- big anchor utility right  
25 now in the state. There is the four that I

1 mentioned. But as they grow, the affordability  
2 piece -- and by the way, not having LIHWAP on the  
3 books hurts us as well, so --

4 But, in answer to your question, we are coming  
5 in and fixing that problem, right? We are going to  
6 get the system up to compliance, state and federal  
7 compliance standards. And then obviously we are,  
8 you know, a fair rate of return on that investment,  
9 so --

10 CHAIRMAN LA ROSA: To piggyback a little bit  
11 on that, has there -- has there been any -- or have  
12 any lessons learned revealed themselves yet as the  
13 15 different states have implemented their rules?

14 MR. POWELSON: A lot of lessons learned, you  
15 know, another good question.

16 So not every -- this is my NARUC hat on. What  
17 works in Pennsylvania doesn't necessarily work in  
18 Texas or Florida. So let's respect regional  
19 differences in a good way. So a couple of things.

20 One, you have a timeline in which to make a  
21 decision. So I am not -- I will use an old adage.  
22 Utilities take two hours to watch 60 Minutes -- I'm  
23 probably goes to go get dinged for that.

24 Commissions should not take two hours to watch 60  
25 Minutes either.



1           So ready? When a deal with put in front of  
2 you and your technical staff makes a recommended  
3 decision, let's have a clock on it. So what's  
4 real -- and you are going to determine that,  
5 because Braulio is going to kick me if I throw a  
6 number at you. I think our member companies should  
7 be able to express to you what a workable number  
8 is. It shouldn't be two years. I can tell you  
9 that.

10           So timeline to approve a deal, and how you  
11 notice the deal to the community. I think the  
12 elected officials -- Art, you were an elected  
13 official, right?

14           COMMISSIONER GRAHAM: Yeah.

15           MR. POWELSON: Chairman, you served in the  
16 Legislature, right?

17           CHAIRMAN LA ROSA: Yes.

18           MR. MOYLE: Customers should have, you know,  
19 notice that we are selling the system, right?  
20 That's fine. You are allowed to do that.

21           COMMISSIONER FAY: No opinions on elected  
22 officials? Just an acknowledgment.

23           MR. POWELSON: Valuation firm has to be -- you  
24 know, every valuation firm has to be registered  
25 with the Commission. We did that in Pennsylvania,

1 and it worked well. We have to have competent  
2 evaluators out there in the field doing good work  
3 and making sure that the purchase price and what  
4 you are being presented with is -- there is good  
5 numbers, okay?

6 COMMISSIONER FAY: Is two years the standard  
7 in other states? Less than two years?

8 MR. POWELSON: Less than two years.

9 COMMISSIONER FAY: Yeah. Yeah.

10 MR. POWELSON: Less than a year, but I don't  
11 want to go there. I am not getting, you know, so I  
12 want to be -- I don't want to get -- you might have  
13 a docket, so I don't want to get ahead of that.

14 But, you know, getting these deals moving  
15 through in an expedited manner is a good -- is good  
16 for the industry. It's good for the state.

17 The other thing I will encourage you to do is  
18 sit down with your environmental agency, and they  
19 have a list of underperforming water utilities in  
20 the state, and find out who they are and how bad  
21 they are, because they are coming your way.

22 And so we do this in Pennsylvania. We look at  
23 the list. I started it with 2,800 systems, and I  
24 think they are below 100 today. And that's -- you  
25 know, it's good to do that, just have that

1 interagency collaboration and say, give us a list  
2 of, you know, your Safe Water Drinking Act  
3 violation list and see who they are, and that's  
4 going to tell you -- it's going to tell a lot  
5 about, you know, what some of the potential FMB  
6 deals look like over the horizon.

7 COMMISSIONER GRAHAM: Rob, in Pennsylvania,  
8 did you guys -- did the Commission regulate all the  
9 nonmunicipal systems?

10 MR. POWELSON: Only one to date, and that's  
11 more recently, Allegheny. So the Allegheny Water  
12 Authority is now under the purview of the  
13 Commission. So Chairman Brown, that was her baby I  
14 told her. She -- they -- and then they admitted  
15 that was a really good outcome for us.

16 And then the other asset that is under the  
17 Philadelphia Gas Works is a municipal authority  
18 that is under the auspices of the Commission. That  
19 has served them well as well for the safety and the  
20 economic regulation.

21 COMMISSIONER GRAHAM: And I bring this up  
22 because we only -- we only regulate about half of  
23 the systems.

24 MR. POWELSON: Hey, look, I am not asking you  
25 to add more, but I am an advocate. If I were in

1           this industries, I would much rather be under your  
2           purview, then I can have a rate setting mechanism  
3           that gets adjudicated. There is a public record.  
4           And you guys are going to set what a rate of return  
5           is, and I get on and invest, right? Pretty -- it's  
6           a pretty good model. And you take it out of the  
7           vortex of politics.

