

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 130025-WU

APPLICATION FOR INCREASE IN  
WATER RATES IN HIGHLANDS COUNTY  
BY PLACID LAKES UTILITIES, INC.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 8

COMMISSIONERS  
PARTICIPATING: CHAIRMAN RONALD A. BRISÉ  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER ART GRAHAM  
COMMISSIONER EDUARDO E. BALBIS  
COMMISSIONER JULIE I. BROWN

DATE: Thursday, November 14, 2013

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**

**CHAIRMAN BRISÉ:** Moving on to Item Number 8.

**MS. ROBERTS:** Commissioners, I'm Lydia Roberts with Commission staff. Item Number 8 is an application for an increase in water rates for Placid Lakes Utilities, Incorporated, in Highlands County. The utility has waived the five-month statutory deadline from October 29th, 2013, to today, November the 14th, 2013, for the Commission to address the utility's requested final rates.

Staff is recommending a revenue increase of 6.4 percent. Staff is prepared to answer any questions the Commission may have at this time. Counsel for the utility is here, Marty Friedman.

**CHAIRMAN BRISÉ:** All right. Thank you very much.

Commissioners, any questions that you all have, or who do you wish to hear from?

Commissioner Edgar.

**COMMISSIONER EDGAR:** Mr. Chairman, I would ask that we hear from the utility initially, and then from OPC, and then see where the discussion takes us.

**CHAIRMAN BRISÉ:** All right. Thank you.

Mr. Friedman.

**MR. FRIEDMAN:** Thank you, Mr. Chairman and

1 Commissioners. Marty Friedman on behalf of Placid Lakes  
2 Utilities. And we just have a couple of issues that we  
3 have with the staff's recommendation.

4 The first issue is Issue Number 3 dealing with  
5 pro forma plant additions. The utility had asked for  
6 two that the staff has denied. One is an extra truck.  
7 The utility has been sharing a truck from its -- they  
8 need a four-wheel drive truck for part of their  
9 territory and have been sharing a truck with their  
10 parent company. And they had requested a pro forma  
11 adjustment to buy a new truck. We provided the staff --  
12 they actually closed on buying this truck a couple of  
13 days before the staff recommendation was issued. So we  
14 did provide -- a little late, I did provide all of these  
15 comments to both Public Counsel and the staff.

16 They did buy this truck a couple of days  
17 before; it's purchased in the name of the utility. In  
18 response to a data request they stated that they need a  
19 four-wheel drive truck, and so we would request that the  
20 truck be included as a pro forma adjustment.

21 The second part is that they are replacing  
22 their meters, and the Commission has -- the staff is  
23 recommending that you allow the pro forma for meters to  
24 be replaced in the next two years. I think that's  
25 primarily based on the fact that the statute, if you

1 recall, has got a provision that allows the Commission  
2 to grant pro forma capital projects and expenses up to  
3 24 months unless the Commission decides otherwise.

4 Now, you have got that language that says  
5 unless the Commission decides otherwise, but it seems  
6 like everybody ignores that and just thinks of that 24  
7 months as a black line deadline. And so we have  
8 recommended that that be extended to four years of meter  
9 replacements and have provided the financial information  
10 to the staff, the consequences of doing that, and we  
11 think that will certainly alleviate the necessity of  
12 having to file rate cases in a sooner -- or later rather  
13 than sooner basis, and I think matches what Commissioner  
14 Balbis says seems to be the norm in places other than  
15 regulated utilities that you have a longer planning  
16 horizon than a 24-month planning horizon.

17 The next issue would be Issue 12, which is  
18 rate case expense. And the staff knows that one of the  
19 main employees, Pam Brewer, is an employee that spends  
20 part of her time on the utility and part of her time  
21 with the parent company.

22 During a rate case, she is using her parent  
23 company time to work on utility business. She submitted  
24 an invoice; they wait until the end of the project to  
25 bill the parent company, or to bill the utility for the

1 parent company's employee time. And we did provide a  
2 copy of an invoice that the parent company provided to  
3 the utility accounting for her time, nonregular time, or  
4 the extra time that she has spent on the rate case. And  
5 the staff dealt with Ms. Brewer throughout this rate  
6 case and knows that she spent time on it, and to deny  
7 her any -- or to now deny any rate case expense for her  
8 time would be unreasonable.

9           The next issue is we do support the primary  
10 staff recommendation on the 401 plan for employees, and  
11 certainly are agreeable to filing whatever  
12 documentation, affidavits or whatever to substantiate  
13 that that 401 plan is actually going to be put into  
14 effect. And, you know, in today's society, even in  
15 today's marketplace, you need to keep good employees,  
16 and 401(k) plans are one of the benefits that companies  
17 generally use to encourage new employees, and to reward  
18 existing employees and to keep them from going  
19 elsewhere. And so that is a modest increase that we  
20 think is fair and reasonable, and we believe the  
21 Commission should support the primary recommendation.

22           The next issue is Issue 14 on the revenue  
23 requirement, and that dealt with just a calculation of  
24 the income tax expense as a result of the net revenue to  
25 the company. And we provided this to the Commission,

1 and our consultant believes that the correct number or  
2 correct percentage should be applied and that would  
3 result in a modest increase of about \$8,000 in the  
4 revenue requirement if you use the appropriate income  
5 tax calculation.

6 The last issue that I want to touch on is the  
7 rate structure. The staff has not recommended any  
8 repression adjustment. And although the rate increase  
9 is moderate, we think that in a community such as this  
10 that any price increase is going to result in a  
11 repression in usage and that there should be some  
12 repression adjustment allowed. And to deny any  
13 repression adjustment is going to just result in the  
14 company not earning its return and just means that it  
15 will have to be back here before you sooner rather than  
16 later.

17 Thank you.

18 **CHAIRMAN BRISÉ:** Thank you.

19 Office of Public Counsel, Mr. Reilly.

20 **MR. REILLY:** Thank you. Thank you,  
21 Commissioner Brisé. Chairman Brisé, Commissioners, I'm  
22 Steve Reilly with the Office of Public Counsel appearing  
23 on behalf of the ratepayers. Also appearing is Tricia  
24 Merchant with our office.

25 We understood the company had a number of

1 issues with the recommendation. We're basically in a  
2 posture of supporting staff's recommendation, and we'll  
3 kind of defer to them to explain and defend the  
4 recommendation and kind of make comments to support  
5 that, if necessary, afterwards.

6 The only exception to that is on Issue 13  
7 regarding the pro forma expenses. And in that regard we  
8 do support the alternative recommendation. So at the  
9 appropriate time, we would, you know, like to support  
10 that part of the staff's recommendation.

