

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 150071-SU

APPLICATION FOR INCREASE IN  
WASTEWATER RATES IN MONROE  
COUNTY BY K W RESORT UTILITIES  
CORP.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 11

COMMISSIONERS  
PARTICIPATING: CHAIRMAN JULIE I. BROWN  
COMMISSIONER ART GRAHAM  
COMMISSIONER JIMMY PATRONIS

DATE: Tuesday, February 7, 2017

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

REPORTED BY: LINDA BOLES, CRR, RPR  
Official FPSC Reporter  
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1  
2           **CHAIRMAN BROWN:** All right. Moving on, our  
3 last item is a panel consisting of Commissioner  
4 Patronis, Commissioner Graham, and myself. So  
5 Commissioners, see 'ya, don't want to be 'ya.

6           All right. The Key West crew.

7           **MS. NORRIS:** Yes. Good morning,  
8 Commissioners. Amber Norris with Commission staff.

9           **CHAIRMAN BROWN:** Good afternoon.

10           **MS. NORRIS:** Good afternoon. Item 11 is KW  
11 Resort Utilities Corporation's request to increase  
12 wastewater rates. KW Resort is a Class A utility  
13 providing wastewater service to approximately 2,000  
14 customers in Monroe County. KW Resort has requested  
15 both pro forma plant and pro forma expenses in this  
16 docket. The requested pro forma plant is based on the  
17 utility's need to expand its existing wastewater  
18 treatment facility. The requested pro forma expenses  
19 include the recovery of legal fees associated with a  
20 challenge to the plant expansion, as well as additional  
21 expenses associated with an upgrade in operations to  
22 meet advanced wastewater treatment standards.

23           By PAA order issued March 23rd, 2016, the  
24 Commission approved a two-phase rate design to recover a  
25 wastewater revenue requirement of approximately

1 2.2 million in Phase I and 2.5 million in Phase 2. 000003

2 The Office of Public Counsel and Monroe  
3 County, Florida, timely filed protests of the PAA order.  
4 Subsequently, Harbor Shores Condominium Unit Owners  
5 Association and the utility timely filed a cross  
6 petition.

7 A formal evidentiary hearing was held  
8 November 7th through 8th, 2016, in Key West, Florida.  
9 Staff is recommending final rates designed to recover a  
10 revenue requirement of \$2,436,418. Staff has oral  
11 modifications, which were previously provided, related  
12 to scrivener's errors, and staff notes this is a  
13 post-hearing decision with participation limited to  
14 Commissioners and staff.

15 **CHAIRMAN BROWN:** Thank you. We've spent a lot  
16 of time on this docket and it's finally here before us.

17 Commissioners, if you'd like to proceed this  
18 way, I think it may be more efficient, taking certain  
19 issues out. If you have questions on any particular  
20 issue -- I'm circling some already that I have -- I  
21 will -- we'll go to each issue that you have questions  
22 on for staff. So far I've got 3, 4, 14, 18, 26, 34, and  
23 36. If you'd like to add additional ones to there,  
24 please feel free to do that. But I think that'll be a  
25 more efficient way to handle it.

1 Starting with Issue 3, which is the test year<sup>000004</sup>

2 --

3 **MS. NORRIS:** Certainly.

4 **CHAIRMAN BROWN:** -- there was a lot of  
5 discussion on that. And staff's recommending a 2014  
6 test year, updating it with known, measurable  
7 information. I just want, for the record really, a  
8 clearer understanding for the basis for conducting it,  
9 the analysis this way. A lot of issues were updated  
10 with actual information from 2015 and 2016, even though  
11 we have a 2014 test year. What's the benefit to doing  
12 it this way rather than doing it as OPC proposed?