8                     And that's the problem with water, is  
9           everybody thinks it should be like really, really,  
10          really cheap. And here's -- I will make copies of  
11          this. This is Dr. Manny Teodoro. This is at this  
12          testimony to the New Jersey Legislature. He is a  
13          Texas A&M economist, although he couldn't get into  
14          Florida State I joke a lot.

15                    Here's what his point was. There are two  
16          common denominators consistent with water system  
17          failures. The first and the most obvious is  
18          organizational capacity. He said, the smallest  
19          systems might have two to three full-time  
20          personnel, perhaps even fewer, operating an entire  
21          system. This limit -- this limited organizational  
22          capacity severely limits small systems' ability to  
23          comply with the drinking water quality regulations.

24                    So that -- that's testimony that really rings  
25          true. Smaller systems, as we talked about cyber,

1           these are the gaps that, you know, are problems for  
2           our industry. And you are going to be, I said, at  
3           the forefront of that as well, trying to deal with  
4           it.

5           So I really appreciate the opportunity to be  
6           here. I know y'all have a busy day, and I will be  
7           around. I want to take this opportunity, as we are  
8           into 2024 here, to wish you all the best in your  
9           regulatory agenda.

10           I was joking with the team. If there is  
11           anything I can do in lobbying the Legislature for  
12           more funding, I will do it.

13           CHAIRMAN LA ROSA: Well, we appreciate you  
14           coming and presenting, and certainly a great  
15           discussion. I think this is kind of the reason why  
16           we are at a table like this, for this back and  
17           forth. And I thought that was certainly a great  
18           presentation, well-informed, and, you know, a lot  
19           of things frankly just to learn and, you know, that  
20           we are going to be facing coming down the pipeline,  
21           so no question.

22           MR. POWELSON: Well, thank you. Thank you for  
23           all your great work, and I appreciate the  
24           opportunity to be here. I wish I could stay a  
25           long, long time, but we're going to work on that.

1           CHAIRMAN LA ROSA: It will get warmer as the  
2 day goes on.

3           MR. POWELSON: Yeah, my wife is ready. We are  
4 going go to come down 95. No personal income tax.

5           CHAIRMAN LA ROSA: A great place to be for  
6 sure.

7           MR. POWELSON: Thank you all.

8           CHAIRMAN LA ROSA: No problem. Thank you.

9           So a slight change of schedule. I know our  
10 legislative team has to go down -- downtown and, of  
11 course, in the middle of session that's an  
12 important element, so we are going to -- we have  
13 allowed them to go do that, and they are going to  
14 take care of that and we will get updates, you  
15 know, literally get updates as the hour is  
16 changing, so we will skip over the legislative  
17 update today. I'm sure you have seen in your  
18 emails, you saw some stuff was already brewing late  
19 yesterday.

20           We will jump to the General Counsel's report.

21           MR. BAEZ: Thank you.

22           CHAIRMAN LA ROSA: Mary Anne, you have got  
23 that?

24           MS. HELTON: I got that.

25           That was a really interesting discussion, and

1 Keith is sorry that he had to leave at the end of  
2 it to go down -- he is parted of our legislative  
3 team that's meeting downtown today.

4 So I am going to talk a little bit about -- we  
5 are going to talk a little bit about Case Center  
6 today. Brett Thomson has come all the way down  
7 from Canada to talk to us. I think this is really  
8 timely, because our plan is to bring it back live  
9 for the next hearing the end of March, with Florida  
10 Power & Light and the fuel docket. And so he is  
11 here to give us an update on Case Center and the  
12 recent improvements made to this program.

13 Brett is the global lead for Thomson Reuters,  
14 and he and his team have been working with our  
15 legal team, and in particular I want to mention  
16 Nancy Harrison, who has really been amazing and  
17 done amazing stuff for us to manage the Case Center  
18 to fit our needs, and we are happy to have him here  
19 today, and I appreciate him coming down from  
20 Canada.

21 MR. THOMSON: Well. Thank you. Thanks for  
22 having me here. I, on behalf of Thomson Reuters, I  
23 really appreciate that. Personally I thank you for  
24 getting me out of the subzero weather, I left  
25 yesterday in Canada, so I do appreciate that. So a

1 lot --

2 CHAIRMAN LA ROSA: Our phone calls are  
3 answered very quickly this time of the year.

4 MR. THOMSON: Yeah, they are. They definitely  
5 are. If you want me to come down any time between  
6 November and March, I am good.

7 Again, thank you for the introduction, but  
8 obviously, I want to talk about what's kind of  
9 transpired in the last kind of five months with the  
10 product and we are, and obviously where we left  
11 things off in September.

