

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240099-EI

Petition for rate increase by
Florida Public Utilities Company.

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 14

COMMISSIONERS
PARTICIPATING: CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, March 4, 2025

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
TALLAHASSEE, FLORIDA
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1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: All right. Let's move on
3 to Item No. 14. I know that we have got some folks
4 here that would like to speak, and we are going to
5 do it in a similar fashion where we have got a
6 podium here to my right, that's to your left, there
7 is a microphone that's there.

8 So I am going to ask for those folks to start
9 to make their way towards the front of the room,
10 and then I will -- in fact, let's do this. Since
11 we are on Item No. 14, I will ask that the folks
12 that would like to come to speak come to the front
13 of the room, and I am going to recognize Mr. Schef
14 Wright, you are here. I am looking for him and I
15 don't see him. Oh, there, right in front of me.
16 My goodness. Sometimes I just got to look up.

17 Mr. Wright, will you go ahead and allow you
18 for a quick three-minute intro on to Item No. 14,
19 of course I am going to come back to our staff
20 second eventually, but I would like to go through
21 all the individuals, these are elected officials
22 and appointed officials to come and talk and offer
23 some comments on the item.

24 Mr. Wright, you are recognized.

25 MR. WRIGHT: Thank you, very much, Mr.

1 Chairman. Thank you for allowing me to go first,
2 and to have our -- the representatives of the City,
3 the County and the Jackson County School Board to
4 address you at the outset here.

5 I will go ahead and make -- well, as you know,
6 I am Schef Wright, and today I have the honor and
7 privilege of representing the City of Marianna,
8 Jackson County and the Jackson County Board of
9 County Commissioners and the Jackson County School
10 Board in this important proceeding. Thank you
11 again for the opportunity to address you. And
12 thank you to your staff for their preliminary work
13 and analysis of FPUC's case.

14 In the big picture, you have already heard
15 from more than 20 customers at the service hearing
16 held in Marianna in December about the additional
17 hardships that FPUC's proposed rate increases will,
18 if approved, have on customers who are already
19 struggling financially.

20 You also heard some about the impacts that the
21 increases would have on the City's, County's and
22 School Board's ability to provide their critical
23 government services.

24 Representatives of the County, the School
25 Board and the City are here today to provide

1 specific comments on behalf of these governments.
2 By way of context, I have the following brief
3 comments, some of which you have heard before in
4 other cases.

5 In terms of fundamental ratemaking policy,
6 it's the utility's mandate, it's the utility's job
7 to provide safe and reliable service at the lowest
8 possible cost consistent with meeting satisfactory
9 standards of safety and reliability. This
10 principle has been agreed to by presidents of the
11 other three major IOUs in Florida in previous rate
12 cases.

13 We are here today in the context of a Proposed
14 Agency Action recommendation by your staff to
15 address a rate increase request from the utility
16 that already has the highest rates in the state.
17 According to information on your website, the
18 typical residential electric bill information sheet
19 as of this month, FPUC's 1,000 kWh residential bill
20 is higher than all the other IOUs even after they
21 reduced their fuel and purchased power cost
22 recovery charge in January.

23 The most recent information for all Florida
24 IOUs and municipals published by the Florida
25 Municipal Electric Association -- which that's for

1 December, that's the most recent available --
2 similarly shows that FPUC's rates for GS, small
3 general service, medium and large general service,
4 demand customers, are either the highest or among
5 the highest of all Florida's IOUs and all of the
6 municipals.

7 In this context, we ask you, in your
8 deliberations, to ask this question: Does FPUC
9 need the company's requested amount? Do they need
10 any partic -- whatever they are asking for,
11 whatever the staff has recommended, do they need
12 this amount of money to provide safe and reliable
13 service at the lowest possible cost?

14 At this early stage in this case, where my
15 clients have not been allowed to intervene because
16 it's a PAA, we can say that we do not believe that
17 FPUC needs what it has requested to provide safe
18 and reliable service. We generally concur with
19 most of the reductions recommended by your staff,
20 though not necessarily with all of their
21 recommendations. And we are generally agreement
22 with the specific modest accounting proposed
23 adjustments recommended by OPC.

24 Beyond that, we believe that there are
25 additional issues of potentially significant

1 magnitudes that would have to be addressed if there
2 were to be a hearing in this case.

