

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : DOCKET NO. UNDOCKETED  
Workshop on reuse of :  
reclaimed water. :  
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VOLUME 2

Pages 106 through 177

PROCEEDINGS: WORKSHOP

CONDUCTED BY: ROSANNE GERVASI  
FPSC Staff Attorney

DATE: Tuesday, July 7, 1998

TIME: Commenced at 9:30 a.m.  
Concluded at 3:05 p.m.

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

REPORTED BY: H. RUTHE POTAMI, CSR, RPR  
Official Commission Reporter  
and MARY ALLEN NEEL, RPR

IN ATTENDANCE: (As heretofore noted.)

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FPSC-RECORDS/REPORTING

## 1 PROCEEDINGS

2 (Workshop reconvened at 1:35 p.m.)

3 MR. SHAPER: Let's go ahead and take our  
4 seats and get started so we can get out of here at a  
5 reasonable time, hopefully.6 Okay. One thing that came up on the break  
7 that probably more than just one of you are curious  
8 about, and that is kind of where do we go after today.  
9 And we're not entirely sure ourselves at this point.  
10 Like I indicated earlier, we kind of want to get our  
11 Commissioners primed for any legislative changes and  
12 rulemaking and so forth that might be required in time  
13 to deal with it in the next session. So that puts us  
14 on a fairly accelerated time schedule, probably  
15 sometime late fall, early winter, to be back to them  
16 with something, some recommendation.17 One idea that we had kicked around was  
18 possibly after this workshop to go to the Commission  
19 at internal affairs and just generally give them a  
20 briefing and get some feedback from them as to whether  
21 they wanted to participate in a workshop themselves or  
22 just let us continue to assimilate the information and  
23 so forth and go forward that way. So those are some  
24 of the things that we're kicking around.

25 So hopefully we're going to move along

1 reasonably quickly, but you know how government is.  
2 It never gets too far ahead of itself.

3           Okay. One thing that I wanted to make sure  
4 that we touched on a little bit on the used and useful  
5 before we moved to another topic was item 19. I know  
6 Brian touched on it earlier when he was talking about  
7 a particular scenario of converting an operation from  
8 straight wastewater treatment and disposal to reuse.  
9 I don't know if anyone else has got any particular  
10 comments in that area or not or if Brian wants to  
11 address it again.

12           But I guess one of the things that we're  
13 going to be looking at fairly closely would be trying  
14 to draw that line and determine whether something is  
15 necessary for reuse or whether it would be there  
16 anyway for typical treatment processes and how that  
17 plays into the used and useful analysis.

18           So anybody that has got any comments on  
19 that, we would be happy to hear them.

20           MR. ARMSTRONG: I'm not going to repeat  
21 what I said earlier, because obviously you heard that  
22 part of it about when you're converting facilities.  
23 But there was something that Bob had mentioned earlier  
24 about the Commission -- obviously in that Court of  
25 Appeals order that reversed the Commission's

1 determination about reuse being 100 percent used and  
2 useful in our case, there's the footnote that Bob  
3 referred to that said, you know, that doesn't mean you  
4 don't make a prudency determination and that the size  
5 of the plant is to be considered there.

6           You know, just because this is informal and  
7 we want to talk about facts, I think, and I request,  
8 and I hope that there will be a lot of caution and  
9 really wouldn't expect to see the fact that now that  
10 we have this determination, the legislative intent is  
11 clear, and the court has found what the intent was,  
12 everybody agrees what the intent was, and there's law  
13 in statutes and case law now so it's clear, right,  
14 that now all of a sudden we don't see a reversion to,  
15 well, let's go back and make some other determinations  
16 on prudency, prudency of plant construction sizing  
17 for existing plant particularly.

18           You know, I don't know that that was  
19 considered, but it's obvious. In this case it should  
20 be very obvious that that would be met, obviously,  
21 with more appeals and constitutional questions and  
22 other questions. And I only say that because of Bob's  
23 comment. And I truly hope that nobody makes that  
24 mistake, because that's not going to get anybody  
25 anywhere, and that again would just stop in its tracks

1 any conversion to reuse facilities, you know, if  
2 that's the way anybody would intend to go. Of course,  
3 there will be some people who will be trying to push  
4 that, but it's obviously a very wrong way to go.

5 MR. CROUCH: Greg, I would like to bring up  
6 one other subject if I could for a second. During  
7 lunch today Ralph Terrero pointed out something, that  
8 having reuse provided can cause problems for the other  
9 utilities that we don't really think about right  
10 offhand, and one of those is the requirement for the  
11 water provider then to have backflow prevention  
12 devices.

13 So if it's -- in fact, Ralph, if you want  
14 to talk about that a little bit.

15 MR. TERRERO: Well, what we're talking  
16 about is the cross-connection control, and usually you  
17 have to have it in place whenever you have the reuse  
18 or reclaimed water lines in front of the lots. Even  
19 though it is required, we're having problems trying to  
20 implement it in our facilities as it is now.

21 And it's really a problem for us, in the  
22 sense that we send the letters out to the customers at  
23 the time that it has to be recertified, and they don't  
24 want to recertify it, and there we go with letters to  
25 the senators, letters to you, to the Public Service

1 Commission, et cetera. So we're actually not doing  
2 it, and nobody seems to take a real active role in it,  
3 not DEP, not the Health Department or anybody.

4 So this is something that, you know, we  
5 would like to see addressed in the reclaimed water  
6 issues too, you know, who's going to provide this.  
7 And it might be the case that we provide water and  
8 sewer in the same facility, but it could be that we  
9 are a wastewater plant and somebody else is providing  
10 the water, and whoever is going to provide it is going  
11 to pay for it.

12 MS. CHASE: Is the question who's going to  
13 provide the backflow prevention?

14 MR. TERRERO: That's correct.

15 MS. CHASE: Would that be a requirement of  
16 the customer or the utility?

17 MR. TERRERO: Well, the utility is  
18 responsible for the water quality that you supply.  
19 The customer is responsible for testing it. So it's a  
20 very confused issue and is being avoided by everybody.

21 MR. SHAPER: The DEP requires that for the  
22 water utilities, is that not correct, when there is  
23 reuse or alternative water supply on the premises?

24 MR. TERRERO: Correct.

25 MR. SHAPER: I'm pretty sure that we've got

1 a variety of situations out there on the systems that  
2 the Commission regulates, and also I think there's  
3 probably a variety of recovery opportunities out  
4 there.

5 I know that some utilities actually have  
6 the devices in their tariffs, and other utilities have  
7 installed them and requested that they -- you know,  
8 rate base treatment on that, as well as expenses for  
9 maintenance. And in some cases, I think the  
10 Commission has permitted a rate base treatment. And  
11 then I think there's the other extreme as well, and  
12 that is that the burden -- the utility has placed the  
13 burden on the customer, and it's pretty much outside  
14 the Commission's purview.

15 It is problematic, and I know that DEP is  
16 in the process of revising their rules right now, and  
17 hopefully something that's a little more clear and  
18 concise and workable for all involved will come out of  
19 that.

20 MR. TERRERO: I think it will be great if  
21 we can get it like, you know, in the tariff and make  
22 it transparent to the customer so the customer doesn't  
23 even have to bother with it, you know, the maintenance  
24 and repair of it, just go ahead and do it and pay it  
25 like on a yearly basis.

1           MR. SHAFER: I'm not sure at this stage  
2 whether the Commission even has an informal policy on  
3 that at this point. I think it has been kind of case  
4 by case. We've spend some time looking at it, and  
5 it's just kind of a knotty problem trying to decide  
6 what the best approach is. You know, like everything  
7 else that comes before us, we're concerned about the  
8 level of expense and whether or not it's -- you know,  
9 the type of device is in line with the hazard or the  
10 perceived hazard. You know, that has been a  
11 controversy on a couple of our cases.

12           MR. ARMSTRONG: Greg, that gets back to  
13 the original question about, you know, I guess Staff's  
14 position on treatment -- you know, obviously, reuse,  
15 public access, tertiary treatment constitutes filters  
16 and additional -- is it Staff's position that those  
17 things should be considered part of the reuse  
18 facilities that aren't 100 percent used and useful, or  
19 do you have an inclination right now?

20           MR. SHAFER: I don't want to speak for  
21 anybody else, obviously, but I guess my sense is that  
22 if you have a clear reuse situation and there has been  
23 a clear need to upgrade the treatment plant in order  
24 to get the effluent to a particular standard for reuse  
25 purposes, you know, then I think it makes a lot of



1 sense that that falls under the reuse statute.

2 I get the sense from talking to the  
3 engineers that sometimes those lines aren't real  
4 bright as to, you know, what was -- what additional  
5 investment was necessary for reuse vis-a-vis some  
6 other purpose, and I think there will be some battles  
7 in trying to draw those lines. And really I'm looking  
8 for the feedback in that area.

9 MR. CROUCH: We've looked at it like you've  
10 got your regular sewage treatment plant up to a  
11 certain point. If it was just pure sewer treatment  
12 plant, you've got your effluent leaves there, and you  
13 dispose of the effluent.

14 If you're going to start reuse, from that  
15 point on you're going to have to put in new piping,  
16 you're going to put in filters, you may put in storage  
17 tanks for wet weather storage, a number of things that  
18 were not necessary for just normal wastewater  
19 treatment, but they are a definite identifiable  
20 expense for reuse. And this gets into the other  
21 category here that we'll be starting pretty soon on  
22 revenue requirements in rates and things, just what  
23 are your expenses associated with reuse.

24 And like Greg said, finding a defined line  
25 that says to the left of this line is wastewater

1 treatment and to the right of this line is reuse is  
2 difficult.