13 **MS. NORRIS:** I would say certainly, and  
14 recognizing all different aspects that we could as known  
15 and measurable changes, the intended, I guess,  
16 methodology essentially recognized the changes and  
17 certain concerns about rates being reflective of when  
18 the actual plant expansion came into service, as well  
19 as, though, recognizing other changes such as routine  
20 plant additions, et cetera, that also came into effect.  
21 Certainly the billing determinants was a concern that we  
22 looked at the, at the information -- Charlie, would you  
23 like to --

24 **MR. JOHNSON:** We increased the billing  
25 determinants for known and measurable changes as well,

1 along with the costs of the company, you know, for the<sup>000005</sup>  
2 matching principle that was talked about at -- in the  
3 transcript. We wanted to make sure we matched the costs  
4 of the company with the revenue -- or the increase in  
5 revenue, so we also adjusted for growth in 2015 and 2016  
6 in billing determinants.

7 **CHAIRMAN BROWN:** I guess going forward when --  
8 if a party objects to a utility's test year letter, I  
9 just want to understand, do they -- do you feel that  
10 it's incumbent upon that party to object within the --  
11 what is it? -- 30-day, 60-day window?

12 **MS. NORRIS:** Thirty days.

13 **CHAIRMAN BROWN:** Or what would be the staff  
14 preference on addressing that? Because the billing --  
15 you cited the billing determinants, so --

16 **MS. NORRIS:** Certainly. I would say there  
17 is -- there are certain components until the filing  
18 comes in that are unknown, such as if the utility, in  
19 this instance, given the plant expansion but looking at  
20 O&M expenses for its current customers, it would be  
21 unknown until the filing came in as to whether or not  
22 there would be a used and useful adjustment on the --  
23 that the utility would make to the filing.

24 So there's certain components that are unknown  
25 certainly at the time of the test year letter. And as

1 far as procedurally, though, I do -- in recognizing the 000006  
2 30-day time frame that there is to raise an issue with  
3 it, however, mitigating it after the fact procedurally,  
4 that's also --

5 **CHAIRMAN BROWN:** Obviously we didn't know that  
6 there was going to be a full technical hearing that  
7 brought us to February.

8 **MS. NORRIS:** Right. Certainly.

9 **MS. MAPP:** Yes. Procedurally the test year  
10 letter is an initial decision by the Chairman so the  
11 utility knows what to file and staff auditors have a  
12 timeline in which to audit the utility's books and  
13 records so that we have something to base our initial  
14 impressions on. And it is my understanding that  
15 adjustments can be made and will be made, if necessary,  
16 to the test year if it's not representative of the time  
17 that rates will be in place. And it has been decided by  
18 the Commission previously that challenges to the test  
19 year letter for initial filing purposes, yes, are  
20 limited to the initial 30 days; however, all parties to  
21 the docket have the ability, throughout the pendency of  
22 the hearing, to bring up the appropriateness of the test  
23 year, including through their own intervenor testimony,  
24 through cross-examination.

25 **CHAIRMAN BROWN:** Okay. Thank you. I mean, I

1 wasn't completely convinced with staff's approach to 000007  
2 this, but I understand it may be the best solution,  
3 given the time all of this has occurred. But it is not  
4 my preference. I would have preferred a 2016 test year  
5 more than 2015, I mean, more accurate. I guess that  
6 would have probably been more appropriate.

7           Commissioners, any questions or comments on  
8 Issue 3?

9           Moving -- okay, moving to Issue 4, which is  
10 the quality of service. I just want to -- again, this  
11 is a lot more for the record than anything. I agree  
12 with the staff recommendation on it, but it was a little  
13 confusing with regard to AWT. Even during the hearing,  
14 I got a little confused with what actually occurred,  
15 what was in the last rate case, and what has been spent.  
16 So the Commission did -- in the last rate case, the  
17 Commission did provide the utility funds to operate AWT  
18 in the last rate case; right?

19           **MR. HILL:** Yes, partial funds.

20           **CHAIRMAN BROWN:** Partial funds. Can you  
21 elaborate?