3 As stated in the letter that I sent on behalf
4 of my clients in December -- I am sorry, on
5 February 19th, we will carefully study the PAA
6 order that you issue down the road in this
7 proceeding before we make any decision to whether
8 to protest that order and request a hearing.

9 Thank you again for the opportunity to present
10 my remarks. The following representatives of the
11 County, the School Board and the City have all come
12 to address you today, and I will ask that you hear
13 from them at this time.

14 First up would be Chairman Jamey Westbrook of
15 the Jackson County Board of County Commissioners.
16 He would be followed by County Administrator
17 Wilanne Daniels. After Wilanne would be the
18 Superintendent of the Jackson County School Board,
19 Hunter Nolen and his Finance Director Ellen Folsom.
20 And finally, on behalf of the City of Marianna, Jim
21 Dean, a former City manager and now Commissioner
22 Elect to the Marianna City Commission, he will take
23 office in June. Thank you again.

24 Chairman Westbrook, you are up.

25 MR. WESTBROOK: Yes, sir.

1 CHAIRMAN LA ROSA: Mr. Westbrook, you are
2 recognized, sir.

3 MR. WESTBROOK: An old poacher friend of mine
4 told me to tell you thank you to start with, and
5 then maybe you would understood how we was
6 interested.

7 We don't have a lot of wealthy people in our
8 county, and probably will never have, but we ask
9 you to help us. I can pay my bill, but there is
10 10, 12,000 of them that can't.

11 A man told me one time, Speaker of the House
12 of Representatives, he said, you vote your heart,
13 you will always be all right. So we ask you to
14 vote your heart. And we ask you one more thing, I
15 don't know if it's legal or not. But no -- no
16 customer of Florida Public Utilities can get in the
17 door. It's locked. It's locked every day. I had
18 a man that worked for me just yesterday, and he had
19 been calling for four hours. I tried it about six
20 months ago, and I just threw the phone down on my
21 desk, and when I come back about six or seven hours
22 later, it was still ringing.

23 So we got to have a little bit of help. We
24 are pretty proud people there. We just a
25 constrained county that don't have a lot of money.

1 Our fire rescue, our Sheriff's department takes up
2 just about all the ad valorem. We are living off
3 grant. So if you will, think about us. Vote from
4 your heart.

5 Thank you. Good to be here. Appreciate you
6 very much, Mr. Chairman and all the members. Thank
7 you.

8 CHAIRMAN LA ROSA: Thank you, Commissioner.

9 Next up is Ms. Daniels.

10 MS. DANIELS: Yes. Good morning. I am
11 Wilanne Daniels, the Jackson County Administrator.

12 As you undoubtedly understand, and we are here
13 today, Jackson County is a rural fiscally
14 constrained community. We are a 900-square-mile
15 county with a population of 48,000. Our poverty
16 rate is 20.6 percent, with 26.9 percent of children
17 in Jackson County living in poverty.

18 For our county facilities, we are already
19 paying in excess of \$800,000 per year for
20 electricity to FPU. Depending on which rate you
21 apply, since there are a number of different
22 scenarios we could look at, this could be as little
23 as \$100,000 increase to several hundred thousand
24 dollar increase in increase to county facilities
25 specifically. For perspective, that could be the

1 difference in hiring one to five firefighters for
2 Jackson County.

3 We all have experienced inflation and other
4 challenges. And as a reminder, Jackson County,
5 like many people in this area, have gone through
6 several rough years, post Hurricane Michael, COVID,
7 minimum wage increases, which were a huge and
8 continue to be a huge challenge to Jackson County,
9 as we have not even reached the \$15 yet in Jackson
10 County.

11 We have struggled with bringing in enough
12 revenue, not for investment purposes, but for
13 meeting our basic needs and services as a county.
14 In fact, Jackson County has cut services in recent
15 years to make the money work. We did a hiring
16 freeze with specific number of positions, among
17 other cost cutting measures.

18 While we empathize with revenue needs, we
19 respectfully ask this commission to carefully
20 consider the impact this increase will have on our
21 citizens, both directly and indirectly.

22 In Jackson County, we like to say, it's not us
23 versus we. It's not we the government versus they
24 the citizen. It's all we. And so whatever impact
25 this has to us as a local community will be an

1 impact to all of us as citizens in Jackson County.