11 Thank you.

12 **CHAIRMAN BRISÉ:** All right. Thank you very  
13 much.

14 Commissioner Balbis, before we get into --  
15 okay. All right. So from what I heard, Issues 3, 12,  
16 13, 14, and 15 were the primary issues of contention.

17 Okay. So let's begin to move through the  
18 items -- and 11 for Commissioner Balbis, as well. Okay.  
19 Any other issues that we want to highlight so that we  
20 are cognizant as we're moving through them?

21 All right. Let's go to Issue Number 1. And  
22 if you have a certain level of comfort that we can get  
23 through a certain set of items together, then feel free  
24 to do so.

25 Commissioner Graham.

1                   **COMMISSIONER GRAHAM:** I move staff  
2 recommendation on Issues 1 and 2.

3                   **COMMISSIONER BROWN:** Second.

4                   **CHAIRMAN BRISÉ:** Okay. It has been moved and  
5 seconded. Any further comments?

6                   Seeing none, all in favor say aye.

7                   (Vote taken.)

8                   **CHAIRMAN BRISÉ:** All right. Thank you very  
9 much.

10                   Moving on to Issue Number 3.

11                   **COMMISSIONER EDGAR:** Mr. Chairman, could we  
12 ask staff to address the issues that the utility  
13 representative raised?

14                   **CHAIRMAN BRISÉ:** Sure. Mr. Fletcher.

15                   **MR. FLETCHER:** Yes. Commissioner, Bart  
16 Fletcher on behalf of Commission staff.

17                   With regards to the utility's concerns on  
18 Issue 3, they were two-fold. One regarding the purchase  
19 of the new truck that was purchased a few days before  
20 the filing of staff's recommendation. Staff, if we had  
21 some kind of maybe affidavit from the utility regarding  
22 what percentage of use for the utility of that truck was  
23 going to be, whether 100 percent, or like it was in the  
24 old truck, whether it was going to be split time, staff  
25 would recommend a portion of that truck be allowed in



1 rate base and recovery through the customers.

2 As for the meters, we stand by our  
3 recommendation based on basically the Commission's  
4 history regarding previously approved amounts for meter  
5 installations in the 2001 limited proceeding. The  
6 Commission-approved costs for 843 meters that totaled  
7 \$105,000-plus, and they had a completion rate of only  
8 44 percent. So basically what staff did in its  
9 recommendation is utilized the board of director's  
10 minutes and their approval of six meters per month, and  
11 we stand by our recommendation and limit it to the  
12 24-month period for Issue 3.

13 Would you like me to address -- just hold up  
14 here and address the other concerns as we get to the  
15 other issues, Chairman?

16 **CHAIRMAN BRISÉ:** Right. As we get to the  
17 other issues, you can address those.

18 **MR. FLETCHER:** Thank you.

19 **CHAIRMAN BRISÉ:** Okay. Commissioners, any  
20 questions or comments?

21 Commissioner Balbis.

22 **COMMISSIONER BALBIS:** Thank you. I have a  
23 question for Mr. Friedman concerning the meter  
24 replacement program. The existing meters, in staff's  
25 recommendation it indicates they're over 30 years old,

1 so I assume those are not radio read devices, correct?

2 **MR. FRIEDMAN:** That's correct. I think they  
3 are replacing them with radio read devices.

4 **COMMISSIONER BALBIS:** Okay. What adjustments  
5 did you make to your O&M expense? Because I would  
6 assume that you are able to read the meters more  
7 effectively and efficiently with less staff. Were there  
8 any adjustments made to O&M?

9 **MR. FRIEDMAN:** Nobody raised the issue, and I  
10 don't know if there was or not.

11 **COMMISSIONER BALBIS:** And, staff, the same  
12 question to you. Were there any adjustments, any  
13 anticipated benefits of replacing the meters?

14 **MR. FLETCHER:** There were none quantified by  
15 the utility.

16 **COMMISSIONER BALBIS:** Okay. And to follow up  
17 on that, I guess for Mr. Friedman, the existing meters,  
18 were there indications that the meters weren't reading  
19 correctly on the old meters, or was it simply to  
20 identify any of these potential backflow issues?

21 **MR. FRIEDMAN:** I mean, they replaced meters as  
22 they break. That's different than a program to just  
23 replace the old meters just to replace the old meters.  
24 There's a meter replacement program. That's not the  
25 same as saying if a meter breaks they don't go ahead and

1 replace it immediately. That's different. It's a  
2 different thing.

3 They are not replacing these because they are  
4 all broken, or they would have replaced them all  
5 immediately. They are using this as a process by which  
6 to get rid of the older meters and update them with the  
7 new electronic read meters.

8 **COMMISSIONER BALBIS:** Okay. So there wasn't  
9 any anticipated additional revenue, if you will, because  
10 normally older meters don't read all of the flow, and in  
11 new meters you have an uptick in usage. Did you  
12 quantify that at all, or would you anticipate that?

13 **MR. FRIEDMAN:** No. I mean, it just wasn't an  
14 issue. The old meters, as I said, if we determined that  
15 an old meter is not operating appropriately it is  
16 replaced, period, just done.

17 **COMMISSIONER BALBIS:** Okay. And going back to  
18 my first question. I know this Commission in  
19 previous -- I believe it was an electric rate case when  
20 the utility wanted to replace all of their meters with  
21 automatic meter reading, automatic meters, that there  
22 was an adjustment to the staffing levels. Why didn't  
23 the utility look at that and quantify that to justify  
24 this major capital expense?

25 **MR. FRIEDMAN:** I don't think it's a material

1 difference. We still have to have them until we get rid  
2 of all of the meters, and, you know, the meter  
3 replacement program we recommended was not approved.  
4 Until we replace them all, we still need to have  
5 somebody read the meters.

6 **COMMISSIONER BALBIS:** How many meter readers  
7 do you have?

8 **MR. FRIEDMAN:** Oh, my goodness. I don't know.  
9 I don't know the answer to that question.

10 **COMMISSIONER BALBIS:** How many meters do you  
11 have?

12 **MR. FRIEDMAN:** I don't know the answer. I  
13 can't tell you how many are electronic and how many are  
14 the old-fashioned.

15 **COMMISSIONER BALBIS:** Okay. That's all of the  
16 questions I had at this time.

17 **CHAIRMAN BRISÉ:** Commissioner Brown.

18 **COMMISSIONER BROWN:** Thank you.

19 Mr. Friedman, you stated earlier that the  
20 truck was going to be in the name of the utility,  
21 correct?

22 **MR. FRIEDMAN:** The contract is in the name of  
23 the utility, correct.

24 **COMMISSIONER BROWN:** The contract is, okay.  
25 The loan?

