

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

2 THE CHAIRMAN: All right. We have two more
3 items, and then we have a very full internal
4 affairs.

5 So, Item 4.

6 (Discussion off the record.)

7 THE CHAIRMAN: Employee of the month --

8 MS. GOLDEN: Oh --

9 THE CHAIRMAN: -- Ms. -- Ms. Golden.

10 MS. GOLDEN: Thank you.

11 THE CHAIRMAN: Yes, we'll be awarding her in
12 internal affairs, but welcome.

13 MS. GOLDEN: Thank you.

14 Good morning, Commissioners. Martha Golden
15 with Commission staff.

16 Item 4 is the application by Four Lakes Golf
17 Club, Ltd., for a staff-assisted rate case. The
18 utility is located in Polk County and provides
19 water and wastewater service to approximately 826
20 customers.

21 The utility has been in existence since 1995,
22 and this is the utility's first rate case. A
23 customer meeting was held for this docket. It was
24 attended by 15 customers. One customer spoke and
25 indicated that he had no complaints with the

1 utility. Staff is recommending that the utility be
2 granted an increase of 51.3 percent for water, and
3 58.67 percent for wastewater.

4 I believe Mr. Brian Altman and Mr. Marty
5 Friedman are here on behalf of the utility. And
6 Mr. Erik Sayler is here on behalf of the Office of
7 the Public Counsel. Both the utility and OPC would
8 like to address the Commission on this item.

9 At this time, we're prepared to answer
10 questions.

11 THE CHAIRMAN: Thank you.

12 Mr. Friedman, welcome.

13 MR. FRIEDMAN: Thank you, Madam Chairman and
14 Commissioners. Marty Friedman on behalf of Four
15 Lakes Golf Club.

16 The only issue that we're here to address is
17 the Issue No. 9, which is the rate-structure issue.
18 We believe that Alternative 2 is more appropriate.
19 And I'm going to ask Mr. Altman to explain to you
20 the customer base and the seasonality of those
21 customers, and then I'll do a brief conclusion
22 after that.

23 THE CHAIRMAN: Sounds good.

24 MR. FRIEDMAN: We would, obviously, like an
25 opportunity to respond to anything that Mr. Sayler

1 may make.

2 THE CHAIRMAN: Certainly.

3 Good morning.

4 MR. ALTMAN: Good morning. In regards to
5 that, we would -- we would like to request
6 Alternative 2. Just -- we have about 40 -- around
7 40 to 45 percent of our residents that -- you know,
8 it's very seasonal. They leave during the summer
9 and they return during the winter. So, we're at
10 full capacity during the winter. And during the
11 summer, we've -- we've got 40 to 45 percent of our
12 residents that go back up north.

13 And so, during that time, we still have -- the
14 majority of our expenses are fixed. So, we still
15 have payroll. We still have all the fixed expenses
16 that we incur. So, the more -- you know, the
17 greater the base facility charge, the monthly
18 facility charge would be -- would benefit us better
19 to -- to, you know, handle those fixed expenses
20 during that season.

21 THE CHAIRMAN: Thank you. And I want to say,
22 before we get to Office of Public Counsel, it looks
23 like, over the years, you've kept it very lean, and
24 you haven't come in in over a decade, if -- 20 --
25 two decades. So, thank you for that.

1 Mr. Sayler.

2 MR. FRIEDMAN: Madam Chair, may I make one
3 conclusory remark, just to remind the --

4 THE CHAIRMAN: Oh --

5 MR. FRIEDMAN: -- Commission that -- that we
6 did have a similar rate case, rate-structure issue,
7 with Bocilla back in May, I think it was. And they
8 had similar 40 percent.

9 THE CHAIRMAN: I remember.

10 MR. FRIEDMAN: And they -- the Commission
11 agreed at that time to go with one of the
12 alternatives, which was 56 percent in base facility
13 charge. And alternative two that we're requesting
14 here is 55 percent in base charge.

15 THE CHAIRMAN: Got it.

16 MR. FRIEDMAN: So, there is some consistency
17 with what you recently did. Thank you.

18 THE CHAIRMAN: Thank you.

19 All right. With that, Mr. Sayler.

20 MR. SAYLER: Good morning, again. Erik Sayler
21 with the Office of Public Counsel.

22 First off, on the issue that the utility
23 raised regarding rate design, we don't take a
24 position on, we're neutral on. As it relates to
25 the remainder of staff's recommendation, we do not

1 disagree or oppose it. We think the -- a lot of
2 the adjustments in the final revenue requirement
3 appears to be reasonable.

4 The one issue that we do want to raise today
5 is an issue that we have raised previously, which
6 is the use of the operating ratio without a rule.
7 This is something we've raised before at several
8 different Commission agenda conferences.

9 The last time, it was September 7th Commission
10 agenda conference. And I know that it was
11 addressed there, and also at internal affairs, that
12 staff was planning to initiate some sort of
13 rulemaking to address the operating ratio
14 methodology. OPC looks forward to participating in
15 that process and would like to know when that
16 process will commence.

17 As it relates to the use in this particular
18 case, we don't have an objection; however, to the
19 extent that the Commission continues to use it
20 until they've adopted a rule, we reserve the right
21 to object to it at that time.

22 THE CHAIRMAN: Thank you. Thank you.

23 Any additional -- okay. With that, I'll turn
24 to staff. When does staff believe that we will be
25 seeing the rulemaking on the operating ratio?

1 MS. GOLDEN: Staff is currently in the process
2 of drafting the rule. A workshop has not been
3 scheduled yet, but once staff is comfortable with
4 the draft rule, there would be a workshop
5 scheduled, and OPC would have the opportunity to
6 participate at that time.