3 MR. ARMSTRONG: For purposes of proceeding  
4 on too it will probably be very helpful to have -- you  
5 know, since the Staff -- since you guys have dealt  
6 with this situation with a number of different  
7 utilities at this point, if there was a map that you  
8 could come up with with what he was saying, Bob, you  
9 know, here's the standard, and then here's another map  
10 that shows your additional, and then maybe with an  
11 index of the different parts, you know, listing the  
12 components. If we could have that disseminated,  
13 obviously, that would be food for fruitful discussion,  
14 it would seem, you know, so if we have another  
15 workshop, or during the next process, if we have  
16 something like that, it would be pretty straight.

17 I guess carrying forward a little bit too  
18 -- Bob, this addresses your comment earlier on the  
19 sizing, and mine as well. You know, you have a  
20 treatment plant that's 80 percent used and useful  
21 according to the Commission's rules. You then convert  
22 to reuse, and just hypothetically speaking, just say  
23 for all the reasons it's prudent and it's necessary,  
24 and it's maybe even cost-efficient to convert to  
25 reuse. Under the statute, you put in all the

1 facilities that are necessary to do so, and under the  
2 statute, you say 100 percent is used and useful,  
3 obviously.

4 It's my understanding from the engineers  
5 that that's what this purpose is for, is that, you  
6 know, you wouldn't be able to put filters in that --  
7 or it would make absolutely no sense to put filters in  
8 that serve 80 percent of the flow coming out of that  
9 plant, so you have to put in filters that cover the  
10 whole plant capacity.

11 Just for purposes of discussion again, how  
12 do you address that as far as what's effective right  
13 now?

14 MR. CROUCH: You're saying the sewer  
15 treatment plant is 80 percent used and useful by  
16 itself, and now you put -- on the tail end of it down  
17 here, you make it reuse, and you put in a filter to  
18 serve the whole thing.

19 MR. ARMSTRONG: Right.

20 MR. CROUCH: I would look at economies of  
21 scale. I would look at a number of factors in there  
22 and probably come up agreeing that it would be 100  
23 percent. But here again, I would have to fall back on  
24 my old escape clause, case by case.

25 MR. ARMSTRONG: Yes, but again, that's just

1 what -- you know, this is to discuss reuse, and then  
2 we could all start working towards narrowing the  
3 differences, if any. That would be appreciated.

4 MR. CROUCH: Well, in the case of -- let's  
5 go back to Marco Island again down there. About eight  
6 years ago you went in with a filter down there for  
7 reuse, and you're actually providing reuse over to the  
8 golf courses and things. So at that time, I don't  
9 think used and useful was even considered on that  
10 filter. I think it was just automatically 100  
11 percent. And I'm not even sure of the size of that  
12 filter compared to the size of the plant down there,  
13 to be perfectly honest. But that's one of the first  
14 cases that I know of where an existing wastewater  
15 treatment plant was retrofitted to provide reuse.

16 MR. ARMSTRONG: Thank you.

17 MR. SHAPER: Okay. Any other comments or  
18 suggestions or anything on used and useful or the  
19 related stuff before we move on to another area?

20 MR. WENZ: Maybe I could ask Bob this  
21 question. Looking at number 20, in Alafaya we have  
22 the situation where all of our effluent goes to a perc  
23 pond for disposal. And now we're going to start  
24 providing reuse, and we'll be diverting that treated  
25 effluent away from the perc pond and to the reuse.

1 Over time, the used and useful calculation will start  
2 to decrease on the pond. What would be your position  
3 on doing a used and useful calculation on the pond?

4 MR. CROUCH: Would you not be using that  
5 pond for wet weather storage for backup?

6 MR. WENZ: No.

7 MR. CROUCH: You would have no use for  
8 those ponds anymore after everything became reuse?

9 MR. WENZ: Yes. I mean, they're pretty  
10 big, so it would be a long time before we would have  
11 enough reuse customers to totally take off-line the  
12 perc ponds.

13 MR. CROUCH: But eventually you would be  
14 taking the perc ponds completely off-line then?

15 MR. WENZ: Right.

16 MR. CROUCH: And salvaging that land or  
17 putting it to other use.

18 MR. WENZ: Let's just talk short-term right  
19 now, in my lifetime.

20 MR. CROUCH: Yes, in our lifetime. I would  
21 have to look at that on --

22 MR. WENZ: A case-by-case basis.

23 MR. CROUCH: A case-by-case basis. I guess  
24 that's the engineers' escape clause. But it would  
25 definitely be something to consider, because I think

1 you would admit that those perc ponds are no longer  
2 needed, or to a lessening degree.

3 MR. WENZ: To the extent that they were  
4 prior to initiating reuse.

5 MR. CROUCH: Right. So let's say they were  
6 100 percent before. I don't know. I would have to  
7 look at that.

8 MR. FRIEDMAN: But, Bob, wouldn't you agree  
9 that certainly in the short term, say that they divert  
10 half the flow out of the ponds, that when they get to  
11 the point that half the flow is out of the ponds,  
12 those ponds are still 100 percent used and useful?

13 MR. CROUCH: I would tend to say that, yes.

14 MR. FRIEDMAN: And it's just when you get  
15 to the point where the ponds have no usefulness at all  
16 that you really reach this question that's more  
17 perplexing.

18 MR. CROUCH: Exactly. Why should they be  
19 included in rate base from that point on?

20 MR. WENZ: But it has to get to zero? Is  
21 that what you're saying?

22 MR. SHAFER: This is informal.

23 MR. ARMSTRONG: There again, obviously,  
24 you're talking about very similar issues that haven't  
25 been addressed in utility ratemaking in the past where

1 new technologies and other things come to replace what  
2 was originally prudent investment in facilities. And  
3 it's akin to the question of if your plant is 100  
4 percent used and useful today, can it possibly be 90  
5 percent tomorrow, given that there's no increase in  
6 capacity.

7           Again, we can only hope for wisdom to  
8 prevail in those kinds of situations, and the fact  
9 that, you know, there's plenty of constitutional  
10 questions and others that would have to be raised that  
11 I would hope we wouldn't have to face because we'll  
12 all be reasonable about making those determinations.

13           But that's one right there. You know, the  
14 investment, it has to be determined whether it was  
15 prudent when made and looking at the decisions facing  
16 the utility then and not second guessed down the  
17 road.

18           MR. CROUCH: Right now I would tend to say  
19 that, yes, we would recommend that that stay 100  
20 percent, because it was a prudent investment. It's  
21 just that circumstances overtook the situation.

22           MR. ARMSTRONG: And it might get retired,  
23 so there's no impact anyway on rate base or anything  
24 else.

25           MR. SHAPER: Yes. I mean, I think the

1 strain of investment has been an important issue in  
2 the telephone industry for some period of time, and I  
3 think there has been ways of dealing with that through  
4 accelerated depreciation and that sort of thing where,  
5 you know, it was dealt with in a reasonable manner,  
6 and I don't see any reason why it wouldn't be dealt  
7 with that way for this industry.

8 MR. ARMSTRONG: Right.

9 MS. SPRINGFIELD: I would like to comment  
10 on question number 18, because I can't go back to  
11 Palatka without commenting on question number 16,  
12 should reuse facilities be considered 100 percent used  
13 and useful.

14 We don't know the answer to that. We think  
15 perhaps not necessarily, but in some cases, maybe.  
16 And as I've stated before, we're really not the  
17 experts when it comes to all of this ratemaking stuff,  
18 which is one reason why we're reluctant to give a  
19 definite opinion on that.

20 We think generally that reclaimed water  
21 projects merit being treated differently from  
22 wastewater projects and water supply projects. And I  
23 would refer you to the testimony of our deputy  
24 executive director, John Wehle, that he gave in the  
25 margin reserve rule challenge case for the reasons why



1 we feel that way.

2           And we like -- we don't know if this is  
3 possible, because we haven't consulted with any  
4 accountants or anything like that, but from our  
5 perspective, it would be nice if the Public Service  
6 Commission could come up with a new approach, a new  
7 methodology for setting rates for reclaimed water  
8 projects and not try to make reclaimed water projects  
9 fit into the molds that have been created for water  
10 and wastewater.

11           And I would also like to respond to some  
12 comments that others have made, and this is I guess  
13 one of my personal issues.

14           I think people need to remember more often  
15 that reclaimed water projects typically benefit water  
16 customers, wastewater customers, and reclaimed water  
17 customers by providing a disposal option for the  
18 wastewater customers, by conserving higher quality  
19 sources for public supply customers, and by providing  
20 a source of water to those who use the reclaimed water  
21 for their purposes. And then it also benefits the --  
22 it's in the public interest, in that it benefits all  
23 of us, the citizens of the State of Florida, in that  
24 it protects the water resources and the environment.

25           I think that that's a really great

1 justification in probably at least 50 percent of the  
2 cases to spread the costs around to all of those  
3 ratepayers. It's going to benefit existing customers,  
4 and it's going to benefit future customers, and I  
5 don't know how to really deal with that issue. But I  
6 think that water, wastewater, and reclaimed water  
7 customers should all bear a portion of the cost, and  
8 if there's anybody else that you can assign a portion  
9 of it to for the benefit of all of us, then that would  
10 be great too.

11 MR. SHAFER: Okay. Well, let's move --

12 MS. CHASE: That leads to revenue  
13 requirement.

14 MR. SHAFER: That's exactly right. That  
15 comment sort of leads us right to revenue requirement  
16 and rate setting.

17 MS. CHASE: Before we get comments on that  
18 section, I would like to explain a little bit about  
19 question number 7, what we really mean by that. The  
20 issue is should we be setting a separate revenue  
21 requirement for reuse. Now, obviously we do when a  
22 utility comes in for a reuse project plan. That is  
23 what the docket is about.