1           **MR. FRIEDMAN:** The loan and the purchase  
2 contract both.

3           **COMMISSIONER BROWN:** Okay. Just for clarity  
4 here, is the truck going to be solely used by the  
5 utility?

6           **MR. FRIEDMAN:** Well, that's my understanding.  
7 But if there is, like the staff has any question about  
8 whether it is or is not, I can certainly follow up with  
9 the company and provide the affidavit that Mr. Fletcher  
10 recommended and make whatever adjustment is appropriate.  
11 But my understanding from either at the customer meeting  
12 or in response to data requests is that the company  
13 needs a four-wheel drive truck.

14           **COMMISSIONER BROWN:** Okay. That gives me some  
15 comfort. Thank you.

16           **CHAIRMAN BRISÉ:** Okay. Commissioner Balbis.

17           **COMMISSIONER BALBIS:** I want to go back to the  
18 meters a little bit.

19           **CHAIRMAN BRISÉ:** I figured you would.

20           (Laughter.)

21           **COMMISSIONER BALBIS:** A question for staff.  
22 In the 2008 rate case -- in the 2001 limited proceeding  
23 and then the 2008 rate case when the Commission allowed  
24 this replacement program, was there any justification,  
25 any quantified benefits?

1           **MR. FLETCHER:** It was basically a meter  
2 replacement program to replace the aging meters. Not  
3 that they were all registering bad, just to have a meter  
4 replacement program in place in order to over time,  
5 because of the service life of these meters and the age  
6 just to really account for that.

7           In the 2008 rate case, I believe all of it was  
8 denied, their request of 62,000. There was no -- the  
9 need at that time was not justified by the utility for  
10 further replacements at that time other than what the  
11 Commission had previously approved in the 2001 limited  
12 proceeding.

13           **MS. BULECZA-BANKS:** If I could interject. The  
14 company in its response to OPC's concerns did state that  
15 it has 2,003 meters.

16           **COMMISSIONER BALBIS:** And in their MFRs, I  
17 don't believe there was a level of detail on the O&M  
18 expense for meter reading, is that correct?

19           **MR. FLETCHER:** It's not broken down to that  
20 detail, Commissioner.

21           **COMMISSIONER BALBIS:** Okay. I need to think  
22 about it a little bit more.

23           **CHAIRMAN BRISÉ:** Sure. Mr. Reilly, I think  
24 there was something that you wanted to interject.

25           **MR. REILLY:** Just a couple of points. In

1 response to the question about the name of the loan and  
2 so forth being in the name of the utility, and it  
3 apparently closed on 10/25, but the question is what is  
4 the title, is the truck being titled in the utility's  
5 name, or is it being titled in the parent's name. That  
6 could become important, because this is a utility that  
7 has been actively involved in negotiations with the  
8 city, the Town of Placid Lakes, Lake Placid, to purchase  
9 this utility.

10 In fact, the details of the contract for sale  
11 and purchase have already been formulated. I talked to  
12 the attorney yesterday, and he said I don't anticipate  
13 too much change with the contract, which is in our  
14 docket file, except the purchase price has still not  
15 been absolutely finalized. A revolving trust, state  
16 trust loan with DEP has already been, you know, arranged  
17 at FDEP, and it's just a matter of the price being  
18 supported by the revenue.

19 So, you know, I think that could be a matter  
20 of what it's actually being titled in, and I haven't  
21 heard the answer to that question.

22 **MR. FRIEDMAN:** I don't have the title, but the  
23 loan is in the name of the utility, and I can't imagine  
24 that any lender would loan a particular entity money  
25 without making sure that the title to the asset that's

1 secured by the loan isn't in that same name. Now, you  
2 know, it's no guarantee, but just knowing business like  
3 I know business, I can't imagine that those would be in  
4 different names.

5 **MR. REILLY:** There's actually precedent for  
6 this, because I think staff found in its audit that that  
7 is exactly what happened previously with vehicles.  
8 That, in fact, the vehicles have been titled in the  
9 parent's name instead. So staff may be able to confirm  
10 that.

11 **CHAIRMAN BRISÉ:** Mr. Fletcher.

12 **MR. FLETCHER:** I think with regard to one of  
13 the trucks, it never was in rate base. It wasn't on the  
14 company's fleet or list of vehicles. It's only because  
15 the parent company was lending it to its subsidiary in  
16 order to get to those remote areas of the service  
17 territory. It's not that it was purposefully excluded,  
18 it just never was in rate base, and that's the reason  
19 why it wasn't on their vehicle list. It was just  
20 lending the subsidiary a truck in order to get to those  
21 areas.

22 **CHAIRMAN BRISÉ:** All right. Thank you.

23 Commissioner Graham.

24 **COMMISSIONER GRAHAM:** Mr. Chairman, I move  
25 that we table Issue 3, because I know Commissioner



1 Balbis was looking to make a recommendation here, and we  
2 move on to Issues 4 through 11, and I move staff's  
3 recommendation on those.

4 **CHAIRMAN BRISÉ:** Okay. I think there are  
5 questions on Issue 11, if I understand properly.

6 **COMMISSIONER BROWN:** Yes. Mr. Chairman, it  
7 really is associated with the meter issue, if there's  
8 any appropriate adjustments to be made on O&M, so that's  
9 the only question I really had with 11.

10 **CHAIRMAN BRISÉ:** Understood.

11 So if Commissioner Graham would amend his  
12 motion to contemplate Issues 4 through 10.

13 **COMMISSIONER GRAHAM:** So moved.

14 **CHAIRMAN BRISÉ:** All right.

15 **COMMISSIONER EDGAR:** Second.

16 **CHAIRMAN BRISÉ:** Okay. It has been moved and  
17 seconded. So on the floor right now is a motion to  
18 approve Issues 4 through 10. It has been moved and  
19 seconded. Any further discussion on Issues 4 through  
20 10?

21 Okay. Seeing none, all in favor say aye.

22 (Vote taken.)

23 **CHAIRMAN BRISÉ:** All right. Thank you very  
24 much.

25 So now we are on Issue 11, and I don't know if

1 we are ready to take up Issue 11, and we'll just go  
2 ahead and go down to Issue 12.

3 **MR. FLETCHER:** Chairman, would you like me to  
4 comment on the utility's concerns with regard to Issue  
5 12?

6 **CHAIRMAN BRISÉ:** Yes, if you can do that, and  
7 then I think Commissioner Graham may have a couple of  
8 questions.

9 **MR. FLETCHER:** Okay. The utility had -- with  
10 regard to Ms. Brewer's time, if we had the invoice prior  
11 to the filing of staff's recommendation, we would have  
12 recommended approval of that amount. So that has the  
13 effect of about \$1,749 on revenue requirement.