22           **MR. HILL:** Yes. In the previous order, the  
23 Commission order states: "We agree with KWRU that  
24 chemicals would likely increase as a result of its  
25 transition to the advanced wastewater treatment

1 facility; however, the utility has failed to meet its<sup>000008</sup>  
2 burden to support any quantifiable amount. It is the  
3 utility's burden to provide that its costs are  
4 reasonable. See *Florida Power Corp. v. Cressie*."

5 So it was -- in the record of this case, it  
6 was stated that, from the utility, that this meant all  
7 of the O&M expense associated with AWT was disallowed;  
8 however, it came through in further -- further testimony  
9 that part of it was taken out.

10 **CHAIRMAN BROWN:** Right. Okay. And then in  
11 2009, the utility just stopped treating to AWT standards  
12 to, quote, save money from --

13 **MR. HILL:** Yes. And then the sticking point  
14 becomes for whom?

15 **CHAIRMAN BROWN:** Right, right. That's what I  
16 thought too.

17 Commissioners, please feel free to jump in at  
18 any time, please.

19 Were those funds specifically earmarked in the  
20 last rate case for AWT?

21 **MR. HILL:** That's -- generally when we -- when  
22 you approve O&M expenses, there's no sort of tracking  
23 mechanism for how those funds are spent, and the utility  
24 has flexibility to adjust for whatever their current  
25 operating scenario is, with the purpose being that if

1 they can save money in one area and expenses increase in <sup>000009</sup>  
2 another area, they can work that out without having to  
3 come before the Commission.

4 **CHAIRMAN BROWN:** Okay. Any further comment on  
5 that? The utility stated, like I said, that they  
6 stopped treating to AWT standards. Were the customers  
7 or the impact of the quality of the product, did it --  
8 was it impacted by that?

9 **MR. HILL:** Treating to AWT standards  
10 definitely improves the quality of the effluent, and so  
11 from that sort of absolute standard, the quality of the  
12 effluent was decreased. However, at no point did they  
13 fail to meet any DEP requirements.

14 **CHAIRMAN BROWN:** Okay. Commissioners, any  
15 questions on quality of service?

16 Seeing none -- again, jump in if there are any  
17 questions on any issues before we get to Issue 14. Jump  
18 on in.

19 All right. Moving to Issue 14, which is the  
20 capital structure. I had a little bit of a problem with  
21 this recommendation, but Mr. Maurey is so good at  
22 explaining this that it satisfied me. But I'd like you  
23 to do it for the record on -- with regard to the  
24 long-term debt.

25 At the hearing, we saw -- the utility provided

1 two notes from BB&T and then clarified their lines of 000010  
2 credit. They were not fully used, so to speak; correct?

3 **MR. MAUREY:** That's correct. The full amount  
4 of the loans were not drawn at the time of the hearing,  
5 but they had the capacity to draw those amounts.

6 **CHAIRMAN BROWN:** Can you kind of explain why  
7 staff is recommending the full inclusion for the  
8 long-term debt of both the -- both of the million-dollar  
9 notes?

10 **MR. MAUREY:** Yes. It's -- for context, it's  
11 important to know that this utility was capitalized  
12 primarily with debt for many years before the start of  
13 this case. In fact, it had a significant negative  
14 equity balance going into the case, and -- for many  
15 years prior to that. So there was testimony that equity  
16 infusions would be made. They weren't made during the  
17 Phase I portion of this case, but they did -- they were  
18 made over the summer of '16, so equity did start to come  
19 into the company, and these notes were renegotiated.  
20 There was an inner-company note that was converted to  
21 equity, and there were two new BBT notes that replaced  
22 an existing note and a second note. And as I said  
23 earlier, the money was drawn. So the attempt was to  
24 develop a balanced capital structure for -- that would  
25 finance this company in the most efficient manner. And

1 looking at the balance of debt and equity, what was 000011  
2 actually drawn? How much equity was actually invested  
3 in the utility? Based on the record, staff has  
4 recommended the capital structure that's before you.