2 Thank you for your time.

3 CHAIRMAN LA ROSA: Thank you.

4 Next up is Mr. Nolen and Ms. Folsom.

5 MR. NOLEN: Good morning, Chairman and
6 Commission. Thank you for the opportunity to speak
7 to all today on a very important topic in my home
8 district. My name is hunter Nolen, and I have the
9 honor and privilege of being elected Superintendent
10 of Schools for the Jackson County.

11 First, before I begin, I would like to start
12 off with saying some kind words to who I would call
13 friends at the local Florida Public Utilities
14 office and management. Like Chairman Westbrook
15 stated, yes, the office has been closed for a long,
16 long time. It's very difficult to get customer
17 service, but anytime a school needs anything with
18 power or a line is down, I can call Rhondon Gray or
19 Mason Brock, which is high up over there, and they
20 normally take care of us. So I wanted to start off
21 by giving some kind words to them, as well as some
22 of our local linemen who always seem to assist with
23 our schools.

24 Now to the not so kind words. I was just
25 elected a couple months ago, and I have many plans

1 for my district. I also have a clear vision on
2 where we need to be. If the Chairman would present
3 me, I have a chart that I would like to pass out to
4 the Commission, as well as anyone else that would
5 like one, rating the educational system for the
6 Jackson County school district based off of the
7 ratings of the Florida Department of Education.

8 Chairman, would you allow?

9 CHAIRMAN LA ROSA: Yes. I am going to go to
10 staff on this. If this was submitted or put in
11 front of us, would this have to be entered as a
12 document?

13 MR. NOLEN: I am sorry, I didn't watch catch
14 that.

15 CHAIRMAN LA ROSA: I am sorry, it's to my
16 staff.

17 MR. NOLEN: Okay.

18 CHAIRMAN LA ROSA: So would this have to be
19 entered into the docket?

20 MR. FUTRELL: We can have that placed in the
21 docket file after we get finished with the meeting.

22 CHAIRMAN LA ROSA: Okay. Is there any
23 opposition?

24 MR. WRIGHT: I had asked that a staff member
25 be available to hand these out. He just wants

1 y'all to see it.

2 MR. NOLEN: Yeah, I just want you to see it.
3 Yeah. My director of finance, Ms. Ellen Folsom,
4 has a couple of copies, and I will give it a chance
5 to -- while she's passing this particular chart
6 out, as you are well aware, there are 67 counties
7 in the state of Florida. 67 counties in the state
8 of Florida. Currently, Jackson County is ranked
9 40th in the state of Florida based off of rankings
10 from the Florida Department of Education. To me,
11 as a newly elected superintendent, that's
12 unacceptable.

13 To be quite honest, I take responsibility for
14 some of that. I have been a teacher, a coach, a
15 principal in this district for many, many years, so
16 I can't pass the buck to anybody else. Now it's on
17 me. And I realize that.

18 But with our rating from the Florida
19 Department of Education, if FPU is allowed to
20 increase these rates as they have requested, it is
21 going to be very difficult in future planning.

22 Our graduation rate for Jackson County was
23 59th out of 67 counties the previous year. That's
24 unacceptable. We have never, ever been an A
25 district in Jackson County. I will change that

1 with your help.

2 Again, I pulled some federal index records. I
3 got this from my federal grants guy this morning.
4 Our district poverty -- poverty average, it's
5 called a DBA, is 94.37 percent for all of our
6 roughly 55, 5,600 students. All of our students
7 get free breakfast and free lunch. We have a
8 tremendous teacher shortage, paraprofessional
9 shortage and bus driver shortage. Last Friday, I
10 drove a bus route. We can't find drivers. We
11 can't pay them enough. We are struggling with the
12 shortage right now.

13 I do have plans. I do have a vision for my
14 county. I would love to load the Commission up on
15 a bus one day and just ride around our beautiful
16 county and let you see what we are going through
17 right now. We will improve our rating. I promise
18 you that. But like Chairman Westbrook said, we
19 need a little bit of help.

20 I have a chart right here, and I know Ellen is
21 going to come up and say some things about it, but
22 as far as what FPU is requesting to raise the
23 rates, you know, 20, 30, 40, 50 percent, if it's --
24 if the base rate is increased around 40 percent, it
25 will cost us somewhere around \$670,000 extra on top

1 of our 1.6 million that we paid to FPU last year.
2 Again, that's many graduation coaches. That's many
3 bus drivers. That's many teachers. That's going
4 to greatly limit what we are able to do in Jackson
5 Counties.