14 **CHAIRMAN BRISÉ:** Okay. OPC?

15 **MS. MERCHANT:** Yes, Commissioners, we  
16 respectively disagree with adding in this salary,  
17 because there is no evidence in the record whatsoever  
18 how much time Ms. Brewer spent on the parent company  
19 time versus how much time she spent on the utility. And  
20 the fact that the utility is asking the audit staff to  
21 say yes, Ms. Brewer spent a lot of time on the utility,  
22 doesn't say that she didn't spend -- what amount of time  
23 she spent on the utility versus parent in the rest of  
24 the part of the year when she was there.

25 So there is -- she doesn't keep a time sheet,

1 and we really -- the company says it's not reasonable to  
2 disallow this expense, but we believe that it's not  
3 reasonable to allow the expense unless you have  
4 competent substantial evidence supporting the amount of  
5 time she spent on the rate case that wasn't the normal  
6 amount of time she spent working on the utility, and she  
7 just shifted some time during the rate case and shifted  
8 it back once the auditors were gone. So we support  
9 staff's primary recommendation, or original  
10 recommendation on this issue.

11 **CHAIRMAN BRISÉ:** Okay. Mr. Friedman, did you  
12 want to address that issue?

13 **MR. FRIEDMAN:** It's clear that Ms. Brewer  
14 spent a substantial amount of time on the rate case,  
15 which is not something that is normally within her job  
16 functions with the utility, which is running the  
17 day-to-day operations of the utility. And it's not like  
18 there's a double recovery. You know, she is only -- a  
19 certain portion of her salary is allocated to the  
20 utility, and she does the utility day-to-day operations.

21 And so the work that she did in connection  
22 with the rate case is over and above the normal duties  
23 that she has in managing the company on a day-to-day  
24 basis. And this is certainly a reasonable number of  
25 hours that she expended on that, and I think the staff,

1 as I said, dealt with her frequently, as I did, as well,  
2 on rate case matters, and it's reasonable to include  
3 that modest amount of increase.

4 **CHAIRMAN BRISÉ:** Okay.

5 Commissioner Graham.

6 **COMMISSIONER GRAHAM:** Thank you, Mr. Chairman.

7 I support, I guess, what I would call staff's  
8 amended recommendation, what Mr. Fletcher just said.  
9 Now that the documentation is in, I would support the  
10 increase of the \$6,600. I think it's a reasonable  
11 expense.

12 **CHAIRMAN BRISÉ:** Okay. Commissioner Brown.

13 **COMMISSIONER BROWN:** Mr. Fletcher, could you  
14 please respond to Mr. Reilly's earlier comments?

15 **MR. FLETCHER:** Yes, Commissioner. There is a  
16 set amount of time that Ms. Brewer works for the  
17 utility, and there's hours that she splits her time with  
18 the parent. And the invoice that was provided is only  
19 for her time at the parent, the additional excess hours  
20 than what she normally works on the utility matters. So  
21 we believe it's not a double recovery. We believe the  
22 invoice is sufficient. It was the same documentation  
23 that we relied on for Mr. King's time, and we feel it's  
24 fully supported.

25 **CHAIRMAN BRISÉ:** Okay. All right. Any

1 further comments or questions on Issue 12? I think  
2 we're in the appropriate posture for a motion.

3 Commissioner Graham.

4 **COMMISSIONER GRAHAM:** I would move that we  
5 amend staff recommendation to add in the \$6,600 that was  
6 left out or denied originally.

7 **COMMISSIONER BROWN:** Second.

8 **CHAIRMAN BRISÉ:** Okay. It has been moved and  
9 seconded.

10 All right. Any further comments or questions?  
11 Commissioner Edgar.

12 **COMMISSIONER EDGAR:** Just so I'm clear on the  
13 motion. So this would be approval on Issue 12 with the  
14 amendment regarding Ms. Brewer's time?

15 Okay. I'm supportive of that. Thank you.

16 **CHAIRMAN BRISÉ:** All right. All in favor say  
17 aye.

18 (Vote taken.)

19 **CHAIRMAN BRISÉ:** All right. Any opposition?  
20 Seeing none, thank you very much.

21 Moving on to Issue Number 13. Okay. Staff?

22 **MR. FLETCHER:** Commissioners, Issue 13 is  
23 staff's recommendation regarding the appropriate  
24 pro forma expense items. As you heard from the utility  
25 and OPC, this mainly deals with the primary and

1 alternative recommendations regarding the employee  
2 pensions and benefit expenses, whether to allow -- on  
3 the primary to allow an expense for that request by the  
4 utility or to deny it.

5 **CHAIRMAN BRISÉ:** Okay. Thank you.

6 Commissioner Brown.

7 **COMMISSIONER BROWN:** Thank you, Mr. Chairman.

8 I wanted to compliment staff for providing us  
9 some options here. So thank you for that. I thought  
10 both were very compelling; so, thank you.

11 Just to ask questions of the alternative  
12 staff. Has this utility ever proposed to establish a  
13 401(k)?

14 **MR. FLETCHER:** Not to my knowledge. This is  
15 the first time.

16 **MS. BROWN:** Has the Commission ever approved a  
17 similar 401(k) program like this in the posture that it  
18 is proposing for any other utilities?

19 **MR. FLETCHER:** Not to my knowledge for a water  
20 and wastewater utility to allow recovery up front.

21 **COMMISSIONER BROWN:** Okay. And that is the  
22 crux of your concerns, correct?

23 **MR. FLETCHER:** That's correct.

24 **COMMISSIONER BROWN:** Okay. Hi, Cheryl. A  
25 question for primary staff. Is the 401(k) available to

1 all employees?

2 **MS. BULECZA-BANKS:** Yes, it is.

3 **COMMISSIONER BROWN:** Okay. What happens if  
4 this Commission approves the program and then the  
5 utility ultimately does not implement it?

6 **MS. BULECZA-BANKS:** That was staff's  
7 recommendation, that we would bring you back a  
8 recommendation on how to address this going forward.

9 **COMMISSIONER BROWN:** So there are safety  
10 measures you believe that are in place if they  
11 ultimately do not implement it?

12 **MS. BULECZA-BANKS:** Yes, ma'am. I do believe  
13 that we can go and we can make adjustments  
14 prospectively.

15 **COMMISSIONER BROWN:** I think both options are  
16 compelling, so I would be curious to hear what you all  
17 think.

18 **MS. BULECZA-BANKS:** I would note that we do  
19 have other utilities that do have 401(k) programs, but I  
20 think what Mr. Fletcher was saying that basically using  
21 that as a pro forma is different, giving them the money  
22 in advance. They typically -- they do have programs  
23 that they have established, and then they come back in  
24 and ask for recovery, but not basically before it's  
25 established.