5 **CHAIRMAN BROWN:** Okay. You did a better job  
6 in my briefing.

7 (Laughter.)

8 **MR. MAUREY:** Oh, my apologies.

9 **CHAIRMAN BROWN:** Commissioners, any questions  
10 on capital structure?

11 All right. 15, 16, 17, seeing no questions.  
12 18 is the Harbor Shores. This is the single issue that  
13 Harbor Shores had, my understanding is.

14 Staff, if you could, we heard a lot during the  
15 hearing from customers that are treated as general  
16 service customers. How is Harbor Shores similar --  
17 dissimilarly situated from those other customers?  
18 Mr. Johnson. And, again, this is their single issue in  
19 the rate case; correct?

20 **MR. JOHNSON:** How are they similarly situated  
21 or how are they different from the other general service  
22 customers?

23 **CHAIRMAN BROWN:** Different.

24 **MS. JOHNSON:** I believe in the record, they  
25 discuss three other general service customers that they

1 believe to be similar to them: Flagler Village, 000012  
2 Meridian West, and Sunset Marina. The difference is  
3 that the individual customers at Harbor Shores are  
4 individually metered by the FKAA; whereas, the other  
5 general service customers that they listed are not  
6 individually metered by the FKAA, but instead only have  
7 a master meter for which KWRU has readings from.

8 **CHAIRMAN BROWN:** So this recommendation, while  
9 it changes Harbor Shores to a general service customer,  
10 it really doesn't have an actual effect from a rate  
11 standpoint.

12 **MR. JOHNSON:** No, ma'am.

13 **CHAIRMAN BROWN:** That's unfortunate.

14 Commissioners, any questions on this?

15 Seeing none, any questions up and through  
16 Issue 26?

17 All right. We'll go to 26, rate case expense.  
18 A fun topic. I do support the staff recommendation on  
19 it. It's a big contrast to the previous rate case,  
20 significantly lower than what even the Commission  
21 recommended; correct?

22 **MS. NORRIS:** Correct. Yes, it is actually  
23 lower than the 2007 docket.

24 **CHAIRMAN BROWN:** You know, the only thing that  
25 was really surprising was -- at the hearing was the two

1 attorneys, the two different firms. Obviously we're 000013  
2 very familiar with Mr. Friedman and his work before the  
3 Commission. And I just didn't understand why the  
4 utility utilized both firms and what the other attorney  
5 contributed to the rate case process. Can you kind of  
6 explain?

7 **MS. NORRIS:** Sure. We can certainly walk  
8 through. I think it's important to note that in looking  
9 at -- staff looked at two parts of the process, the PAA  
10 period as well as the hearing process, and looking at  
11 those invoices attributable to both time frames. The  
12 utility also clarified as far as who was primary  
13 counsel, which did switch from the PAA to the hearing  
14 process. It was evident in the billable hours, as well  
15 as we also scrutinized the line items to ensure there  
16 weren't, I guess, expenses attributable to duplicative  
17 work. And so that was part of the process staff looked  
18 at. But it certainly is reflective in the billable  
19 hours that you do see a transition in the counsel that  
20 was utilized.

21 And just as far as going into the reasons the  
22 utility clarified as far as having the two counsels, you  
23 did have -- one of the firms was a local firm within Key  
24 West.

25 **CHAIRMAN BROWN:** That represented the Last

1 Stand.

000014

2 **MS. NORRIS:** Correct, yes. They also -- and  
3 that's initially the hours we looked at in the PAA  
4 process was the contribution they provided, because  
5 there were quite a few questions regarding the process  
6 that was still in the works and what it would mean and  
7 the implications for the wastewater treatment expansion  
8 that was the primary function of Smith Oropeza in the  
9 first half of the case. And, again, even going forward,  
10 the locality of the firm, they clarified what purpose  
11 they had as far as meeting with Monroe County, other  
12 line items such as that.