12 So one thing, it was abundantly clear,  
13 obviously, when we -- when everything kind of  
14 transpired. We were in the process at that time of  
15 kind of rebuilding the engine behind Case Center  
16 and what it does, and how it works. Obviously, we  
17 had to speed up our kind of process, and really  
18 happy to say we have done so, and actually released  
19 the last of the updates last week. Tested  
20 everything is exactly where it should be and how  
21 going.

22 So one thing we did do is, like I said,  
23 rebuilt the engine behind everything. So the way  
24 to -- and I don't want to get into technical jargon  
25 about how the product worked before, but what we



1           have done now is we have built the whole systems on  
2           function apps, whereas, before it was on user  
3           profile and actually had to go in sequence of  
4           things. So if something went wrong one place, it  
5           would cause, as we saw, some issues elsewhere.

6                        So one thing I -- we are really happy with  
7           getting this down. So we are on the bundling, the  
8           document bundling performance, that issue has been  
9           resolved. It's the speed and everything is back to  
10          where it should be and what we expect.

11                      The page redirects, which I know was another  
12          kind of issue that came up. Based on what we've  
13          seen and the modernization work that's been done by  
14          our time team, it allows everything in realtime as  
15          it should be and as is expected.

16                      Pagination issues that were there are gone,  
17          based on just the whole thing with random, the  
18          function apps and how we upgraded the system and  
19          everything behind it. So those are all the good  
20          news pieces for us, and you will see the difference  
21          when you get into the product.

22                      I -- we have seen a difference it's already  
23          making in our current customers elsewhere. And  
24          just to kind of give you a little background where  
25          we are.

1           So right now, there is 17 states in the U.S.  
2           that are using the product. That came from zero  
3           where we started three years ago. Latest kind of  
4           stats just to throw some numbers, I know the  
5           biggest thing is around paper and getting rid of  
6           that, the ability or need of paper. So we are  
7           right now at the system, I checked this morning,  
8           there is 425 million documents in the system right  
9           now globally. So that's -- think about the paper,  
10          the actual impact it has on paper just that piece  
11          alone. Then there is also 10,000 hours of  
12          multimedia, which we know is the biggest piece of  
13          what we had to deal with.

14          So there is a lot of kind of excitement around  
15          just that piece of it, but the one thing that's  
16          really kind of been made abundantly clear by our  
17          company, we are investing in the technology. I  
18          don't know if you have seen any of the recent kind  
19          of announcements of what's happened with our  
20          company, with Thomson Reuters, we just invested  
21          \$100 million in AI, which I know is the buzzword of  
22          everybody's thinking with what the AI impact will  
23          have on what we do. And that's going to impact  
24          this product as well.

25          So you are going to see some AI functionality

1 coming into this product, which will allow -- I'm  
2 sorry and I will say this -- quick summaries around  
3 just by the click of a button. So you think of a  
4 GPT summary of an entire case, so taking thousands  
5 and thousands of documents and dropping it a two-  
6 or three-page document that you can read and kind  
7 of just get a general overview where we are at.  
8 It's been amazing. We've tested it. It's there.

9 The other thing is we have this product called  
10 Co-Counsel that sits on top of this, which builds  
11 timelines in really effective ways of building the  
12 evidence and showing how things kind of go from  
13 point A to point B, and then point B on. So it  
14 just sees those things that we are trying to build  
15 in the product, and that's going to be coming in  
16 rather short order, because the investment is  
17 there, so you are going to see a lot of these  
18 things come in.

19 The one other thing that's kind of got us  
20 excited is really around presentation -- we call it  
21 Presentation 2.0, which allows actually better  
22 presentation functionality, which allows building  
23 -- building actual, I will say, decks of  
24 presentation where someone presenting can actually  
25 run through and flip through it. You can stop.

1           You can start. You can do all the things you want  
2           to do. You can note, take notations, you can do  
3           everything inside the system as it sits. And  
4           that's good, obviously, when you are doing, you  
5           know, evidence review with a witness, those are the  
6           things that you are going to see in rather short  
7           order.

8                        So all the things that were there, it's at its  
9           core systems a lot faster, the investment was made,  
10          and I am really happy to say we are in a really  
11          good place for March. And my team will be here. I  
12          am going to try to make it down. I have to be in  
13          the UK at the same time, but I am going to try to  
14          make my way back over as well so we have everyone  
15          here. Plus we've got the, you know, the technical  
16          team on standby. You will have a couple of the  
17          other product specialists in -- sitting in the  
18          background waiting on everything.

19                       So that's where we are as we sit now. So I  
20          think, you know, obviously, not the best way to get  
21          to where we get to, but we got the result that we  
22          wanted, and we got the expectations of what you  
23          needs and expect for this product.

24                       So we are really excited because this is a  
25          huge opportunity for you, a huge opportunity for us

1 as we move forward as far as handling your evidence  
2 and for your hearings.