24 But in general rate cases, and even in  
25 staff-assisted rate cases if they happen to have

1 reuse, we have tended not to set separate revenue  
2 requirements for those. We set a wastewater revenue  
3 requirement and a water revenue requirement. We may  
4 or may not be coming up with a rate for the reuse  
5 customers, and we may or may not be spreading some of  
6 the costs between the water and the wastewater  
7 customers.

8           This does get along the line of how should  
9 we be regulating reuse, and how different should it  
10 be, and is there merit to actually setting a revenue  
11 requirement within those rate cases just so at least  
12 we know the costs associated with reuse, not  
13 necessarily to set a cost-based reuse rate at this  
14 point in time, but at least to know the costs that are  
15 associated with reuse and then to decide what to do  
16 with them and how to spread them between the  
17 wastewater customers, water, and reuse customers, and  
18 even between future and present if we're going to do  
19 that.

20           So that's really what the issue is. It  
21 would be a deviation from what we do in rate cases.

22           MR. LUDSEN: Forrest Ludsen, Florida Water.

23           I guess our view on that would be that  
24 we're dealing with really a small piece of the pie  
25 here. I mean, the revenues that we're dealing with in

1 reuse are very, very small. And what could happen  
2 here is that we could create this huge bureaucracy to  
3 do an analysis of reuse for every one of our systems.  
4 And I assume we're talking about Class 1 here, Class 1  
5 reliability.

6 MS. CHASE: Yes. Yes, the public -- yes,  
7 we are.

8 MR. LUDSEN: Okay. But it seems to me that  
9 determining what revenue requirements for reuse, we  
10 could accomplish that by doing individual studies. I  
11 mean, Staff could do some studies of various  
12 facilities to get any idea what the reuse costs are.

13 What we would like to see is something more  
14 designed based on value of service, because that's  
15 what we're dealing with. We're dealing with  
16 competition from counties. We're dealing with the  
17 needs, availability of reuse or the needs for reuse.  
18 It certainly doesn't boil down to a cost of service  
19 issue in the end. It boils down to how much the  
20 customer is willing to pay.

21 Now, if you start pricing our reuse, you're  
22 pricing it based on wastewater costs, and really how  
23 the customer measures his value is by the cost of his  
24 water. So you're pricing on one side of the equation,  
25 and your economies are on the other side of the

1 equation. If you're looking at a residential  
2 customer, he's going to want to base whether he will  
3 take reuse based on what his water costs are. And if  
4 the reuse cost is \$1.10 and his water cost is \$1, he's  
5 not going to take it.

6 So that's what we have to look at. I think  
7 we have to look at establishing what the value is.  
8 And that probably does have to be done individually by  
9 system, although it would be nice to come up with a  
10 formula that was like 50 percent of the potable water  
11 rate, for instance, in the case of residential  
12 customers.

13 In a golf course, you know, that rate could  
14 be just about anything, depending on the needs of the  
15 utility and the needs of the golf course. We have  
16 some situations where the golf courses are basically  
17 paying nothing for reuse and other cases where they're  
18 paying considerably more.

19 So I think we have to look at reuse similar  
20 to service availability based on value of service.  
21 When we went through our last rate case on service  
22 availability, we found out that the costs really don't  
23 mean a whole lot in pricing service availability.  
24 It's really what the competition and the market is.  
25 And I think this is a similar situation.

1 MS. CHASE: I understand what you're saying  
2 there. And certainly the way reuse rates are  
3 currently being set, they are market driven.

4 Now, theoretically, as more and more reuse  
5 is out there and there's more demand for it, it will  
6 come closer to the cost of reuse. And what we're  
7 trying to get at is, usually if you're going to do a  
8 market driven rate, you're looking at the cost as  
9 being the ceiling. Don't we really want to know what  
10 that ceiling is? Or is it too soon?

11 MR. LUDSEN: Well, I think we can do an  
12 analysis of what costs are, but I think it's still  
13 going to come down -- the end result is going to come  
14 down, what is the market. On a residential customer,  
15 the ceiling is going to be his potable water rate, and  
16 for a golf course it's going to be the cost of pumping  
17 his own water in a lot of cases, and how much they're  
18 willing to pay. And it also might be the amount of  
19 reuse we have to get rid of. And if the customer has  
20 all the effluent that it needs, they may not want to  
21 take any more effluent, but we may need to get rid of  
22 more, so you have to price accordingly.

23 So I still come back to that it's a value  
24 of service issue. I could foresee where you would  
25 have probably two different types of rates under

1 reuse. You would have one for -- a potable water  
2 replacement rate which would be sold to residential  
3 type customers, and you would have a nonpotable water  
4 replacement rate which would be a golf course type  
5 rate, and you would have different rates for those  
6 customers.

7 MR. SHAFER: Just so I'm 100 percent clear  
8 on what you're saying, and I think I'm pretty clear,  
9 you're not saying that we should ignore costs when it  
10 comes to setting the utility's revenue requirement.  
11 You're simply saying that the price of reuse is going  
12 to depend on market forces for that particular  
13 commodity and that we can't just set the price at what  
14 the cost is and expect it to work like it does for  
15 water services.

16 MR. LUDSEN: Yes, that's absolutely  
17 correct.

18 MR. SHAFER: I didn't think that you were  
19 interested --

20 MR. LUDSEN: Well, I think the bottom line  
21 is --

22 MR. SHAFER: -- in ignoring the costs for  
23 revenue requirement purposes.

24 MR. LUDSEN: No. What I'm saying too is  
25 that I don't think that we should separate out reuse

1 necessarily for revenue requirement purposes.

2 MR. SHAFER: Well, see --

3 MR. LUDSEN: The bottom line to the company  
4 is that we still expect to recover our total revenue  
5 requirements for wastewater and for water. And really  
6 reuse is just a subsection of that. It's a pricing  
7 subsection of that.

8 MR. SHAFER: And, see, what I would say is  
9 that there's a big piece that's lost when you do that,  
10 and that is the cost of this goal that we all have.  
11 And I think it's important that the customers and the  
12 water management districts and the Commission and the  
13 DEP understand what those costs are and understand  
14 that, you know, there may be a point in some  
15 situations where it may not be economically feasible  
16 because those costs are so high. And even the utility  
17 would agree to that in some circumstances, I'm sure.  
18 So --

19 MR. ARMSTRONG: Greg, I -- go ahead. I'm  
20 sorry.

21 You just said something that just gets to  
22 me, and that's why these things are so valuable. You  
23 don't even have to put it in that way. I mean, the  
24 lion's share of the time you're going to have the  
25 utilities telling the DEP and the management districts



1 this isn't economically feasible and we're not going  
2 to do it. That's the lion's share. It's not --

3 MR. SHAFER: I understand that, and I heard  
4 that when --

5 MR. ARMSTRONG: Particularly when you don't  
6 get the recovery in rates of your investments and you  
7 have the treatment we've had in the past and hopefully  
8 won't in the future. You know, it's just not there.  
9 You're not sitting there saying, well, we're going to  
10 go do it and spend more money.

11 MR. SHAFER: I understand that the  
12 utilities are not beating down the door to provide  
13 reuse, and I certainly didn't mean to imply that. But  
14 by the same token, you know, recognizing that there  
15 are real costs to doing that, to implementing that  
16 service, is important for all the parties involved,  
17 not just for us and not just for the customers, but  
18 for you folks and for everyone else involved.

19 MR. ARMSTRONG: Yes. And certainly you  
20 have to determine what the investments are in order to  
21 determine used and useful and, you know, determine  
22 recovery in rates and what the revenue impacts are. I  
23 mean, you know that and you can do that. But the  
24 question seems to be setting a separate revenue  
25 requirement and doing typical, you know, rate base

1 regulation, saying here's your revenue requirement,  
2 here are your units of service, and -- you know, units  
3 of service divided into revenue requirement, and  
4 here's your rate. It's impossible to do that at this  
5 point.

6           And there's one thing -- Forrest mentioned  
7 a number of reasons why, but also there's competition  
8 for reuse like we were talking about earlier today.  
9 And we know of facilities' experiences where counties  
10 and cities have reuse available, and they're charging  
11 six cents a thousand, or they're charging a flat  
12 rate. You know, if we're out there and we're saying  
13 to a golf course, in or out of our area, you know, we  
14 can provide reuse to you, you know, there's  
15 competition there. Who are they going to buy their  
16 reuse from, who are they going to take their reuse  
17 from? So that's another factor out there.

18           You know, we're not suggesting in any way  
19 that this thing gets lost in the shuffle, but it's  
20 just whether you set that separate revenue requirement  
21 and have separate annual -- the next subject is annual  
22 reports.

23           MR. SHAPER: And the uniform system of  
24 accounts has already been modified to deal with the  
25 reuse application of various elements, so --

1           MR. LUDSEN: But, you know, we have a  
2 concern that we're going to create a mountain out of a  
3 molehill here too as far as financial reporting  
4 purposes and as far as rate case analysis is  
5 concerned. I mean, obviously, you can separate out  
6 the assets, but then you have to separate all the  
7 expenses and everything else that go along with it.

8           And when you start determining a separate  
9 rate base on cost of service, what are you going to  
10 use for customers as far as cost of service is  
11 concerned? I mean, I wouldn't want to see a situation  
12 where you developed the total revenue requirement and  
13 you take the total customers to build-out that you  
14 might potentially have and come up with a unit rate  
15 that we collect, you know, this year's revenue  
16 requirements over the next 20 or 30 years.

17           MS. CHASE: We're not really envisioning  
18 that in this question. What we're envisioning is  
19 simply revenue requirement, not how it's going to be  
20 priced or how it's going to be collected, but more  
21 splitting it out so that that is a known, so that we  
22 actually know how much of the utility's total  
23 wastewater revenue requirement is reuse.