1                   **CHAIRMAN BRISÉ:** OPC.

2                   **MS. MERCHANT:** We have a question, I guess, of  
3 staff. If the PAA recommendation is voted out today  
4 with the primary recommendation, what vehicle would the  
5 staff use to adjust rates if the company did not  
6 implement the 401(k) by the deadline established?  
7 Because, essentially, if the PAA rates are not  
8 protested, the order is final and there is no rate case,  
9 unless you had something like you do with the last item  
10 that you talked about with the pro forma plant and a  
11 time frame after that.

12                   I'm not sure if that is agreeable with the PAA  
13 process or not, so I was just wondering about the  
14 process they would use to implement that reduction, if  
15 necessary.

16                   **CHAIRMAN BRISÉ:** Okay.

17                   **MS. BULECZA-BANKS:** I believe staff can bring  
18 you a new docket to address that. They can do it that  
19 way. I mean, you can also -- you can also, I guess,  
20 leave this docket open. But my recommendation would not  
21 be to hold off until they implement it. I believe their  
22 rates should go into effect, and then if they do not  
23 implement it, then bring you back a rec. We could leave  
24 this docket open and come back with another rec. If  
25 it's completed then we close it, or we can establish a



1 new docket and staff would initiate that.

2 **CHAIRMAN BRISÉ:** Okay. Commissioners,  
3 comments or questions?

4 Commissioner Edgar.

5 **COMMISSIONER EDGAR:** Mr. Chairman, can we move  
6 on, hold this item as we are with Number 3, and continue  
7 with the discussion on 14 and 15, and then come back to  
8 it?

9 **CHAIRMAN BRISÉ:** Sure.

10 **COMMISSIONER EDGAR:** Thank you.

11 **CHAIRMAN BRISÉ:** All right.

12 **MR. FLETCHER:** Commissioners, if I may, to  
13 address points that were on Issue 14?

14 **CHAIRMAN BRISÉ:** Sure. Go right ahead.

15 **MR. FLETCHER:** This deals with the appropriate  
16 use of the composite tax rate. The only difference in  
17 looking at the utility's workpapers is that their  
18 calculation failed to include the interest expense in  
19 their calculation of the provision for income taxes. So  
20 we stand by our recommendation that we were using the  
21 appropriate methodology to calculate income tax  
22 provisions. And, of course, that will have to be  
23 adjusted, based on the Commission's previous decisions  
24 to amend staff's recommendation.

25 **CHAIRMAN BRISÉ:** All right. Thank you.

1 Any questions on that issue or comments,  
2 Commissioners? We are on Issue 14.

3 OPC.

4 **MS. MERCHANT:** I was just going to say the  
5 company's workpaper that they submitted shows that they  
6 are including the income tax expense on the rate of  
7 return on equity, but in reality they are calculating it  
8 on interest and rate of return equity. So their  
9 schedule is actually in error, the company's schedule is  
10 in error. And I looked at staff's calculation, and it's  
11 consistent with the way the Commission does it in every  
12 single rate case, so --

13 **CHAIRMAN BRISÉ:** All right. Thank you.  
14 Commissioner Graham.

15 **COMMISSIONER GRAHAM:** I move staff  
16 recommendation on Issue Number 14.

17 **COMMISSIONER BALBIS:** Second.

18 **CHAIRMAN BRISÉ:** Okay. It has been moved and  
19 seconded. Any further discussion? Seeing none, all in  
20 favor say aye.

21 (Vote taken.)

22 **MR. FLETCHER:** If I may, a point of  
23 clarification, Chairman, is it giving staff  
24 administrative authority to adjust for the fallouts?

25 **COMMISSIONER GRAHAM:** Yes.

1           **CHAIRMAN BRISÉ:** Yes.

2           **MR. FLETCHER:** Thank you.

3           **CHAIRMAN BRISÉ:** All right. Moving on to  
4 Issue 15.

5           **MS. HUDSON:** Issue 15 relates to the rate  
6 structure and rates. The utility has brought up a  
7 concern as to whether -- why staff did not apply a  
8 repression adjustment. Due to the relative low revenue  
9 increase at this time, we typically don't do repression  
10 adjustments when the increase is less than 10 percent.  
11 The utility in its filing was requesting a 7.8 percent  
12 repression adjustment, and I believe that it was  
13 calculated over a time period, and we typically  
14 recognize repression only in the first year. And in  
15 their last rate case, I think their increase was -- the  
16 recommended increase was 25 percent, and we recommended  
17 a 5 percent repression adjustment, and they only  
18 realized 2.5 percent in that first year. So that's  
19 simply why we didn't do a repression adjustment in this  
20 case.

21           **CHAIRMAN BRISÉ:** All right. Thank you.

22           **MR. REILLY:** And I would add, also, it's  
23 consistent with Commission practice, since the actual  
24 usage, average usage is so low, also, that has been the  
25 policy not to apply the repression adjustment. Because

1 this average residential consumption is just over  
2 3,000 gallons, which has always been the level that has  
3 been used, so we fully support staff's recommendation on  
4 this issue.

5 **CHAIRMAN BRISÉ:** All right. Thank you.

6 Commissioners? Commissioner Graham.

7 **COMMISSIONER GRAHAM:** I move staff  
8 recommendation on Items 15 through 19, giving them  
9 administrative authority to make any changes after we  
10 decide on 3, 11, and 13.

11 **CHAIRMAN BRISÉ:** All right. Thank you. Is  
12 there a second on that motion?

13 **COMMISSIONER BROWN:** Second.

14 **CHAIRMAN BRISÉ:** Okay. Second. Comments?

15 **COMMISSIONER BALBIS:** Yes. I fully support  
16 the motion. And on Issue 15, specifically, I found that  
17 staff's reasoning that the average usage is so low that  
18 the repression adjustment is not warranted in this case.  
19 And, in fact, that they had such a low repression from  
20 the last rate case, that was the reasoning behind it, so  
21 I fully support the motion.

22 **CHAIRMAN BRISÉ:** Okay. So the motion includes  
23 approval of Issues 15, 16, 17, 18, and 19. It has been  
24 moved and seconded and we have had good discussion. All  
25 in favor say aye.

1 (Vote taken.)

2 **CHAIRMAN BRISÉ:** All right. Thank you.

3 So now we still have on the table Issues 3,  
4 11, and 13. Okay. I guess let's go back to Issue 3.

5 Commissioner Balbis.

6 **COMMISSIONER BALBIS:** Thank you. I have a  
7 question for staff. In staff's recommendation, you're  
8 recommending that they maintain what they have done in  
9 the past, which is replacing six meters per month, or  
10 the 144 meters, correct?

