

# I. Meeting Packet



**State of Florida**  
**Public Service Commission**  
**INTERNAL AFFAIRS AGENDA**  
Friday, May 9, 2014  
Immediately following Commission Conference  
Room 105 - Gerald L. Gunter Building

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1. Legislative Update. (No Attachment)
2. Executive Director's Report. (No Attachment)
3. Other Matters. (No Attachment)

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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

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

# III. Supplemental Materials Provided During Internal Affairs

**The records reflect that there were no supplemental materials provided to the Commission during this Internal Affairs meeting.**

# IV. Transcript

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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PROCEEDINGS:	INTERNAL AFFAIRS
COMMISSIONERS PARTICIPATING:	CHAIRMAN ART GRAHAM COMMISSIONER LISA POLAK EDGAR COMMISSIONER RONALD A. BRISÉ COMMISSIONER EDUARDO E. BALBIS COMMISSIONER JULIE I. BROWN
DATE:	Friday, May 9, 2014
TIME:	Commenced at 1:25 p.m. Concluded at 1:38 p.m.
PLACE:	Betty Easley Conference Center Room 148 4075 Esplanade Way Tallahassee, Florida
REPORTED BY:	JANE FAUROT, RPR Official FPSC Reporter (850) 413-6732

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

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2           **CHAIRMAN GRAHAM:** Let the record show that it  
3 is Friday, May 9th, and we are getting ready to start  
4 our Internal Affairs meeting. And that being said, the  
5 first thing is the Executive Director's report or --

6           **MR. BAEZ:** Legislative update is what I have.

7           **CHAIRMAN GRAHAM:** All right. Legislative  
8 update.

9           **MS. PENNINGTON:** Good afternoon,  
10 Commissioners. I know that Mr. Baez and I are standing  
11 between you and your weekend, so we'll try to be brief.

12           There are a few bills that I will cover in  
13 more detail at a future Internal Affairs meeting, but  
14 for today I just wanted to briefly discuss the water and  
15 wastewater bill and a couple of -- just a couple of  
16 other ones that you might want to keep in mind for  
17 future reference.

18           Senate Bill 272 was sponsored by Senator  
19 Simpson in the Senate, and that is the only water and  
20 wastewater bill that did pass the legislature. And  
21 we've talked about this one a couple of times, so I will  
22 just briefly go over the one that -- the final version  
23 of this bill. It sets forth a process for customers of  
24 an investor-owned water utility -- that is one change in  
25 the final version of this bill, it's only water, not

1 water and wastewater utilities -- but it sets forth this  
2 process whereby customers can petition the Commission to  
3 revoke the certificate of authorization to provide water  
4 service.

5 It sets forth that process that customers will  
6 file with the Commission an intent to file a petition.  
7 Within ten days, the Commission, Commission staff will  
8 provide instructions and details on how to do that, and  
9 will notify the utility of the customers' intent to file  
10 that petition. They then have 90 days to submit the  
11 petition. And the Commission staff have ten days to  
12 determine sufficiency, just if all the pieces and parts  
13 are there. If they are not, they send back further  
14 instructions for a cure. And if a cure is not  
15 reproduced, sent back to the Commission within 30 days,  
16 then that petition is dismissed.

17 So assuming the petition gets that far, the  
18 Commission staff would then review the petition and it  
19 would then come to the Commission. The petition has to  
20 state each specific issue that customers have with the  
21 quality of water service each time the issue was  
22 reported to the utility, how long each issue has  
23 existed, and it must be signed by at least 65 percent of  
24 the customers. And customers is defined in the bill,  
25 and it's basically the name on the bill.



1 I'm skipping a lot of the stuff. If the  
2 Commission determines that there is a reasonable -- if  
3 there's a reasonable likelihood that the utility is  
4 failing to provide quality water service, the petition  
5 would then come to the Commission for review, and the  
6 Commission has three options: They can dismiss the  
7 petition; they can require corrective action by the  
8 utility setting benchmarks and requiring the utility to  
9 provide interim reports, the time frame can be three  
10 years with an extension of three years under  
11 extraordinary circumstances; and the third option is to  
12 revoke the utility's certificate of authorization  
13 pursuant to the abandonment statute. And the bill gives  
14 the Commission authority to promulgate rules.