24           MR. LUDSEN: A lot of times in these  
25 situations you do individual studies based on a

1 sampling of utilities to come up with some typical  
2 type costs for these reuse facilities and use those as  
3 sort of a benchmark. And your pricing can vary  
4 utility by utility, but you have a general feel for  
5 what reuse facilities cost in general, because I would  
6 assume that there could be certain variances in reuse  
7 facilities, but there's going to be some commonalities  
8 in facilities too. And to require every utility to  
9 come in in every rate case and do a separate revenue  
10 requirement analysis on reuse just seems to me like  
11 it's overly burdensome.

12 MR. ELSNER: We would like to build on what  
13 Forrest has said, that the way we operate in the South  
14 Florida Water Management District is along the same  
15 lines, that it should be market driven. And in every  
16 reuse program, there are special circumstances.  
17 Either the utility needs disposal, the user needs  
18 water, or in very limited cases, both. And we hear  
19 all the time from users who aren't in an area that are  
20 a resource problem, why should their cost of water  
21 supply increase because the utility needs disposal.

22 And, you know, we're somewhat sympathetic  
23 to that, such that how much is -- and there is a value  
24 to reclaimed water. You know, it's drought-proofing.  
25 They don't have to come in and get permits from us.

1 But how much is that worth? And only the end user can  
2 tell us how much that's worth.

3 MR. SHAPER: You know, I don't think that  
4 there's anybody on the Staff that disagrees that we  
5 need probably as much flexibility in terms of setting  
6 prices as we can get.

7 I'm reluctant to even -- Forrest mentioned  
8 the possible formula type approach where you allocate  
9 50 percent to wastewater customers and whatever, and  
10 I'm reluctant to even consider something like that,  
11 because from place to place, location to location,  
12 circumstances are going to vary. And right now you're  
13 not only fighting supply and demand issues, but you're  
14 fighting some artificial problems, and that is public  
15 acceptance, particularly in terms of residential  
16 applications. And in those cases you just can't  
17 expect that -- until you get the public acceptance  
18 hurdle out of the way, you're not going to be able to  
19 charge a rate that's very close to being compensatory.

20 MR. ELSNER: And on the flip side of that  
21 too is that in an area where there are resource  
22 problems, a user comes in, we say there's no water  
23 available from the surficial aquifer, and then they go  
24 looking for other options, and usually reclaimed water  
25 is the next cheapest source. You know, they've got to

1 take that into consideration as a cost of doing  
2 business.

3 Another concern we have, and we've seen it  
4 in at least one of your rate cases in Lee County,  
5 where users, water users have gone off their  
6 groundwater source to use reclaimed water to basically  
7 help the utility out. And this may be ten years ago  
8 where the utility needed disposal capacity, so the  
9 utility basically gave it to them.

10 Now when they're coming in for rate cases,  
11 we're seeing and having to testify, you know, there's  
12 rates of 25 cents a thousand that are being proposed.  
13 And that's a big concern of any user we talk to, about  
14 once they give up their groundwater source and we  
15 reallocate that, and then their rates start creeping  
16 up. And this is a concern for both public and private  
17 utilities, you know, what out do they have, or are  
18 they going to continue to be at the mercy of the  
19 utility in the way of their water supply. And that's  
20 something that we're trying to address right now.

21 Back three or four years ago, 373 requires  
22 the water management districts to adopt rules  
23 regarding backup allocation, both emergency as well as  
24 long-term. And one concept that we've talked about in  
25 the way of long-term backup supply would be where a

1 utility has maybe even found a higher source or  
2 somebody who's willing to pay more. So golf course A,  
3 you're not getting any more, because we have somebody  
4 that's going to pay twice as much. Well, golf course  
5 A is sitting high and dry. And that is a big concern  
6 out there in the user community, what sort of  
7 guarantees are there that, one, the cost is not going  
8 to increase exponentially, but two, if the utility  
9 decides not to serve them anymore, what avenue do they  
10 have to continue operating.

11 MS. CHASE: I'm familiar with the case  
12 you're talking about down there in Lee County, Gulf  
13 Utilities, that had been doing reuse for a number of  
14 years, and they came in for a rate case.

15 The dilemma that we had there, the Staff  
16 and the Commission, is that whenever a utility comes  
17 in for a general rate review or rate case, every rate  
18 they have is looked at, every charge. And the fact  
19 that they were giving those four golf courses reuse at  
20 a zero rate, that was something we needed to revisit  
21 and relook at.

22 So, yes, to give them a guarantee is a good  
23 question. But we kind of looked at it like the water  
24 and the wastewater customers have no guarantee that  
25 the rate they're going to pay, and they have no other

1 option, is going to be set for any length of time. So  
2 that's why we look at the reuse customer as well.

3 But we did -- you know, we understand the  
4 situation there, and it is kind of a dilemma. But I  
5 don't really know the answer to that either, given  
6 that if their rate doesn't go up or they don't start  
7 getting some rate, someone else is going to pay for  
8 it, because like we just heard, the utility expects  
9 their whole revenue requirement to be recovered from  
10 somebody. So, you know, you have to look at the  
11 equity among the customer base too, and we do look at  
12 them as customers.

13 MR. SHAPER: I mean, there's going to -- I  
14 can certainly envision situations where water and  
15 wastewater rates get high enough to the point that the  
16 consumer, you know, does everything they can to  
17 restrict their usage. On the one hand, that's good  
18 for the resource and so forth.

19 On the other hand, that's not good for the  
20 utility. They have a revenue requirement, and we set  
21 the rates based on typically some type of historical  
22 consumption basis plus, you know, maybe a little  
23 kicker for growth and hope for the best. And if  
24 something comes along, a big price change that causes  
25 the consumer to change their consumption habits, then



1 the utility doesn't make their revenue requirement.  
2 Well, that's the number one concern for the utility,  
3 is to make their revenue requirement. That's why  
4 they're in business.

5           You know, if they can maybe get something  
6 from reuse where they were getting nothing before and  
7 not have to raise their water and wastewater rates  
8 quite as much, and therefore not dampen that  
9 consumption quite as much, you know, that's something  
10 the utility is going to be in favor of. Maybe it  
11 wasn't in the case that you were looking at, but I can  
12 envision cases where that may be true, where they  
13 would be happy to be getting some kind of income from  
14 the reuse.

15           You know, it's not a closed system just to  
16 look at the reuse market, because it may have  
17 spillover effects into your water and wastewater  
18 market as well.

19           MR. ELSNER: Yes, I'm not going to argue --  
20 if you can generate revenue from it, sure. But we  
21 feel the brunt of it. And in this situation, you go  
22 from zero to 25 cents, that's a significant -- that's  
23 like what? 250 percent? Zero to 25 cents.

24           MR. SHAPER: Infinite percent increase.

25           MR. ELSNER: But when these people -- they

1 were in a position to help out the utility initially.  
2 Now we've reallocated. Their option is gone.

3 MR. SHAFER: Sure, sure.

4 MR. ELSNER: Now, if we as a district put  
5 them -- and we hear this all the time, that we're  
6 trying to promote reuse. And this is a huge concern  
7 out there, especially from the agricultural community,  
8 of going to reuse. And I just want to bring it up,  
9 that this is something we need to work on to keep  
10 these rates market driven to keep the flow going.

11 MR. SHAFER: It sounds like, you know, we  
12 need to continue a dialogue between our agency and  
13 your agencies and try to find some creative solutions  
14 to that problem, because from my perspective, you  
15 know, from the Commission perspective, this is kind of  
16 a new area, and the market is developing for it,  
17 particularly on the residential side. And, you know,  
18 there's going to be some bumps in the road, and that  
19 very clearly is one that we'll have to look at from  
20 time to time.

21 I don't know what the answer is. Maybe  
22 some type of contractual arrangement as opposed to a  
23 tariff pricing situation, you know, something that  
24 would provide some stability for a defined period of  
25 time, but not indefinitely.

1 MR. ELSNER: Could you enlighten me on  
2 that? Is there a difference? I know municipalities  
3 usually enter into a 20-year agreement with an end  
4 user of reclaimed water. Is that similar to  
5 investor-owned utilities?

6 MS. CHASE: We don't typically do that kind  
7 of thing, but that could be an answer. In the sense  
8 that reuse is a different animal, maybe we want to  
9 look at doing things a little differently. That could  
10 be an answer here for that sort of a situation, a  
11 long-term contractual arrangement with either built-in  
12 maximum increases or no increases over some period of  
13 time. It's a possibility.

14 MR. ELSNER: Because another consideration  
15 is -- and I'll just use Gulf Utilities as an example.  
16 They've actually had a cost deference in the way of if  
17 reuse wasn't there, they would probably be deep well  
18 injection.

19 MS. CHASE: Right.

20 MR. ELSNER: Anywhere from 2 to \$5 million  
21 to construct that well, which they've now eliminated  
22 because of reuse customers.

23 MS. CHASE: Yes. Now, let me just mention  
24 that one case, because this is one where the agencies  
25 working together really did help, because we did have

1 that issue, and we were looking at imposing that reuse  
2 rate. And the fact that the water management district  
3 did testify, and it was on behalf of Staff in that  
4 case, and provided all that information, it was very  
5 useful. And I think we did leave the rates at zero  
6 for those golf courses. But there was a lot of  
7 information that we got out of that that we did not  
8 have going into it. So the open dialogue that Greg  
9 was alluding to is really very helpful. Circumstances  
10 are important, specifics to the cases.

11 MR. ELSNER: For my education, then if you  
12 don't have contracts, what do you have with end users  
13 in the way of --

14 MS. CHASE: It's a rate just like it is for  
15 all the other customers. We have what we call a  
16 tariff. The utility has a tariff that has all the  
17 rates and charges they can impose, and those are  
18 effective beginning date, but there's no long -- you  
19 know, there's no ending point. At any point the  
20 Commission can change them, so there's no guarantee.