11 **MR. FLETCHER:** That's correct.

12 **COMMISSIONER BALBIS:** We are going to -- you  
13 are recommending a revenue requirement for that to be  
14 done each year. So, theoretically, they could continue  
15 144 meters for 20 years, 30 years, however long it  
16 takes, or no?

17 **MR. FLETCHER:** Well, only 144 is embedded into  
18 rates, so that wouldn't be a yearly. That would be a  
19 set amount embedded in rates.

20 **COMMISSIONER BALBIS:** Right. But those rates  
21 would be set and ongoing and continuing, correct, which  
22 includes 144. So, theoretically, they could do 144 per  
23 year?

24 **MR. FLETCHER:** Theoretically, yes.

25 **COMMISSIONER BALBIS:** Until all the meters are

1 replaced?

2 **MR. FLETCHER:** Theoretically, yes.

3 **COMMISSIONER BALBIS:** Okay. One of the main  
4 concerns that I have on this issue, and, you know, I  
5 went through the docket file again, and there just  
6 doesn't appear to be enough information here. This  
7 Commission in the past has made adjustments to O&M for  
8 replacing meters with something that is more efficient  
9 and easier to read. And most of the time, if not all of  
10 the time that is the justification for going to those  
11 meters because they are expensive.

12 I don't believe that the information is  
13 contained within the docket to identify what adjustments  
14 should be made, so that's the concern I have. So I'd  
15 turn to staff for options that we have, and obviously if  
16 my fellow Commissioners share the same concern to  
17 further look into this and see what adjustments are  
18 appropriate, if any.

19 **MR. FLETCHER:** We can look into it. Staff  
20 believes with the minimal impacts of six per month, 144  
21 total, it will take time to realize those effects, like  
22 you mentioned earlier, Commissioner, as far as a  
23 decrease in maybe the meter reader expenses. With a  
24 company this size, I imagine they couldn't have more  
25 than two meter readers and it would take some time.

1 I have been shown information that at the  
2 present time it's only 77 for the radio meter readers.  
3 That's it, the number. So with only 77 meters that have  
4 actually radio meters installed, I don't think you would  
5 see that effect yet, and that's out of 2,003 meters.

6 **COMMISSIONER BALBIS:** Right. But to play the  
7 devil's advocate, if the utility is asking the full  
8 replacement in the year, then you would realize those  
9 savings. I mean, that's the type of information that I  
10 believe we need in order to address this. If we are  
11 denying the utility the ability to replace all of their  
12 meters and then not making an adjustment because, well,  
13 they are not going to realize any savings, well, if the  
14 reason why they are doing it is to realize the savings,  
15 then allow them to do it.

16 So that's the type of information that I think  
17 I know I need personally to even vote on this issue,  
18 because I cannot support staff's recommendation nor the  
19 utility's request, because I don't think the information  
20 is there. So what options do we have in getting that  
21 information from a timing standpoint or are our hands  
22 tied in this?

23 **MR. FLETCHER:** Well, the utility waived the  
24 statutory time frame until today's agenda. So as far as  
25 this case, we can't extend the vote on this rate case.

1 I mean, the Commission has options. They could deny it,  
2 or they can modify staff's recommendation. I'm not sure  
3 how to quantify any kind of resulting expense reduction,  
4 though, at this point.

5 Given what I know, the information that I do  
6 know with the 77, it would be minimal at this point, any  
7 kind of expense reduction, because it's only 77 meters  
8 that have installed the radio meter frequency at this  
9 time out of the 2,003.

10 **COMMISSIONER BALBIS:** So then why approve any  
11 replacement?

12 **MR. FLETCHER:** I think it's the need because  
13 of the meters are getting -- there is a certain finite  
14 amount, a period for a useful life of a meter. And I  
15 think some meter replacement program is beneficial to  
16 not only the utility, but its customers, to replace  
17 those meters with some kind of specified plan as far as  
18 replacing them over a certain amount of period. I mean,  
19 it's beneficial to have something in place rather than  
20 nothing.

21 **MR. FRIEDMAN:** Might I interject something?

22 **COMMISSIONER BALBIS:** Sure.

23 **MR. FRIEDMAN:** Commissioner Balbis, I mean, I  
24 understand philosophically, and I agree philosophically  
25 where you are in this thought process. I just think in



1 this particular case when we're talking about  
2 76 existing meters, 144 meters a year, that there won't  
3 be any real noticeable decrease in expense for many  
4 years in the future, certainly beyond the two years that  
5 you all have, or the staff has recommended giving this  
6 meter replacement program for us.

7 So when you're talking about adding 288 meters  
8 plus 76, whatever that is, 350 meters out of over 2,000,  
9 I think that there is no real noticeable decrease in  
10 expenses that you'll see there. Obviously when all the  
11 meters in the whole place are replaced, I think there  
12 will be some reduction, and you would hope so, both an  
13 increase in accuracy and a reduction in meter reading  
14 cost. But that's something that's going to occur many  
15 years in the future. And if we are only looking at a  
16 two-year window for meter replacement, then you  
17 certainly shouldn't look longer than a two-year window  
18 for whatever decrease in operating expenses. And I  
19 would suggest to you that by reducing it by 288 meters  
20 is immaterial.

21 **COMMISSIONER BALBIS:** In the utility's request  
22 for the revenue associated with the replacement, with  
23 the 176,000, how many meters were you anticipating  
24 replacing?

25 **MR. FRIEDMAN:** Whatever 176,000 divided by 582

1 is. I guess I could do the math, but --

2 **COMMISSIONER BALBIS:** About -- I think it's  
3 800 and change, right? It's probably 843.

4 **MR. FRIEDMAN:** No. Well, what the staff is  
5 recommending is 288 meters at a cost of 87,240, which  
6 would be about 303 bucks a meter.

7 **MR. FLETCHER:** Commissioner, if I could, it's  
8 on Page 7. It would replace 582 meters. It's the first  
9 sentence right up under the title meters.

10 **COMMISSIONER BALBIS:** Right. Okay. So, Mr.  
11 Friedman, following your argument as to why there won't  
12 be an appreciable effect, if the utility requested to  
13 replace 582 meters, wouldn't that result in an  
14 appreciable --

15 **MR. FRIEDMAN:** I mean, that's about 25 percent  
16 of the meters. I think if you are looking at that over  
17 a bigger horizon than a two-year horizon, then, yes. Or  
18 you're looking at an eight-year horizon, then there may  
19 be some appreciable, but that's not what the -- the  
20 staff has only recommended a two-year horizon. And if  
21 you are looking at two years, it's immaterial.