15 There's a second part to that bill which has  
16 to do with fixing rates, and a requirement to look at  
17 primary and secondary water standards during the rate  
18 hearing of the water utility. The Commission in looking  
19 at rates during the rate case have to look at testimony  
20 and evidence from customers and utilities, results of  
21 past tests, results of additional tests that may have  
22 been ordered, complaints regarding secondary water  
23 standards that have been submitted to the Commission, to  
24 local health departments, to the Department of  
25 Environmental Protection, and to local governments. And

1 it requires the Commission to consider a finding by the  
2 Department of Environmental Protection of whether the  
3 utility has failed to provide the water service that  
4 meets those secondary water quality standards.

5 This is the part of the bill that requires the  
6 utilities to create estimates and costs and the benefits  
7 of plausible solutions, and to work with the customers  
8 to come to some agreed-upon solutions. And then the  
9 utility will let the Commission know if customers and  
10 the utility have agreed upon a solution or if they have  
11 agreed to a different solution.

12 This bill requires the Commission -- it may  
13 require -- I want to say this right. Let me get this  
14 one right. The Commission may require that the  
15 solutions be in the best interest of the customers,  
16 which is a departure. The bill also prohibits customers  
17 from initiating a petition for revocation, that I just  
18 discussed, while a rate case is ongoing with the  
19 utility. And it authorizes the Commission to proscribe  
20 penalties, those which are already included in law; also  
21 reduction of equity up to 100 basis points or one  
22 percent; denial of all or part of a rate increase, or  
23 revocation of the certificate.

24 Here's the good news. The legislature  
25 appropriated three FTE from general revenue and about, a

1 little over 224,000, 12,000 nonrecurring, to implement  
2 the provisions of the act. It's effective July 1. It  
3 has not gone to the Governor. Once it does, he'll have  
4 14 days.

5 Any questions on that one?

6 **CHAIRMAN GRAHAM:** I have a couple of  
7 questions.

8 **MS. PENNINGTON:** Yes, sir.

9 **CHAIRMAN GRAHAM:** The first question: When  
10 this bill was first drafted, wasn't the burden  
11 60 percent for the petition? Because I heard you say  
12 65.

13 **MS. PENNINGTON:** It's 65 percent. There was,  
14 at one point in talking with Senator Simpson, he had  
15 agreed to lower it to 60 percent, but he never amended  
16 the bill on the senate floor to do that. But right now  
17 it's 65 percent.

18 **CHAIRMAN GRAHAM:** And that's 65 percent of the  
19 all the specific, I guess, counting up meters.

20 **MS. PENNINGTON:** Yes, sir. The billing, the  
21 name on the bill. If it's a master meter, then that  
22 master meter must give approval for all the people  
23 that --

24 **CHAIRMAN GRAHAM:** So let's just say that  
25 master meter goes to 35 homes. Whoever's name is on

1 that master meter is voting for 35 people?

2 **MS. PENNINGTON:** Let me make sure. I don't  
3 want to tell you anything wrong. For units or tenants  
4 served by a master meter, the petition -- a person whose  
5 name appears on the bill for a master meter may sign the  
6 petition if at least 65 percent of the customers,  
7 tenants, or unit owners served by the master meter  
8 support the petition.

9 **CHAIRMAN GRAHAM:** Okay. Another question I  
10 have, you talked about the customers have to meet a  
11 primary/secondary standard. Does this require them to  
12 file the tests that they met their primary/secondary  
13 standard when they file their rate case, or do we have  
14 to go back to post data that may be there; it may be  
15 available and it may not be available? Because I know  
16 the question comes up all the time, and we don't always  
17 have primary and secondary data. And so does this  
18 require them to file that information when they file  
19 their rate case?

20 **MS. PENNINGTON:** That is not specified in the  
21 bill. It's silent upon that.

22 **CHAIRMAN GRAHAM:** So I guess it's one of those  
23 things, when we go through rulemaking that's one of the  
24 things that we look at?

25 **MS. PENNINGTON:** Yes, sir.