21 MS. GERVASI: That's also true with the  
22 contractual agreements, that the Commission has  
23 preemptive power. If it determines that it's not in  
24 the public interest anymore for that contract to  
25 remain in full force and effect, the Commission can

1 change the rates even if they've been contracted  
2 previously. I think that happened in the Alafaya case  
3 for the first time concerning a reuse contract.

4 MS. CHASE: I think that's true, but it  
5 could be something we might want to look at doing for  
6 reuse customers.

7 MR. LUDSEN: Typically it's my  
8 understanding that we do sign contracts with  
9 developers or golf courses, and those contracts are  
10 required by the DEP, and usually a rate is agreed upon  
11 for reuse which is subject to Commission approval and  
12 modification. So that's what -- when we come to golf  
13 courses, that's what we're dealing with.

14 When it comes to reuse for residential  
15 customers, which we don't have a lot of right now, but  
16 we're just starting to get into that area, I guess  
17 that's a different situation there, because I assume  
18 we would have a tariffed rate set by the Commission.

19 And I would just correct something, Greg.  
20 The 50 percent I was talking about was 50 percent -- I  
21 was hoping that maybe someday we could have like a  
22 percentage of a potable water rate that would be  
23 applicable to reuse, like 50 percent of the potable  
24 rate, our regular water rate, which would be a reuse  
25 rate.

1 MR. SHAFER: For residential customers?

2 MR. LUDSEN: For residential customers.

3 MS. CHASE: I see.

4 MR. LUDSEN: For residential customers, not  
5 for golf courses and that type of thing where we have  
6 contracts.

7 MR. SHAFER: And there wouldn't be anything  
8 magical about the particular percentage. You're just  
9 saying --

10 MR. LUDSEN: Well, I think -- you know,  
11 that's where you look at your studies to see what the  
12 estimate of approximate costs are and come up with a  
13 rate that's reasonable based on the situation at hand.  
14 I mean, if a customer is paying \$3 per thousand for  
15 potable water, he certainly wouldn't mind paying  
16 \$1.50, even though maybe the costs aren't \$1.50. But,  
17 you know, you want to send a signal -- I mean, you  
18 want to recover your costs, but you want a rate that  
19 they're willing to pay too. So I think that's where  
20 it gets into -- you know, it's more subjective than  
21 objective.

22 MR. SHAFER: Well, and you want to get rid  
23 of your effluent as well, so --

24 MR. LUDSEN: Right. So those are the  
25 things you have to factor in.

1 MR. SHAPER: Right.

2 MR. ARMSTRONG: Yes, and the difference  
3 between \$3 and \$1.50 is substantial in and of itself.  
4 You know, you don't have to go all the way down to 5  
5 cents for a residential customer who otherwise was  
6 going to take potable water anyway.

7 MR. SHAPER: In the contracts that you  
8 folks have had with golf courses and so forth, have  
9 you specified in those contracts a particular  
10 duration, at which point you would have to go back and  
11 renegotiate, or are those pretty much very long-term  
12 type things?

13 MR. ARMSTRONG: Generally there are a  
14 variety, but they state a set term, which is usually  
15 as long a term as we can make it, with an evergreen  
16 that they will continue unless otherwise terminated by  
17 the other party.

18 But the significant point, and it's what  
19 Rosanne said too, you know, the Commission does have  
20 -- through its police power has the opportunity to  
21 come in and change that rate and make us charge  
22 something else. So we always have a clause in there  
23 that says this is subject to modification by the FPSC,  
24 which is then what flows back into a lot of discussion  
25 and heartburn on the end user side and always has to

1 be worked out, with the factors being what other  
2 charge they have if they pump their own water, do they  
3 have a permit for their own water, or is there  
4 somebody else that can give them reuse or can in the  
5 near future such that they could wait that little bit  
6 of time and take it from someone else cheaper. All  
7 those things start coming into play, how much of a  
8 capital investment are they willing to make in the  
9 reuse facilities.

10 MR. SHAFER: Do you typically guarantee a  
11 particular volume?

12 MR. ARMSTRONG: There's nothing typical  
13 about that one either, because it depends on if -- if  
14 we need disposal, then we'll try and set a minimum.

15 We have some situations where we need a  
16 disposal, and they probably know we need disposal, and  
17 they'll accept a minimum, but they'll say, you know,  
18 if we take above a certain amount on the high side, we  
19 even have to pay them like their electric costs and  
20 that kind of thing. I mean, all sorts of things are  
21 flowing around. I've seen that a few times. You  
22 know, generally that's not accepted by us, but it's  
23 there, you know.

24 MR. ELSNER: And I believe also most  
25 municipal contracts have a maximum percent it could



1 increase year by year, mainly directed at increases in  
2 operating expenses, such as chemicals, if there's some  
3 unforeseen increase that comes up. But it's minimal.  
4 I don't know what the percent is. But that  
5 flexibility is there if the operating costs do  
6 increase for some reason.

7 MR. BURKLEW: In our district there's a  
8 couple that have based theirs on the CPI. You know,  
9 they'll have a set rate, and then it's agreed to that  
10 through year 10 they can, you know, agree to that, and  
11 then there will be a renegotiation at that point. But  
12 a lot are just a flat rate.

13 MS. CHASE: Okay. Are we ready to get  
14 into -- we have an issue in here about reuse project  
15 plans and whether or not the Commission should  
16 consider the earnings posture of a utility when we are  
17 reviewing these reuse project plans.

18 For those of you that aren't aware, we do  
19 have a statute where the private utilities can come in  
20 and get a reuse project plan approved, even a proposed  
21 reuse project plan. And the purpose of the statute  
22 was to make it a faster, perhaps easier way to get the  
23 cost of reuse included in the utility's rates without  
24 having to come in for a full-blown rate case or  
25 whatever. There's a statutory time line and so

1     forth. We've only had three such plans filed since  
2     we've had the statute initiated.

3             In the last one, which is still pending, so  
4     we can't talk it about very specifically, there is an  
5     issue in there that's looking at the utility's  
6     wastewater and water side and whether or not they're  
7     overearning on that side, and given that they are --  
8     you know, if they are, do we really want to raise the  
9     utility's wastewater rates or create reuse rates if  
10    they're in an overearnings posture already.

11            So this is something we wanted to bring up  
12    for discussion as to how people might think about  
13    that.

14            MR. ARMSTRONG: I guess I have a question.  
15    And this obviously comes up with the indexing of  
16    pass-through things too. As an industry, I think you  
17    get to see -- I mean, pass-through, it says the  
18    decrease of a rate that you're buying bulk, whatever  
19    you're buying, electricity in volume, bulk water,  
20    there's a decrease. And now we're hearing words that,  
21    well, you should pass that decrease through.

22            We say what if we're underearning, what if  
23    we're not at our authorized return? It's ridiculous  
24    to say you should pass through. Number one, all it's  
25    going to do is start telling you to come in for a rate

1 increase sooner than you otherwise would have to.  
2 That's the most egregious reason. But I think it --  
3 the reason I bring that up is because that has a play  
4 here too.

5 So often the concentration becomes, oh, is  
6 this going to make you overearn, and if we do this and  
7 give this kind of rate, you might overearn.

8 Well, first of all, in practicality, how  
9 many overearning situations have there been in the  
10 water and wastewater industry in the State of Florida  
11 in the last number of years, at least eight that I  
12 know of? Very, very few.

13 Number two, we file annual reports. The  
14 Commission on an annual basis takes a look at our  
15 annual reports and says are you overearning or aren't  
16 you, and that would happen anyway. So that's going to  
17 continue. If a utility ultimately overeans because  
18 of this, then it overeans, and that can be found out  
19 quickly. This isn't a situation where it's prolonged.

20 Third, though, you know, the environmental  
21 compliance costs pass-through that the electric  
22 utilities have, they get to pass through costs each  
23 year that they call environmental compliance costs.  
24 What does the Commission do there? What does the  
25 Staff do there? Do they come in and evaluate

1 overearnings in that situation? My understanding is  
2 that they don't. But I would be intrigued to know  
3 what they do there, because maybe that's a precedent  
4 to be looked at.

5 MS. CHASE: Well, on all of the  
6 pass-throughs, and indexes, for that matter, those are  
7 subject to refund for a period of -- I think it's 15  
8 months. So if in that annual report review, and  
9 subsequently if the Commissioners determine they're  
10 overearning, they might have to refund that based on  
11 overearnings.

12 But I guess the question is more if that  
13 annual report review or whatever did show that a  
14 utility was overearning, and yet they've come in and  
15 they do have these costs associated with a new reuse  
16 project plan, should the Commission try to offset  
17 those? I mean, is that an appropriate thing to do, or  
18 do you just, you know, go off and do the reuse  
19 increase, whatever that turns out to be, and deal with  
20 the overearnings? Maybe it's more of a timing thing.  
21 I don't know. Because you're right, there's nothing  
22 to stop the Commission from pursuing overearnings  
23 anytime it believes there is one.

24 I think the question is more in the context  
25 of a reuse project plan, should you look at that and

1 perhaps offset it if there is some indication of  
2 overearnings.

3 MR. ARMSTRONG: I guess to be clear, the  
4 practicality of it, you're suggesting if the utility's  
5 last annual report shows an overearning on water and  
6 wastewater, then they file this plan and say we want  
7 to --

8 MS. CHASE: Exactly.

9 MR. ARMSTRONG: And they don't want to have  
10 that taken into consideration, I guess is what you're  
11 -- number one, practically, the utility is not likely  
12 to file that plan if they feel they're at or close to  
13 overearning, because they're going to know they're  
14 making an investment and it's going to offset itself,  
15 so you don't incur that kind of cost or expense. And  
16 you're not overearning for long either if you don't  
17 file that plan. So as a practical matter, you know, I  
18 don't know that you're going to see that situation  
19 arise too often. Has it arisen? Am I speaking out of  
20 turn?