7 I'm not on that. So, I don't -- I don't
8 have --

9 THE CHAIRMAN: I'll turn to legal because I
10 know legal has been in discussions with that.

11 Mr. Hetrick, what -- when can we anticipate
12 that? Three months? Four months?

13 MR. HETRICK: I think we're looking at
14 unveiling or finishing up a staff draft within the
15 next couple of weeks and then unveiling a workshop
16 thereafter.

17 THE CHAIRMAN: Okay. Thank you.

18 All right. Bring it back to the Bench here.
19 Commissioners, any questions on any of the issues
20 presented in Item 4?

21 Yes, Commissioner Polmann.

22 COMMISSIONER POLMANN: Well, let me check. I
23 don't know if it's Item 1 or not. I'm sorry
24 (examining document) -- no, my apologies -- oh,
25 wait a minute. Where do we deal with the

1 percentage of the rates?

2 THE CHAIRMAN: Could you speak into your
3 microphone, I'm sorry, just for the record?

4 COMMISSIONER POLMANN: Nothing on Item 1.

5 THE CHAIRMAN: Any of the issues, Commissioner
6 Polmann. We are wide open for the discussion. You
7 may -- you have the --

8 COMMISSIONER POLMANN: Thank you for that.
9 Thank you for being open to all issues.

10 THE CHAIRMAN: Yes. Thank you.

11 COMMISSIONER POLMANN: Question for staff.
12 What -- what are the primary drivers for the high-
13 percentage increase in the water and wastewater
14 rates? I see a significant change here.

15 MS. GOLDEN: In -- in this case, there --
16 there are two primary drivers. The first one is
17 that the utility has never had a rate case. And
18 so, they've operated at a loss for most of the 22
19 years they've been in business. So, they need an
20 increase to help cover the operating costs.

21 The second factor is they have several pro
22 forma projects that they're currently working on.
23 And they anticipate having those finished by the
24 end of the year -- by the end of this year.

25 It is the replacement of a hydropneumatic

1 tank. They're replacing all of this meters. And
2 they also recently had a well pump that failed.
3 And so, they requested consideration of that item
4 in that case. And we are recommending that it
5 would be appropriate to include all of those.

6 COMMISSIONER POLMANN: Okay. Thank you.

7 The percentage is high, but how -- how do the
8 utility's rates compare to other utilities in -- in
9 this area?

10 MS. GOLDEN: We actually compared it to the
11 other utilities in Polk County, both the
12 jurisdictional and non-jurisdictional. And even
13 with the increase, it -- it sounds like a high
14 increase, but because the starting rates were so
15 low, it still produces a reasonable rate. And
16 they're below the average for Polk County, even
17 with this rate increase, if you approve it.

18 COMMISSIONER POLMANN: Okay. And the issue
19 was brought up about the allocation for the base
20 facility charge and -- to Mr. Johnson, there --
21 your recommendation was on a 50-percent -- that's
22 within the table --

23 MR. JOHNSON: That's correct.

24 COMMISSIONER POLMANN: -- that you provided.

25 And we had some discussion at briefing about this.

1 Can you please explain for the Commission here
2 why you believe your position is the appropriate --
3 it's a 50/50 -- go -- go ahead, sir. Thank you.

4 MR. JOHNSON: Well, ultimately, staff usually
5 analyzes the seasonality of customer base with the
6 billing analysis, but because Four Lakes bills on a
7 quarterly basis, we were unable to analyze the
8 correct percentage of zero-gallon bills to -- to
9 analyze the seasonality of the customer base.

10 In response to the staff report, they filed --
11 they estimated the seasonality of the customer base
12 to be 30 percent. I upped the recommendation to
13 50 percent. On the lower end -- it was in that
14 same request -- he said that the Commission has
15 approved BFC allocation from 50 to 56 percent in
16 the past.

17 So, I recommended on the lower end of the BFC
18 because Bocilla -- or not Bocilla, excuse me --
19 Four Lakes has customers who use on the higher end.
20 And we thought it was really important to still
21 send a pricing signal to bring down some of that
22 usage and to, you know, send a conservation pricing
23 signal. Now, 55 percent is not out of the range,
24 and staff does not oppose the 55 on BFC allocation.

25 COMMISSIONER POLMANN: The fact that they

1 are -- they have bills on a quarterly basis, we
2 simply don't have the detailed information, truly,
3 and -- on the number of seasonal --

4 MR. JOHNSON: Correct --

5 COMMISSIONER POLMANN: -- customers
6 because that -- that would be indicative on a
7 monthly. Now, going forward, there will be monthly
8 data collected; is that --

9 MR. JOHNSON: Yes, sir.

10 COMMISSIONER POLMANN: Is that correct?

11 MR. JOHNSON: They're going to be billing on a
12 monthly basis.

13 COMMISSIONER POLMANN: Okay. All right.
14 Madam Chairman, that's all I have. Thank you.

15 THE CHAIRMAN: I see no -- I see no other
16 lights. So, at this time, we are ripe for a
17 motion. And please consider that Issue 9, there is
18 a suggestion to adopt Alternative 2. With that,
19 I'm ready for a motion.

20 COMMISSIONER GRAHAM: Thank you, Madam Chair.

21 I will move staff recommendation on all issues
22 except Issue 9. And we'll go with Alternative 2 on
23 that issue.

24 THE CHAIRMAN: All right. Is there a second?

25 COMMISSIONER BRISÉ: Second.

1 THE CHAIRMAN: Any discussion?

2 Seeing none, all those in favor, signify by
3 saying aye.

4 (Chorus of ayes.)

5 THE CHAIRMAN: The motion passes.

6 Thank you. Thank you.

7 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

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DATED THIS 15th day of November, 2017.



ANDREA KOMARIDIS
NOTARY PUBLIC
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