22 Now, if you want to consider the eight years  
23 and agree with us that it is eight years, then maybe we  
24 ought to try to put some amount on that. But based on  
25 what the staff has recommended, I think it's unnecessary

1 to make any O&M adjustment for meter reading expense.

2 If you want to consider the eight-year  
3 program, then maybe we can figure out a way to devise  
4 what reducing the number of meters to be read by  
5 25 percent, what impact that would have. But unless you  
6 are willing to explore that request by the utility, I  
7 don't think it's necessary for the staff's  
8 recommendation to address any reduction in O&M.

9 **COMMISSIONER BALBIS:** Mr. Friedman, I find it  
10 frustrating that there is not someone from the utility  
11 here that knows specifically about this program and  
12 about the meter reading process. Why isn't there  
13 someone from the utility here?

14 I guess that's not a fair question. You don't  
15 have to answer, that's your client, but I just -- we  
16 don't have enough information in the filing. You don't  
17 have anyone here that can answer specific information as  
18 to how many meter readers you have, how many you are  
19 going to need. Instead of just guessing what the result  
20 is going to be, I'd like to have information from  
21 someone who's actually on the ground operating the  
22 utility.

23 **MR. FRIEDMAN:** And certainly they could tell  
24 you how many meter readers we have. I don't know if  
25 anybody can tell you with any reasonable quantifiable

1 degree of certainty what reduction you would have to  
2 that meter reading expense by having 288 more  
3 electronically read meters. Nobody is going to be able  
4 to tell you that. Somebody is going to have to just sit  
5 down and just guess at it.

6 **COMMISSIONER BALBIS:** Well, how you do it,  
7 because I've done it, is you look at the number of meter  
8 readers you have, you look at the route, you look at how  
9 quickly they can do it, and you calculate how much staff  
10 you need, and then you reassign staff as necessary.

11 I have done it for 33,000 meters. And so it  
12 can be done, and it is done before you move forward with  
13 this expense. So I don't agree with you that no one can  
14 tell you that. So, again, this is the frustration that  
15 I have that you're guessing. Staff doesn't have  
16 information. We have a major expense, and staff is  
17 recommending they just install a fraction of them. And  
18 so I don't -- I'm trying to figure out from staff or  
19 someone else what options we have to get this  
20 information so that we make the right adjustments so  
21 that if you need to replace the meters you can do so.  
22 And if there is any appreciable effect, we can identify  
23 it and adjust it.

24 Does the staff have any ideas on how we can  
25 move forward with this, even if it's just this issue?

1           **MR. FLETCHER:** If we could have a moment.

2           **CHAIRMAN BRISÉ:** Just before you go, staff, I  
3 think Mr. Reilly had something that he seemed like he  
4 was itching to say.

5           **MR. REILLY:** Just very quickly. It's the  
6 whole issue of the eight years is why we support staff's  
7 recommendation on Issue 3, the pro forma plant. Because  
8 they have built in front-loading in the rates right now  
9 two years into the future. So for this issue, we think  
10 that's important to consider, that they have allowed it  
11 to put in rates currently fully two years worth of  
12 pro forma plant. So for this issue, I think it's way  
13 beyond the time period that the statute contemplates to  
14 be putting into current rates. So we continue to  
15 support staff's primary recommendation.

16           **CHAIRMAN BRISÉ:** All right. I think that  
17 staff needs a little bit of time. If staff doesn't come  
18 back with an alternative that is viable at this time,  
19 then we do have this afternoon as an option to take up  
20 this item. So we certainly hope that staff will avail  
21 themselves of ten minutes and come back and let us know  
22 where you are with that. And as you go to think and  
23 address these issues, I think Commissioner Graham may  
24 have a question that you may also consider at that time,  
25 as well.

1                   **COMMISSIONER GRAHAM:** All right. So we  
2 figured out these meters are roughly 303 each, is that  
3 what we said, to replace each one of these meters? And  
4 what does the normal -- let me back up. It says that  
5 the meters that we are looking at are all 30 years old  
6 and over. What's the normal life of these meters?

7                   **MR. FLETCHER:** The normal life of a meter, I  
8 think, is ten years.

9                   **COMMISSIONER GRAHAM:** Okay. So these things  
10 are -- they could be failing any day. If we were to  
11 replace these meters in kind, compared to replacing them  
12 with what you are looking to replace them with, what's  
13 the price difference, do we know? I mean, because what  
14 I'm looking at is going through the expense of replacing  
15 a meter, if you do it with its in kind, and then you  
16 replace it with the one that they want to go to, and it  
17 is only 10 percent more, you know, you replace it with a  
18 more up-to-date meter rather than dealing with the old  
19 style meter that they had 30 years ago.

20                   **MR. FLETCHER:** I'm not understanding the  
21 calculation, the difference that you're requesting.

22                   **COMMISSIONER GRAHAM:** If they were to replace  
23 everything with the meter that they have -- the same  
24 sort of meter, replace those meters out where you still  
25 have to have somebody going out there reading the meter,

1 what would the old meters, what would they cost today to  
2 change those out?

3 **MR. FLETCHER:** I can have that question for  
4 you. It will take me a moment to calculate that.

5 **COMMISSIONER GRAHAM:** Well, do that when  
6 you're taking your ten minutes to do all the rest of  
7 that stuff.

8 **MR. FLETCHER:** All right.

9 **COMMISSIONER GRAHAM:** Thank you.

10 **CHAIRMAN BRISÉ:** All right. Thank you. So we  
11 will reconvene, hopefully, at 10:55.

12 (Recess.)

13 **CHAIRMAN BRISÉ:** All right. We are  
14 reconvening now. I believe we have a representative of  
15 the company on the phone, and I think there are several  
16 questions that he should be able to address -- she. I'm  
17 sorry, forgive me.

18 Marty, if you can -- I mean, Mr. Friedman, if  
19 you could introduce your client.

20 **MR. FRIEDMAN:** Yes. On the phone is Pam  
21 Brewer, and she's the manager of the utility company.  
22 And I think to the extent possible that maybe she can  
23 address some of Commissioner Balbis' issues.

24 Pam, are you there?

25 **MS. BREWER:** I'm here.

1           **CHAIRMAN BRISÉ:** Ms. Brewer, this is the  
2 Chairman. I apologize profusely, okay?

3 Commissioner Balbis.

4           **COMMISSIONER BALBIS:** Good morning,  
5 Ms. Brewer.

6           **MS. BREWER:** Good morning.

7           **COMMISSIONER BALBIS:** Hi. This is  
8 Commissioner Balbis. I have a few questions for you  
9 concerning the radio meter change-out program.

10          **MS. BREWER:** Yes, sir.

11          **COMMISSIONER BALBIS:** And the first question  
12 is how many meter readers do you currently have?