13 **CHAIRMAN BROWN:** Well, it's a big number. I  
14 think that -- obviously it's a big number --

15 **MS. NORRIS:** Correct.

16 **CHAIRMAN BROWN:** -- especially to customers.  
17 But it looks like the utility and its consultants that  
18 they hired in the rate case request really were a little  
19 bit more cautious this go-round compared to the last  
20 rate case.

21 I'm supportive of the staff recommendation on  
22 it, Commissioners.

23 Any questions on any of these issues? I'm  
24 just going to keep on going, aren't I? No questions.

25 All right. Issue 34, which are the

1 miscellaneous service charges. This is the biggest, 000015  
2 quite frankly, issue to me. It just really stands out.  
3 Patti Daniel is very persuasive and kind of gave me a  
4 really good explanation for it, but it's really at the  
5 high end. Actually, it's the most we've ever approved,  
6 this Commission. So I think we need to have the  
7 discussion of why the charges are considered reasonable.  
8 We -- specifically even the late fee charge, we -- the  
9 high end of what we have approved ranges to -- what is  
10 it? -- \$2 to \$7, and this is coming in at \$9, to give  
11 Commissioners just kind of -- underscore the weighted  
12 nature of these charges, including -- but even the cost  
13 justification for some of these folks on the connection  
14 and the violation -- the reconnection of the premises  
15 visit. The fees are very high, and I thought maybe it's  
16 because it's on Key West. But even comparing the late  
17 fees with the -- I mean, at \$9 an hour, I guess the  
18 labor that's involved in it, the hourly rate is so high  
19 for processing a late fee, and the administrative  
20 charges for the connection at \$22, \$22.50 for  
21 administrative costs. You've got two other laborers,  
22 field supervision. It just seems so high. Patti, can  
23 you walk us through why staff is recommending this?

24 **MS. DANIEL:** Yes, Commissioner. I'm Patti  
25 Daniel from Commission staff. And if I may just

1 briefly, before I begin, this is Ms. Friedrich's first<sup>000016</sup>  
2 agenda speaking before the Commission. Certainly not  
3 her first agenda item, but the first one that she will  
4 have an opportunity to speak. She started with us as an  
5 intern last year.

6 **CHAIRMAN BROWN:** Oh, wow. You're a pro.

7 **MS. DANIEL:** And then upon her graduation in  
8 May, began her full-time tenure at the Commission, so.

9 **CHAIRMAN BROWN:** Thank you. You are a pro.

10 **MS. FRIEDRICH:** Thanks. I got lucky with this  
11 issue.

12 **MS. DANIEL:** So I'll give you a very broad  
13 explanation of what's going on here. And let me start  
14 with Issue 34, which is the miscellaneous service  
15 charges, the initial and normal -- initial connections,  
16 normal reconnections, and premise visit charges.

17 And first -- the first thing I want to say is  
18 this is a wastewater only utility, and just the  
19 mechanics of connecting a customer for a wastewater  
20 utility are more labor intensive in some instances than  
21 for a water utility. The company did provide testimony  
22 about the steps that they take for each of these  
23 processes, and I'll let Ms. Friedrich get into the weeds  
24 with that, if you will.

25 But, first of all, it's a wastewater only

1 utility. You see their existing charges, \$15 for the<sup>000017</sup>  
2 initial connection and so forth. Those charges are  
3 charges that have been approved for a number of our  
4 wastewater only utilities, but also from a very long  
5 time ago have not been updated. So this is the first  
6 time this company has had a chance to come in and update  
7 those miscellaneous service charges, so we did look  
8 carefully at the cost components.