21 MS. CHASE: Not too often, no.

22 MR. ARMSTRONG: I don't think so. Like I  
23 say, I --

24 MS. CHASE: That doesn't mean never, but  
25 not too often.

1 MR. ARMSTRONG: -- don't know how many you  
2 can count of overearnings in this industry, period.

3 MS. CHASE: Right.

4 MR. ARMSTRONG: Not even close. So as a  
5 practical matter, I don't know if that comes up.

6 Again, that could make this a more  
7 complicated investigation that it need be too, to try  
8 and address that now. It seems, like I say, JoAnn,  
9 there are mechanisms in place to address that. And  
10 number two, I would still be interested in what  
11 happens in the electric compliance cost recovery  
12 situation, because it seems to me we should try and  
13 get some guidance from what happens over there on some  
14 of these things.

15 MS. CHASE: Marty, do you have anything to  
16 add?

17 MR. FRIEDMAN: I just agree with Brian that  
18 when you come in for a reuse plan approval that that's  
19 what you ought to look at and not expand it into a  
20 global analysis of the utility's overall situation,  
21 because to do that you're going to -- number one,  
22 you're going to discourage people from even filing  
23 these reuse plans. And number two, I think the  
24 statute says you look at the plan and you do what  
25 you're supposed to do under .0817, and you do it.

1           And as Brian pointed out, you've always got  
2 an opportunity annually when you do your desk audits  
3 of their annual reports to see if the company is  
4 overearning, and if they are or you think they are, do  
5 what you usually do in reviewing that. And I just  
6 don't think you ought to expand the statutory mandate  
7 under .0817.

8           MS. CHASE: Okay. I think that's -- the  
9 issue we're getting at on number 10 is really very  
10 specific here for utilities. I think you all are  
11 going to be the ones that understand this the most.  
12 and that is, it's kind of like how you are  
13 interpreting -- how are we supposed to be reading  
14 367.0817 when it comes to a utility's capital  
15 structure.

16           I don't know if you have any particular  
17 feelings on this. We have some utilities that think  
18 that it has -- what the statute actually says is that  
19 the Commission should consider the costs associated  
20 with the reuse project in coming up with the rates.  
21 And this has been interpreted to mean that would be  
22 all of the costs associated, the incremental costs  
23 associated with that reuse project, including the  
24 incremental cost of capital or cost of equity or  
25 whatever, as opposed to what is done in a rate case,

1 which is the overall cost of capital for a utility.

2 Does anybody have any particular -- we  
3 don't have the utilities here that are arguing the  
4 other side of it, so I just wondered if you all had  
5 any particular feelings about that.

6 Again, we've had very few filings under  
7 this statute, so we don't have a whole lot of  
8 experience, but this particular issue has come up.

9 No comments.

10 MR. LUDSEN: I'll just give it a first  
11 thought. You know, I just -- again, I think if you  
12 get back to a market based rate, which I was talking  
13 about before, I don't know if this really applies  
14 necessarily, because as a company, you're going to  
15 expect to have a return on your investment based on  
16 the overall cost of capital. And I guess if you're  
17 going to do individual studies based on reuse, you  
18 know, personally, I would use overall cost of capital  
19 for that, without giving it a whole lot of thought,  
20 but that's my first inclination.

21 MS. CHASE: Okay. Well, we don't -- we can  
22 just pass over that one then.

23 MR. LUDSEN: Because what I've found in  
24 doing incremental studies, you always come back to the  
25 overall embedded cost in the end anyway.



1 MS. CHASE: Right.

2 MR. LUDSEN: We used to do that in the  
3 electric business, and eventually you scale back to  
4 the overall embedded cost.

5 MS. CHASE: Okay. Another issue that we  
6 have come up with that has to do with kind of revenue  
7 requirement in rates, and it was touched on earlier,  
8 is an availability fee, a reuse availability fee.  
9 Alafaya Utility is the only one we have that has  
10 anything like that in there, and it's new, and it  
11 applies to residential customers. Of course,  
12 residential reuse is fairly new to us as well. And  
13 that is a charge that would apply to customers that  
14 have reuse available to them, but they choose not to  
15 take it.

16 It has really two purposes. One is kind of  
17 to encourage them to take it, because if they have to  
18 pay something just because they have a line there and  
19 maybe something a little bit more and actually take  
20 reuse, it would encourage them to take the reuse. But  
21 the other reason for that is so that a utility isn't  
22 left kind of holding the bag where they've put in  
23 reuse lines in a subdivision and they don't have  
24 enough people really taking it. You know, it drives  
25 either the reuse rate up or it drives the wastewater

1 rate up. You know, it's that revenue requirement  
2 thing again. You've got to get it somewhere else.

3 We did that in Alafaya. We believe Chapter  
4 367 is general enough to allow us to do that.

5 Any feedback on a rate like that or what  
6 you all think of it, whether you think it's an  
7 appropriate kind of thing to do? Any questions about  
8 it?

9 MR. FRIEDMAN: Obviously, we thought it was  
10 very appropriate.

11 MR. WENZ: I'll just say I think it's  
12 appropriate.

13 MR. LUDSEN: From Florida Water's  
14 standpoint, I thought that was -- I liked it myself.  
15 I thought it was a good idea. It is an incentive,  
16 obviously, for customers to connect to the reuse  
17 system.

18 And is this assuming that you're going to  
19 be assessed non-used and useful on those lines too in  
20 that context?

21 MS. CHASE: Those lines are distribution  
22 lines. They're contributed. They're put in by  
23 developers and contributed to the utility.

24 MR. LUDSEN: In this case they're all  
25 contributed?

1 MS. CHASE: So no problem.

2 MR. LUDSEN: What about if they're not  
3 contributed?

4 MS. CHASE: Well, what I keep hearing is  
5 case by case.

6 MR. LUDSEN: I guess getting back to the  
7 non-used and useful, is that -- I mean, as far as  
8 non-used and useful, would it still be assumed that if  
9 lines weren't contributed and there was investment in  
10 those lines and you had every other customer connected  
11 to reuse, so you would be assessed a non-used and  
12 useful adjustment?

13 MS. CHASE: Actually, if the reuse lines  
14 and reuse is 100 percent used and useful --

15 MR. McCROY: They should be 100 percent.

16 MR. LUDSEN: So I guess that's the answer  
17 then.

18 MS. CHASE: Either way. Hopefully, though,  
19 these would be lines, at least for new construction,  
20 that you would be requiring developers to put in and  
21 give to you. I mean, I understand in retrofit that  
22 may not be the case, but hopefully for new  
23 construction.

24 We did get one comment, some written  
25 comments from Florida Cities, and their comment on the

1 availability fee was interesting, because they were  
2 concerned about how are you going to charge and  
3 collect such a fee. You know, they are water  
4 customers, or in their case, wastewater customers, and  
5 they'll be getting a bill. But what if they don't pay  
6 that? What if they refuse to pay it? Can you cut off  
7 service? You know, you've got all those kind of  
8 questions.

9 We envision that it's a -- our stance on  
10 that is that it's a utility service, and if they don't  
11 pay the availability fee, they get their utility  
12 service cut off. Of course, if you're wastewater  
13 only, I don't know really exactly how you would do  
14 that. But anyway, it would be treated like any other  
15 utility service. They would be expected to pay.  
16 That's kind of our answer to that. We haven't --  
17 obviously, we have no experience with this, so we'll  
18 have to kind of wait and see how it works.

19 MR. LUDSEN: I mean, I guess cutting off  
20 their wastewater-only service would not be really an  
21 acceptable --

22 MS. CHASE: No. Right.

23 MR. LUDSEN: I mean, how is Alafaya going  
24 to --

25 MS. GERVASI: I know of one instance where

1 the Commission has waived a particular rule that says  
2 you can only cut off the similar -- or the same type  
3 service for nonpayment, and the utility was either  
4 water or wastewater only for those particular  
5 customers. And they made an agreement with the City  
6 of -- I think it was United Water Florida made an  
7 agreement with the City of Jacksonville that they  
8 would work hand in hand, and the Commission waived the  
9 rule in order to allow for that to happen.

10 MR. LUDSEN: I saw that.

11 MS. GERVASI: So there's some flexibility  
12 there.

13 MS. SPRINGFIELD: JoAnn, we like the  
14 concept of having an availability fee. And I was  
15 curious as to why you phrased the question as you did,  
16 asking whether the statute should be amended.

17 MS. CHASE: Well, this particular case that  
18 we did it in was not a highly contested case. It was  
19 done PAA. It was really just the utility and Staff,  
20 not a lot of parties, so we didn't really have to jump  
21 over a lot of legalities. Our legal staff reviewed  
22 367 and believed that it allows for such a thing. And  
23 our question is more -- you know, we're kind of  
24 wondering if we want to -- if we're going to do any  
25 statutory revisions, if we want to make it clear, if

1 we want to maybe specify some of these things so that  
2 we don't have to -- in more contested cases, if we  
3 don't get into that, do you have the legal authority  
4 do it.

5 MS. SPRINGFIELD: Was the Public Counsel --

6 MS. CHASE: They were not involved in this  
7 particular case.

8 MS. SPRINGFIELD: They were not? Okay.

9 MS. GERVASI: Of course, the Commission  
10 determined that it does have the statutory authority  
11 to implement that based on the general language of the  
12 statute that says you can take it from water,  
13 wastewater, or reuse customers, or any combination  
14 thereof. But the question is should we aim for  
15 express language in the statute giving that type  
16 authority.