13          **MS. BREWER:** We currently have -- well, I  
14 mean, we have four employees out in the field, and they  
15 do maintenance as well as read meters because, you know,  
16 meter reading is one week out of the month. And so it  
17 all depends on, you know, whether they get to read a  
18 full week or whether there's different things that come  
19 up that they have to be pulled off of meter reading to  
20 do. So it's not like it's just that we hire two guys to  
21 do meter reading.

22          **COMMISSIONER BALBIS:** Okay. And if you were  
23 to replace 582 meters, would you make any reductions in  
24 staff or would there be any reductions in your  
25 operations and maintenance expense?



1           **MS. BREWER:** No, there would be no reduction  
2 in staff. They would be freed up to do things that they  
3 need to do, like maintain the meters, trim around all  
4 the meters, to keep the grass and brush away from the  
5 meters so that they can be found when they need to be,  
6 service needs to be turned on or turned off for seasonal  
7 people, or new people coming in, or things like that.  
8 So, no, I mean, there would not be any reduction.

9           **COMMISSIONER BALBIS:** Okay. And if you were  
10 to only be able to replace 144 meters, would you have to  
11 add any staff?

12           **MS. BREWER:** No.

13           **COMMISSIONER BALBIS:** Okay. Thank you.  
14 That's all the questions I have. And with  
15 that I would support staff's recommendation on this  
16 issue.

17           **CHAIRMAN BRISÉ:** All right. Thank you very  
18 much.

19           **MS. BREWER:** All right.

20           **CHAIRMAN BRISÉ:** All right. We are still on  
21 Issue 3.

22           Commissioner Edgar.

23           **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.  
24 I'd like to clarify with staff, coming back to another  
25 piece of the recommendation on this issue. There was

1 some discussion earlier this morning about the  
2 recommendation regarding the truck retirement and truck  
3 replacement. And I believe, Mr. Fletcher, that you said  
4 that if there was some additional information coming  
5 that you would be supportive of an adjustment.

6 Could you just clarify for me what your  
7 thoughts on that particular piece of this issue is?

8 **MR. FLETCHER:** Yes, Commissioner. The  
9 additional information would basically be an affidavit  
10 from the utility. And I would recommend five days from  
11 today that that be submitted, and it have two things on  
12 it. One is the name of the entity where the title --  
13 the name on the title for that new truck, what that  
14 entity is, and then also the statement that it's going  
15 to be used 100 percent for utility purposes.

16 **COMMISSIONER EDGAR:** And if you were to  
17 receive that information?

18 **MR. FLETCHER:** If we received that information  
19 we would recommend that it be allowed in rate base.

20 **COMMISSIONER EDGAR:** Mr. Friedman, could you  
21 speak to that?

22 **MR. FRIEDMAN:** We can certainly take care of  
23 that within five days.

24 **COMMISSIONER EDGAR:** All right. Thank you.

25 **MR. FLETCHER:** Thank you. And if I could

1 follow-up on Commissioner Graham's question regarding --  
2 okay.

3 (Laughter.)

4 **CHAIRMAN BRISÉ:** All right.

5 Commissioner Graham, I saw your light.

6 **COMMISSIONER GRAHAM:** The truck usage, you  
7 want to know if it's 100 percent. If it's not  
8 100 percent, you want to know what percentage it is.

9 **MR. FLETCHER:** That's correct.

10 **COMMISSIONER GRAHAM:** Thank you.

11 **MR. FLETCHER:** Whatever the percentage is, if  
12 it is 50, whatever it is, and we be given administrative  
13 authority to --

14 (Inaudible; simultaneous conversation.)

15 **COMMISSIONER GRAHAM:** So it's not 100 percent  
16 yes or no, but you want to know what percentage it is.

17 **MR. FLETCHER:** Correct.

18 **COMMISSIONER GRAHAM:** I just wanted to make  
19 sure we had that clear.

20 **MR. FLETCHER:** Thank you.

21 **CHAIRMAN BRISÉ:** Okay. Any further questions  
22 or comments on Issue 3? All right. I think we are  
23 ready to entertain a motion.

24 Commissioner Edgar.

25 **COMMISSIONER EDGAR:** Then, Mr. Chairman, I

1 would move approval of the staff recommendation with  
2 that slight additional adjustment of giving staff the  
3 administrative authority to follow up on the additional  
4 information regarding the truck.

5 **COMMISSIONER BROWN:** Second.

6 **CHAIRMAN BRISÉ:** Okay. It has been moved and  
7 seconded. I think we have had good discussion, but if  
8 there needs to be any more, this would be the time.

9 All right. Seeing none, all in favor say aye.

10 (Vote taken.)

11 **CHAIRMAN BRISÉ:** All right. Thank you.

12 Moving on to Issue 11.

13 Commissioner Balbis.

14 **COMMISSIONER BALBIS:** Mr. Chairman, I move  
15 staff's recommendation on Issue 11.

16 **COMMISSIONER GRAHAM:** Second.

17 **CHAIRMAN BRISÉ:** Okay. It has been moved and  
18 seconded.

19 All right. So we have a motion on Issue 11.  
20 It has been moved and seconded. Any further discussion?

21 Okay. Seeing none, all in favor say aye.

22 (Vote taken.)

23 **CHAIRMAN BRISÉ:** All right. Thank you.

24 Now on to Issue 13.

25 Commissioner Edgar.

1                   **COMMISSIONER EDGAR:** Thank you, Mr. Chairman.  
2                   And thank you for giving me a little additional time as  
3                   we were discussing the items to think this through --

4                   **CHAIRMAN BRISÉ:** Sure.

5                   **COMMISSIONER EDGAR:** -- a little bit more. As  
6                   Commissioner Brown mentioned, there are good cases here  
7                   for each approach, and I appreciate the thoroughness  
8                   that our staff has used in addressing this item and in  
9                   answering the questions.

10                  With the two choices and with the discussion  
11                  that we have had, I move approval of the primary  
12                  recommendation on Issue 13, recognizing that there are  
13                  additional protections for the ratepayers that are built  
14                  into the recommendation.

15                  **COMMISSIONER BROWN:** Second.

16                  **CHAIRMAN BRISÉ:** Okay. It has been moved and  
17                  seconded. Any further discussion?

18                  Okay. All in favor say aye.

19                  (Vote taken.)

20                  **CHAIRMAN BRISÉ:** Okay. By your motion you  
21                  have approved Issue 13. And if I understand properly,  
22                  we have covered all of the issues with respect to this  
23                  item. All right. With that, thank you very much and  
24                  thank you for your participation.

25                                   \* \* \* \* \*

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: 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 11th day of December, 2013.

  
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JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
(850) 413-6732