9 Let me just also say it is wastewater only.  
10 It's a different process than connections for a water  
11 system. And then also I will tell you that it is my  
12 personal belief that keeping the miscellaneous service  
13 charges, very specifically recovering all of the costs  
14 associated with those charges is important because it  
15 puts the cost on the cost causer. We say that  
16 frequently. But also remember that miscellaneous  
17 revenues are used to mitigate the impact of the overall  
18 rate increase to the general body of customers. So  
19 having fully loaded costs, if you will, on the cost  
20 causer takes those costs off of the general body of  
21 ratepayers.

22 **CHAIRMAN BROWN:** And comparing these to the  
23 most recent wastewater utility case that we approved,  
24 how are these charges similar, dissimilar?

25 **MS. DANIEL:** Again, it has been a very long

1 time since we've approved any miscellaneous service 000018  
2 charges for a wastewater only utility. And so to that  
3 extent, these -- the utility's -- the existing charges  
4 are, in fact, what we found simply because we don't have  
5 a lot of wastewater only utilities. They don't come  
6 before us. I believe Ms. Friedrich also looked at the  
7 miscellaneous service charges that we've more recently  
8 approved for water utilities.

9 **CHAIRMAN BROWN:** Okay.

10 **MS. DANIEL:** And those are certainly higher  
11 than what the company's existing miscellaneous service  
12 charges are.

13 **CHAIRMAN BROWN:** Right.

14 **MS. DANIEL:** And, again, I would suggest that  
15 perhaps the miscellaneous service charges for a  
16 wastewater utility might logically be a little higher  
17 than for a water utility simply because of the steps.  
18 And the company, again, did provide testimony to that.

19 **CHAIRMAN BROWN:** Well, let's get to 36.  
20 Thirty-six is the late payment charge, and they're using  
21 a \$36 -- I'm sorry -- an hourly salary for the labor at  
22 \$33.75 to process labor.

23 **MS. FRIEDRICH:** Correct.

24 **CHAIRMAN BROWN:** How is that justified when  
25 even in Issue 34 the administrative charge for labor is

1 \$22.50 per hour?

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2 **MS. FRIEDRICH:** So for late payment, the labor  
3 charge was -- the labor component was calculated by the  
4 33.75 hourly salary, which does include overhead.

5 **CHAIRMAN BROWN:** That's comparable to field  
6 work, I mean, for this utility. That doesn't even seem  
7 reasonable.

8 **MS. FRIEDRICH:** So from there, I took the  
9 33.75. And the utility does process -- does not process  
10 a lot of late payments per month. They process about --  
11 less than 1 percent of all, out of all the accounts  
12 are -- incur late payment charges. And the utility also  
13 explained to us that they spend about eight hours total  
14 per month, which comes out to about 16 minutes per  
15 notice. And the 16 minutes is in -- is in range with  
16 past Commission decisions.

17 **CHAIRMAN BROWN:** I don't want to give you a  
18 hard time about this.

19 **MS. FRIEDRICH:** Okay.

20 **CHAIRMAN BROWN:** But -- I really don't, but, I  
21 mean, \$9 is more than we've approved on any late charge  
22 --

23 **MS. FRIEDRICH:** Correct.

24 **CHAIRMAN BROWN:** -- that this Commission has  
25 ever done. The labor to process a late fee is \$33 an

1 hour administrative cost? It is excessive. I mean, 000020  
2 even when you look at the other miscellaneous charges at  
3 22.50. I just have some heartburn over it, guys. I  
4 think it's a little bit --

5 **MS. FRIEDRICH:** And for perspective, the last  
6 wastewater only utility, West Lakeland, was approved for  
7 a \$7 late payment in 2011.

8 **CHAIRMAN BROWN:** Yeah. Again, at the high, I  
9 mean, the high end.

10 **MS. FRIEDRICH:** That's the highest right now.

11 **CHAIRMAN BROWN:** Right. Okay. Well, that  
12 seems a little bit more reasonable than \$9, using a  
13 \$33-an-hour employee to process a late payment. All  
14 right.