17 MS. SPRINGFIELD: Okay. I would also like  
18 to weigh in on whether you should cut off the water  
19 service or the wastewater service if somebody refuses  
20 to pay that. It seems to me that providing a  
21 reclaimed water line is more analogous to providing  
22 water service and that it has a closer association  
23 with water service, that you would cut off the water  
24 service, not the wastewater service.

25 MS. CHASE: That's true. And in this

1 particular case, it was a wastewater-only utility. It  
2 wasn't their water service. So that's why they --

3 MS. SPRINGFIELD: Oh, okay.

4 MS. CHASE: Their only recourse would be to  
5 try to collect in that regard.

6 I think we've probably touched on -- well,  
7 on issue 12, I don't know that we really need to --  
8 again, this is one where -- reuse service availability  
9 charges. I think we would only have specific reuse  
10 service availability charges if we were going to have  
11 specific reuse revenue requirements. So, you know,  
12 one hinges on the other, and we've kind of had that  
13 discussion.

14 But certainly reuse service availability --  
15 or reuse costs can be recovered in service  
16 availability charges just like wastewater costs can,  
17 and I think that's something that we need to be  
18 thinking about. I know there's this concern that 100  
19 percent of the reuse costs be recovered in present  
20 rates, but that's not even true -- I mean, wastewater  
21 costs can have some service availability charges  
22 associated with those too. So, you know, that's  
23 really all we were getting at in issue 12.

24 Issue 13 we've probably touched on  
25 throughout this, which is do we want to -- does the

1 Commission want to get some statutory authority, or do  
2 we have it or whatever, to treat reuse differently  
3 other than our traditional ratemaking. And I think  
4 we've kind of touched on this throughout, but if  
5 anybody has any more comments on that or any more  
6 specific ideas.

7 MS. GERVASI: Can we go back to issue 10  
8 very briefly? I don't know if this will help to  
9 prompt any discussion on this particular question or  
10 not, but maybe if I read the language of the statute  
11 in conjunction with the way we've worded the issue,  
12 what we're asking is whether or not when you determine  
13 a revenue requirement associated with reuse, whether  
14 the applicable rate of return should be based on the  
15 overall capital structure or the incremental capital  
16 costs associated with the reuse facilities.

17 And we have some internal -- not conflict,  
18 but disagreement, I guess, among Staff as to how to  
19 interpret the language of the statute, which reads  
20 that -- in 367.0817(e) it says that as used in this  
21 section, the term "costs" includes, but is not limited  
22 to, all capital investments, including a rate of  
23 return, any applicable taxes, and all expenses related  
24 to or resulting from the reuse project which were not  
25 considered in the utility's last rate proceeding. So



1 it doesn't specify either overall capital structure or  
2 incremental capital structure.

3 It would be useful to us if anybody has any  
4 ideas for us either way, or you just don't care.

5 MR. FRIEDMAN: It's depends on what's in  
6 our best interest.

7 MS. GERVASI: That's what the last utility  
8 said.

9 MS. CHASE: Case by case.

10 MR. LUDSEN: Typically don't we always use  
11 the embedded capital structure?

12 MS. CHASE: Yes, we do. This really came  
13 up from a utility. It was the very first case we  
14 filed under this with Aloha, and they brought it up,  
15 saying that they believed it should have been the  
16 incremental costs. And obviously, it was to their  
17 best interest. And they were just reading the statute  
18 very, very -- if you read that very carefully and very  
19 narrowly, it does say "costs associated with reuse  
20 project, including." So they were looking at the  
21 capital costs for just that project they were putting  
22 in. And that's the whole thing.

23 MR. LUDSEN: But they're looking at  
24 incremental capital costs, which is one side of the  
25 equation, and you're looking at overall capital

1 structure, which is the other side, which is your  
2 return basis. I don't see a conflict there.

3 MS. SPRINGFIELD: As a fellow attorney,  
4 Rosanne, I would say that it sounds to me like you  
5 would use the incremental capital structure, just from  
6 the language of the statute.

7 MR. WENZ: In most cases you're not going  
8 to be able to identify the specific capital that  
9 you're using for a reuse project. It's just going to  
10 come out of the pool of capital that you have. I  
11 think maybe Aloha and maybe Sanlando were different.  
12 in that, you know, they had identified a source of  
13 capital they were going to use for their reuse plans.  
14 And in those cases you could probably use the  
15 incremental, but in most cases you're just going to  
16 use the overall. That's what we did in Alafaya,  
17 because we weren't going to go out and float bonds or  
18 we didn't go to the bank and ask to borrow money  
19 specifically for the reuse plan.

20 MR. LUDSEN: Typically the utility tries to  
21 maintain a balance. I mean, any particular capital  
22 outlay could be from one source or the other, but  
23 overall you're trying to maintain a balance in your  
24 capital structure of typically 60-40. So, I mean, you  
25 know, I still stand on the position that the overall

1 embedded cost of capital should be used for pricing  
2 these facilities or for determining the cost of these  
3 facilities.

4 MS. CHASE: Okay. Does anybody have any  
5 other comments on revenue requirement in rates in  
6 general?

7 Okay. I think we're ready to go to the  
8 last section, which is the annual reports, annual  
9 reporting.

10 MR. FRIEDMAN: No.

11 MR. WENZ: I second that.

12 MS. CHASE: Okay. No to no separate annual  
13 report, or no to --

14 MR. FRIEDMAN: No, no, no, no.

15 MS. CHASE: No to no --

16 MR. FRIEDMAN: And it kind of goes back to  
17 this revenue requirement issue that I think the people  
18 from Florida Water talked about, which we certainly  
19 think is the way to go. It's not to create any other  
20 levels of accounting that we don't have to do and that  
21 really is not beneficial to anything.

22 I mean, what would be the purpose of  
23 reporting it separately? You're not going to decide,  
24 oh, are they overearning in their reuse system? No.  
25 You know, you're not going to analyze it like that.

1           So it's just revenue of the system that  
2 ought to be included in your annual report just as --  
3 you know, like I say, I think it ought to be  
4 wastewater revenue, but it's reported somewhere as  
5 revenue.

6           And I don't think there's any useful  
7 purpose served in sticking another four or five pages  
8 in the annual report that deal with reuse, at least  
9 not at this point in time. Maybe ten years from now  
10 things will change where it will provide some benefit,  
11 but right now all you're doing is asking these people  
12 to do more accounting, more cost, and more work  
13 without identifying what benefit you're going to gain  
14 from that additional information.

15           MS. CHASE: Okay. So basically what  
16 you're saying is, unless you're going to have a  
17 separate revenue requirement, and we're not there yet,  
18 then you don't need this separate annual report  
19 information. It's not going to provide --

20           MR. FRIEDMAN: Right. What benefit would  
21 it give to you, other than, gee, it would be  
22 interesting information? I mean, that's not a real  
23 reason to require additional information like this.

24           MR. SAMBAMURTHI: (Inaudible.)

25           MS. GERVASI: Sam, could you come up to the

1 mike, please? We're going to have to make you limp  
2 back up to the mike.

3 MR. SAMBAMURTHI: I have become quite  
4 popular with my limp.

5 The question I have to ask is, I agree with  
6 Marty that we don't have to have a separate annual  
7 report for reuse per se. But in the present annual  
8 report format, do you want this reuse related cost to  
9 be added and divided separately?

10 MS. CHASE: We haven't really come to any  
11 conclusions on any of that. And it's not even  
12 necessarily just the costs. There may be other reuse  
13 type information that we may be proposing be changed  
14 in that, which would be maybe reuse flows, you know,  
15 the amount that's actually going to reuse customers or  
16 whatever. We've only -- we've just really been  
17 discussing it and thought we would throw it out to get  
18 reactions. But we don't really have anything specific  
19 at this point in time.

20 I think it's probably going to tie to a lot  
21 of -- how we're going to come down on some of these  
22 other issues, and this is going to be a fallout of  
23 that.

24 I think we've probably touched on  
25 everything we included in our notice. What do you

1 think, Greg? Is there anything we've --

2 MR. SHAFER: I think we've pretty much  
3 covered it.

4 MR. FRIEDMAN: What are we going to do  
5 tomorrow?

6 MR. SHAFER: You look like you're ready to  
7 hit the golf course.

8 MR. FRIEDMAN: I am.

9 MR. SHAFER: Are there any other items that  
10 anybody wanted to touch on relating to reuse that we  
11 haven't yet covered? Go ahead.

12 MS. SPRINGFIELD: I would just like to take  
13 the opportunity to mention two pieces of information  
14 that some of you may or may not have already and that  
15 might be good to know when working on a reuse  
16 proposal.

17 One is that the water management districts  
18 have been directed by the Legislature to start issuing  
19 20-year consumptive use permits when they're requested  
20 and when the applicant can demonstrate that their use  
21 will meet the criteria for a consumptive use permit  
22 for the 20-year time period. That's quite a big  
23 change from our practice in the past, at least the  
24 St. Johns District. We typically had been issuing  
25 seven-year permit durations and had recently increased

1 that to ten when the statutory change was made, and we  
2 are now beginning to issue 20-year consumptive use  
3 permits.

4 And one of the reasons I think that's  
5 important to remember is that we have been stressing  
6 with the Commission that they keep in mind that reuse  
7 projects and any type of alternative water supply  
8 project really is going to be a longer term project  
9 from plan to implementation than what we're typically  
10 used to seeing in terms of water supply projects.

11 And that ties into the second thing I  
12 wanted to make sure you all knew about, which is the  
13 2020 water supply planning process that's going on  
14 statewide at all of the water management districts.  
15 And I know that the goal of our district when that's  
16 completed, which I think is a little more than a year  
17 from now, is to have identified sources, feasible  
18 sources to supply the projected demands in the year  
19 2020.