1           **MR. BAEZ:** Yes. Mr. Chairman, briefly,  
2 there's a group on staff that's already discussing  
3 implementation and what kind of rules will be necessary,  
4 assuming the Governor does sign the bill. But we are  
5 trying to get a head start and be prepared as much as  
6 possible. So that would be -- that would fall into the  
7 category of the things that need to get discussed and  
8 figured out.

9           **CHAIRMAN GRAHAM:** That's all I had. That's  
10 all the questions I had.

11           **MS. PENNINGTON:** Okay. A couple of other  
12 bills. There were, you know, some bills that add a  
13 50 cent surcharge to prepaid wireless -- the 50-cent  
14 E911 fee to pre-paid wireless.

15           In a transportation bill, I don't think any of  
16 these issues directly affect the Commission, but buried  
17 in the transportation bill is a requirement that utility  
18 and television lines be removed from county roads and  
19 highways at no cost to the county. There are some  
20 exceptions in rural areas of economic concern. I just  
21 mention that because it may be an issue for utilities  
22 later down the line.

23           The senate memorial that we discussed a couple  
24 times which, of course, has no force of law and relates  
25 to the carbon dioxide emissions, that bill did pass. It

1 has not yet gone to the Governor.

2 And, finally, buried in an economic  
3 development bill the -- and I think this originally was  
4 part of the Department of Agriculture and Consumer  
5 Services omnibus bill. There was some controversy at  
6 one time and it was pulled out, but it was put into the  
7 economic development package, is a three-day sales tax  
8 holiday for ENERGY STAR® and WaterSense products on the  
9 first \$1,500 from September 19th through 21st.

10 There was also a sales tax holiday for  
11 hurricane preparedness for nine days, May 31st through  
12 June 8th, for flashlights, generators, things like that,  
13 portable generators up to \$750.

14 And for your parents of school-aged children,  
15 the sales tax holiday for three days beginning the 1st  
16 of August is also in that bill, and this year it does  
17 include the first \$750 of a computer or tablet. So that  
18 was just FYI for those parents in the room.

19 Those are the ones I just wanted to highlight  
20 today. I will give you a more detailed briefing at a  
21 later Internal Affairs meeting.

22 **CHAIRMAN GRAHAM:** Thank you very much.

23 Now, Executive Director.

24 **MR. BAEZ:** Thank you, Chairman and  
25 Commissioners. I'll be brief.

1           On the budget, we have discussed it, or I have  
2 reported on it in progress a few times already during  
3 session and leading up to it. All our expectations --  
4 without getting into the specifics, all of our  
5 expectations that we have -- ones expressed held true,  
6 and really we are still in the waiting mode. The budget  
7 is not before the Commissioner -- the Commissioner,  
8 excuse me, the Governor yet, and so we'll keep you  
9 posted on when that happens. And there is a process;  
10 it's still going through the post-legislative process.

11           I just want to take a brief point, a brief  
12 moment to thank Apryl Lynn and Peter Queirolo, who is  
13 our budget analysts, they are the ones that shepherded  
14 this process in our LBR through the legislative  
15 committees, had constant contact, and constant back and  
16 forth, and adjustments and conversations and such all  
17 through the process. So I really do want to thank them.  
18 They put a lot of time into this, and we owe what  
19 successes and what favorable considerations we got on  
20 our budget requests this year are mostly due to them.  
21 So I thank them for that.

22           That's the balance of the report.

23           **CHAIRMAN GRAHAM:** Fantastic.

24           Other issues?

25           Commissioners? Commissioner Brisé.

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**COMMISSIONER BRISÉ:** No other issues. I just want to wish all of the mothers a Happy Mother's Day on Sunday, and I hope that you have a wonderful time and enjoy your families.

**CHAIRMAN GRAHAM:** Anybody else for the good of the order?

Seeing none. Thank you very much. Travel safe. Enjoy your weekend. And we are adjourned.

(Internal Affairs concluded at 1:38 p.m.)



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STATE OF FLORIDA        )  
                                  :        CERTIFICATE OF REPORTER  
COUNTY OF LEON        )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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 16th day of May, 2014.



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JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
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