15 Commissioners, I don't have any more  
16 questions. If you have any thoughts or comments.

17 **COMMISSIONER PATRONIS:** I just concur with you  
18 on that last series of issues.

19 **CHAIRMAN BROWN:** I appreciate that,  
20 Commissioner Patronis.

21 Commissioner Graham.

22 **COMMISSIONER GRAHAM:** I just have one  
23 question. The violation reconnection, explain that to  
24 me. Page 107, that chart.

25 **MS. DANIEL:** Being at actual, actual cost, is

1 that your question?

000021

2 **COMMISSIONER GRAHAM:** Yeah.

3 **MS. DANIEL:** Right. That's -- that's  
4 consistently what we approve for virtually every  
5 wastewater utility we have is the violation  
6 reconnection, because that contemplates that they're  
7 going to have to go in and dig up that line and tap off  
8 the service, and when the customer does rectify the  
9 bill, pay all of the cost, and then reconnect the home  
10 at the end. And so we have let -- for virtually every  
11 wastewater utility we have, that violation reconnection  
12 charge has been at actual cost.

13 **MS. FRIEDRICH:** And we also recommended that,  
14 pursuant to Rule 25-30.460, for wastewater utilities  
15 this charge should be at actual cost.

16 **COMMISSIONER GRAHAM:** So the violation is  
17 assuming that the customer dug his own line to tie into  
18 the system?

19 **MS. DANIEL:** No, sir. The violation  
20 reconnection is when they have failed to pay their bill  
21 and they were discontinued service for failure to pay  
22 the bill.

23 **COMMISSIONER GRAHAM:** Okay.

24 **MS. DANIEL:** And so the company goes in, and  
25 the way they discontinue service for wastewater and

1 utility is to cut off the line, physically cut off 000022  
2 service.

3 **COMMISSIONER GRAHAM:** So if it wasn't a  
4 violation, how do they shut off the service?

5 **MS. DANIEL:** Really for a wastewater utility,  
6 they're reliant on the water utility for shutting --  
7 for, like, initial connection, you don't have service,  
8 so you get your water service first. We find out from  
9 the water provider, in this case FKAA, the company finds  
10 out who is receiving water service, and that's their way  
11 of finding out who is receiving wastewater service.  
12 So -- let's see. I lost my train of thought. Ask me  
13 the question again.

14 **COMMISSIONER GRAHAM:** Well, I'm just sitting  
15 here looking at the big -- it sounds like if there's a  
16 violation, that you actually have to physically get in  
17 there and shut the line off. And my question is when  
18 there isn't a violation, then I don't understand the  
19 difference. Do you basically just --

20 **MS. DANIEL:** Their -- the company, I believe  
21 they provided testimony about ways that they can  
22 discontinue service --

23 **MS. FRIEDRICH:** Such as plugging the lines.

24 **MS. DANIEL:** There was a balloon that they  
25 could put into the line or something like that.

1 Otherwise, there's really -- it's more administrative<sup>000023</sup>  
2 for initial and normal reconnection. It's more  
3 administrative. It may be just a field observation.  
4 They're not necessarily physically disconnecting those  
5 lines, or reconnecting, as the case may be.

6 **COMMISSIONER GRAHAM:** I guess I'm still a  
7 little lost, especially since they're not buying the  
8 water from anybody. How do you know that the  
9 disconnection is even there if you're not monitoring the  
10 water coming into the facility?

11 **MS. DANIEL:** That is a difficulty for  
12 wastewater only companies is that they don't always  
13 know, absent getting the information from the water  
14 provider, unless the customer -- and, you know, if I  
15 were a wastewater -- if I had a different wastewater  
16 provider than a water provider, would I, as a layperson,  
17 understand that I needed to go to the wastewater company  
18 to request service or to say, "Will you shut my service  
19 off for the season?" or whatever? So the utility is  
20 relying on the water company for that information.