20 And some of these sources are going to be  
21 nontraditional sources. It's not going to be all  
22 coming from groundwater and surface water.  
23 Groundwater and surface water sources are not going to  
24 be adequate to meet all the demands in 2020. So we're  
25 looking at a lot of alternative water supply sources

1 and projects and evaluating the feasibility of those  
2 in different areas.

3 And what we anticipate is that once we've  
4 got that plan in place -- and it will be updated every  
5 five years or so. Once we've got that plan in place,  
6 consumptive use permit applicants will be using that  
7 to identify the source of their water, and in some  
8 cases, that might be an alternative water supply  
9 project that they're going to have to get involved  
10 with. And some of those might be private utilities  
11 that you all regulate, and I just wanted you to know  
12 that that's another document that you'll be able to  
13 look to for some guidance.

14 MS. CHASE: What's the time frame for that  
15 document, the time line?

16 MS. SPRINGFIELD: I think it's the fall --  
17 November of '99.

18 MS. CHASE: Is that going to be a statewide  
19 document, or each district?

20 MS. SPRINGFIELD: Mark Elsner is actually  
21 more involved with the process than I am, so maybe he  
22 could answer that.

23 MR. ELSNER: This past legislative session  
24 they required the water management districts to do a  
25 needs assessment report, which basically takes a



1 regional look at water demand versus water supplies,  
2 and through this report, which is supposed to be  
3 completed by July, this month, identify areas that we  
4 need long-term regional water supply plans, and the  
5 regional water supply plans should have a duration of  
6 at least 20 years.

7 For areas that we identify that need water  
8 supply plans, we have to initiate development of those  
9 plans by October of this year and complete those  
10 within 18 months, which would be April of 2000.

11 Within the South Florida Water Management  
12 District, we've divided our district into four water  
13 supply planning areas, and we're just going to develop  
14 plans for our entire district. St. Johns is doing one  
15 big one, I think, for their area, and I don't know  
16 what Southwest, Northwest, or Suwannee is doing.

17 So by April of 2000, these plans should be  
18 completed. And what the statute requires is that we  
19 create a menu which local water users could choose  
20 from to meet their needs. It says it shouldn't be  
21 prescriptive, but quantify enough water to meet or  
22 exceed the needs projected for the next 20 years.

23 The South Florida Water Management District  
24 has completed the first plan under this new statutory  
25 requirement for our Breeze Coast Planning Area, which

1 includes Martin and St. Lucie Counties. And in those  
2 counties, we identified that traditional sources,  
3 primarily the surficial aquifer system in the coastal  
4 areas or the urban areas, is not going to be  
5 sufficient to meet the needs. All those utilities are  
6 going to have to start developing alternatives. And  
7 the primary source will be the Floridan aquifer, with  
8 desalination. However, reuse and other conservation  
9 techniques will help support the use of the Floridan  
10 aquifer.

11 MR. CROUCH: Are the 20-year consumptive  
12 use permits you were talking about -- let's say a golf  
13 course comes in and gets a renewal on their CUP and  
14 picks up a 20-year. Is there any review period during  
15 that time that they can be cancelled if reuse became  
16 available then, or are they locked in for 20 years?

17 MR. BURKLEW: No, they're not locked in  
18 for 20 years necessarily. We've got the option of  
19 putting a compliance condition on there, and basically  
20 what that allows is for Staff to review, in essence,  
21 to any degree of completeness that use. It could, in  
22 essence, be a full review if they felt it necessary.

23 And at the time that 20-year permit would  
24 be issued -- it may be for a lesser amount if they're  
25 in our water resource caution areas. But if they are

1 in an area where a 20-year one can be given, which is  
2 much of our district, we can put a compliance  
3 condition every five years if needed. And we're  
4 typically at least -- we've just started doing this  
5 the past couple of months. We're typically at least  
6 doing a mid term one at ten years.

7 But we still have that condition, you know,  
8 to address reuse if available, so it doesn't have to  
9 be on one of these renewals. If an opportunity arises  
10 and we're aware of it, we can address reuse issues  
11 that arise.

12 MR. ARMSTRONG: I guess, Greg and JoAnn, I  
13 guess the only final comments we have -- I think it's  
14 final. A couple of things. A lot of good discussion  
15 we've had over a period of years, but I guess, you  
16 know, obviously the statutes and everything we've done  
17 to date, I mean, there are two paramount goals, and  
18 that's the water conservation and protecting the  
19 environment. I think now we're all faced with the  
20 statute as well as case law now that says, you know,  
21 reuse facilities are 100 percent used and useful.

22 What we would like to see come out of this  
23 is, you know, obviously, a definition and the honing  
24 of what are reuse facilities. And there's been a lot  
25 of discussion in the past and today, but it seems like

1 aquifer recharge is a guidepost that can start -- you  
2 know, it would be a very good start. You know, the  
3 possibility of a barrier to salt water intrusion is  
4 another one that, you know, probably merits  
5 consideration, because that is another purpose.

6 I guess there's one other question that we  
7 would like to just ask and just get your thoughts on  
8 before we close out today, and Forrest is going to ask  
9 the question there.

10 MR. LUDSEN: I guess for annual report  
11 purposes we're required to separate out the assets  
12 between reuse and other assets, and also the operating  
13 expenses?

14 MS. CHASE: Are you talking about now? I  
15 don't understand the --

16 MR. LUDSEN: In the next annual report,  
17 we're required to separate out expenses also?

18 MR. CASEY: According to the new NARUC  
19 numeric system of accounts which was adopted by the  
20 Commission, you do have to file that. The Commission  
21 did adopt a new NARUC system of accounts, so it does  
22 have to be separated.

23 MR. LUDSEN: Is that also going to be the  
24 case with engineering information?

25 MS. CHASE: At this point, that's

1 determined by the utility until, of course, you come  
2 in for a rate case and it's like --

3 MR. LUDSEN: This is for the annual  
4 report, for the annual report.

5 MR. SHAFER: I think Bob said yes a minute  
6 ago. We'll get back to you with a definitive answer  
7 if we need to.

8 MR. CROUCH: Stan is sitting back there  
9 shaking his head no.

10 MR. RIEGER: Is there any specific listing  
11 in the annual reports for this? If there is --

12 MS. CHASE: The NARUC system of accounts  
13 changed, and there is now a category for reuse  
14 facilities. And the question is how will the utility  
15 know what to put in those accounts?

16 MR. LUDSEN: Right.

17 MS. CHASE: At this point that's going to  
18 be a utility determination, you know, based on the --

19 MR. SHAFER: I'm not sure whether the  
20 annual report itself tracks the uniform system. I  
21 don't know if our annual -- I don't believe our annual  
22 report has been modified.

23 MR. CROUCH: It's just being modified.

24 MS. CHASE: It's being modified.

25 MR. CASEY: It's being modified right now.

1 It's being revised.

2 MR. SHAPER: So that's in process. So I  
3 guess if it's completed by the time the next annual  
4 report is due, then you'll just need to follow the  
5 report. If it's not --

6 MR. CROUCH: When is the next annual  
7 report due? Next March, April?

8 MR. SHAPER: Yes, for --

9 MR. CROUCH: We should have the new reports  
10 out way before then.

11 MR. LUDSEN: I guess the question is when  
12 are the revised annual report pages going to be  
13 available or due so that --

14 MR. SHAPER: That's a --

15 MR. CASEY: I'm not on the project right  
16 now.

17 MR. SHAPER: That's a rule change, and I  
18 don't know that we've got the right person to answer  
19 that question --

20 MS. CHASE: Right. We've got the wrong  
21 staff here for that.

22 MR. SHAPER: -- timing wise, but we can  
23 find that out and relay the information to you.

24 MS. CHASE: I know there is a rule change  
25 going on and, of course, all utilities will be

1 notified. But I don't really know the time frame. I  
2 know the goal is to finish by the end of the year so  
3 they will send out the new annual reports in January.

4 MR. SHAPER: If you've got a minute before  
5 you leave the premises, you can run by and see Tricia  
6 Merchant, and she can probably answer that question  
7 for you.

8 MR. LUDSEN: All right. Thank you.

9 MR. SHAPER: Anyone else?

10 Okay. Thank you all very much for coming,  
11 and we'll keep you posted on when the next  
12 get-together will be.

13 Oh, one other thing, and that is, if you  
14 have -- if you decide in a week or a couple of days  
15 that you have something that you want to add, please  
16 feel free to file written comments. We would be more  
17 than happy to take a look at them.

18 MR. FRIEDMAN: Greg, if I wanted to get  
19 copies of what written comments other people file, how  
20 would I go about doing that?

21 (Inaudible response.)

22 MR. FRIEDMAN: Okay. Thanks.

23 MR. CASEY: Also, if you haven't signed in  
24 on the sheets, please sign in before you leave.

25 (Proceedings concluded at 3:05 p.m.)


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2  
3 CERTIFICATE OF REPORTERS

4 STATE OF FLORIDA:

5 COUNTY OF LEON:

6 WE, RUTHE POTAMI, CSR, RPR, Official  
7 Commission Reporter, and MARY ALLEN NEEL, RPR,8 DO HEREBY CERTIFY that the Undocketed  
9 Workshop was heard by the Staff of the Florida Public  
10 Service Commission at the time and place herein  
11 stated; it is further12 CERTIFIED that we stenographically reported  
13 the said proceedings; that the same has been  
14 transcribed under our direct supervision; and that  
15 this transcript, consisted of 177 pages, Volumes 1 and  
16 2, constitute a true transcription of our notes of  
17 said proceedings.

18 DATED THIS 22nd day of July, 1998.

19  
20  
21   
22 H. RUTHE POTAMI, CSR, RPR  
23 Official Commission Reporter  
24 (850) 413-673225   
MARY ALLEN NEEL, RPR  
(850) 478-2221