3 So that was -- really, I kind of I wanted to  
4 kind of give that update. I didn't want to do  
5 anything other than just that. Obviously, I will  
6 be around. I am going to hopefully have  
7 conversations, we can talk through if there is  
8 specific questions you have on the product itself,  
9 or what we are kind of planning for the future and  
10 the roadmap, and how it looks.

11 CHAIRMAN LA ROSA: Commissioners, any  
12 questions?

13 Yeah, I would say any time an organization  
14 grows, and organizations are constantly growing,  
15 obviously, we know that technology is a big part of  
16 that growth, and change is never an easy thing to  
17 implement. So, of course, as we look to become  
18 more efficient in our process, I look forward to  
19 obviously reimplementing, you know, the technology  
20 in the systems to move our process, you know, much  
21 quicker.

22 I know Commissioner Fay did a lot of hard work  
23 behind the scenes to get things implemented, and  
24 hopefully, you know, we will get kind of into  
25 everyday use in the normality of the system here

1 real soon. I think our plan is to start using it  
2 next month.

3 COMMISSIONER FAY: And if you like it here, we  
4 can work on getting you an apartment or a condo.

5 MR. THOMSON: Sure. I'm good with that.

6 COMMISSIONER CLARK: I heard him say AI was  
7 replacing the attorneys.

8 COMMISSIONER FAY: Whoa.

9 CHAIRMAN LA ROSA: He was very careful, I  
10 noticed. He slowed down when he started to --

11 MR. THOMSON: You are hearing things. I  
12 stepped on a land mine for you.

13 Yeah. You know, it is a future where things  
14 are. And I will share with the team the roadmap,  
15 because we do have a really robust roadmap. And  
16 that's the whole thing with how we are working with  
17 these short sprints, we are doing these two- and  
18 three-week cycles on the product as it sits now.  
19 So we are trying to stay ahead. So if something  
20 does -- we see an opportunity to develop something  
21 that's going to make a difference, we are doing it  
22 in realtime, and it's in short two- to three-week  
23 stints that we are actually seeing results, and we  
24 are able to see the product improve in rather short  
25 order.

1                   COMMISSIONER FAY: Do you have other  
2                   Commissioner that you are working with?

3                   MR. THOMSON: So I don't want to say Canada.  
4                   We do have some in Canada, yeah. We do have a  
5                   couple over in the UK similar, not obviously -- you  
6                   were kind of the first one to kind of break through  
7                   the door and say you want to do this, but there is  
8                   a few others, since you have taken that plunge,  
9                   that they are kind of waiting to see how things  
10                  transpire.

11                  So there is -- there is a few that are lining  
12                  up kind of to see how things happen in March,  
13                  because I kind of told them that there is something  
14                  coming up, so they are kind of watching to see the  
15                  results of it, so --

16                  COMMISSIONER FAY: Yeah, I mean, Florida gets  
17                  followed up a lot of examples, so it wouldn't be  
18                  unique for us. If it works great, if it doesn't,  
19                  you know, then others will be watching, obviously.

20                  MR. THOMSON: Yeah.

21                  CHAIRMAN LA ROSA: Awesome, I appreciate it.

22                  MR. THOMSON: I will see you in March. If  
23                  not, my team will be here, but I will be monitoring  
24                  from afar if I can't get here in person.

25                  CHAIRMAN LA ROSA: Thank you. I appreciate

1           you coming all the way down here to chat with us in  
2           person, so awesome.

3           All right. Are we good on the General Counsel  
4           report? Anything else?

5           MS. HELTON: Yes, sir. That's all. Thank  
6           you.

7           CHAIRMAN LA ROSA: Awesome. Awesome.

8           All right. Members, any other business?

9           COMMISSIONER FAY: Can you play the song when  
10          we leave? I didn't hear it.

11          CHAIRMAN LA ROSA: I think we -- well, you  
12          know, there was a suggestion to play a water song,  
13          right, something in like, you know, like, I don't  
14          know, Don't Go Chasing Waterfalls or something.

15          COMMISSIONER FAY: Yes. Maybe you could sing  
16          it.

17          CHAIRMAN LA ROSA: Well, it should be easy to  
18          make that request, right? So maybe as we leave,  
19          right, we play a little music.

20          All right. Cool. Cool. Maybe play it  
21          throughout the building throughout the day.

22          COMMISSIONER FAY: I love it.

23          CHAIRMAN LA ROSA: Awesome. Well, seeing no  
24          further business before us, I guess this meeting is  
25          officially adjourned.



1 Thank you, guys.

2 (Proceedings 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  
stenographically reported the said proceedings; that the  
same has been transcribed under my direct supervision;  
and that this transcript constitutes a true  
transcription of my notes of said proceedings.

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

DATED this 6th day of March, 2024.

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