21 **COMMISSIONER GRAHAM:** And you can't just go  
22 ahead and shut off the water provider or have the water  
23 provider shut them off and not have to physically go out  
24 there and shut the line off?

25 **MS. DANIEL:** They would need to have that

1 relationship with the water provider in order for that<sup>000024</sup>  
2 to happen, an agreement of some sort.

3 **COMMISSIONER GRAHAM:** Okay.

4 **CHAIRMAN BROWN:** Staff, getting back to Issue  
5 36, if you were to compute an administrative cost based  
6 on the data that they have at 22.50 an hour, how much  
7 would that equal in labor charges, which is what they  
8 have all over their miscellaneous?

9 **MS. FRIEDRICH:** I computed the late payment,  
10 the labor component using the 24.76 hourly salary. That  
11 was an hourly salary that Debbie Swain had testified to  
12 that that was for the person who processed the late  
13 payments. So I multiplied the 24.76 by 8 and divided it  
14 by 30, and that comes out to about \$7.11 for a late  
15 payment with the other -- the printing and the postage  
16 included.

17 **CHAIRMAN BROWN:** All right. Typically staff  
18 tends to round the --

19 **MS. FRIEDRICH:** 7.15.

20 **CHAIRMAN BROWN:** Right.

21 **MS. FRIEDRICH:** 7.15 rounded.

22 **CHAIRMAN BROWN:** That would be a clear cost  
23 justification.

24 All right. Commissioners, are you ready for a  
25 motion on all items?

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**COMMISSIONER GRAHAM:** Are you ready, Madam  
Chair?

**CHAIRMAN BROWN:** I am. But I would like to  
take out Issue 36, though.

**COMMISSIONER GRAHAM:** I move staff  
recommendation on all issues except for 36.

**COMMISSIONER PATRONIS:** Second.

**CHAIRMAN BROWN:** All those in favor, say aye.  
(Vote taken.)

All right. Commissioners, on Issue 36, I  
propose, based on the cost data, the actual information  
that we have, that we reduce staff's recommendation for  
the late payment to \$7.15.

**COMMISSIONER PATRONIS:** I'll make that motion  
to say move it to \$7.15.

**CHAIRMAN BROWN:** Is there a second, please,  
Commissioner Graham? Because I can't do it.

**COMMISSIONER GRAHAM:** You can always do it,  
but -- you said earlier there's -- how many -- you said  
they do very few of these late payment charges?

**MS. FRIEDRICH:** Correct. They have 3,200  
accounts that they process each month, and only about 30  
of them are delinquent each month. So it comes out to  
about less than 1 percent per month that are actually  
delinquent.

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**COMMISSIONER GRAHAM:** And we're only talking \$1.50 for 30 of them a month? You said 7.50; correct?

**CHAIRMAN BROWN:** 7.15.

**COMMISSIONER GRAHAM:** 7.15, oh.

**CHAIRMAN BROWN:** Based on cost.

**COMMISSIONER GRAHAM:** I'll second it.

**CHAIRMAN BROWN:** Any further discussion? All those in favor, say aye.

(Vote taken.)

All right. Any further matters, staff, on this item?

**MS. MAPP:** Yes, Chairman. I'd ask for staff to have the administrative ability, just in case our calculations at the bench were incorrect, to make the -- authority to change the change in 36.

**CHAIRMAN BROWN:** Commissioner Graham.

**COMMISSIONER PATRONIS:** I voted to give staff the ability to change any errors or corrections.

**CHAIRMAN BROWN:** Yes, sounds good. Sounds good. I want to thank everyone for all of the time and work on this. This was a very long case. It's been going on for several years. So thank you, guys. And with that, this concludes the Commission Agenda Conference. Safe travels.

(Agenda Item concluded at 1:14 p.m.)

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

I, LINDA BOLES, CRR, RPR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

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

DATED THIS 20th day of February, 2017.

*Linda Boles*

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