6 Ms. Folsom is going to come up with some more
7 figures for you. Again, I appreciate your time. I
8 look forward to coming back and speaking one day
9 and letting you see that Jackson County is
10 definitely going to climb this chart.

11 Thank you very much.

12 CHAIRMAN LA ROSA: Thank you, Mr. Nolen.

13 Ms. Folsom. You are recognized.

14 MS. FOLSOM: Good morning. I am here today as
15 a concerned advocate for our community, especially
16 the students and teachers in Jackson County school
17 district. I strongly urge you to reconsider the
18 proposed utility rate increase by Florida Public
19 Utilities Company.

20 This increase, which could be up to \$750,000,
21 is an extra burden on our schools. We would have
22 serious consequences in our district impacting not
23 just the budget, but also the people who make
24 education possible.

25 One of the biggest concerns is how this cost

1 increase will affect our ability to keep great
2 teachers and fairly compensate all school staff.
3 Jackson County, like many rural areas, already
4 struggles to and retain educators. If we are put
5 -- forced to put more money towards utilities, that
6 means less funding for teacher salaries, fewer
7 raises for hard-working staff, and potentially even
8 job cuts.

9 Florida is already a major -- has a major
10 teacher shortage, nearly 7,000 vacancies reported
11 at the start of last year. Rural districts like
12 ours have a hard time keeping educators, and if we
13 can't offer competitive salaries, we will lose
14 teachers to other districts, or even other careers.
15 This creates instability in our schools, larger
16 class sizes and fewer resources for our students.

17 The reality is, the extra 750,000 could go
18 towards well-deserved raises for teachers and
19 staff. Instead, if this increase goes through,
20 that money will have to be used to pay higher
21 utility bills, leaving our educators struggling to
22 keep up with rising cost while continuing to do one
23 of the hardest jobs out there.

24 At the end of the day, this decision comes
25 down to priorities. Do we want -- do we want our

1 schools to invest in better resources, better
2 teacher pay and better education for our kids, or
3 do we want to funnel more money into higher utility
4 cost? And we all know the right answer. That's
5 why I urge you to reject this proposed increase and
6 stand with our schools, our teachers, and most,
7 importantly our students.

8 Thank you for your time and putting our
9 community first.

10 CHAIRMAN LA ROSA: Thank you.

11 Next up -- is it Mr. Dean, or -- Mr. Dean, you
12 are recognized.

13 MR. DEAN: Thank you for your time. I
14 appreciate the Commission allowing us to have a few
15 words here this morning. Like Schef said, my name
16 is Jim Dean, a former United States Marine and done
17 a lot of other stuff since then.

18 Marianna -- the City of Marianna has a
19 population of approximately 6,500 people. And like
20 Wilanne said, there are some statistics that are
21 very important which are associated with this rate
22 increase.

23 The per capita income for the City of Marianna
24 is just over \$20,000. The state of Florida per
25 capita income is over \$41,000. We are half of the

1 state average. The median household income is just
2 over \$36,000, where the state of Florida is over
3 \$71,000. The poverty rate, like Wilanne said, is
4 over 21 percent in the City of Marianna.

5 The service area for Florida Public Utilities
6 covers Jackson, Calhoun and Liberty. If you take
7 those three counties, those three counties are
8 probably in the top five or six counties in the
9 state of Florida with the highest poverty rates for
10 the state.

11 The -- another statistic that I think is
12 important is your median -- the cost of a home in
13 the -- in Marianna versus the cost of a home in the
14 state of Florida. In Marianna, Jackson County, the
15 cost of a home is approximately \$93,000. For the
16 state of Florida, it's 30 -- over \$32,000,
17 one-third of the cost. Needless to say, there is
18 significant poverty issues in our counties and our
19 surrounding area.

20 When FPU first came out with the suggested
21 rate increase, some of the information that was
22 published in correspondence to residents was that
23 it was associated with higher cost, some of those
24 costs associated with maintenance, and also
25 customer service.

1 Regarding the customer service issue, and I
2 think it's been mentioned before by some of the
3 people that are here today, is the customer service
4 for Florida Public Utilities, in the eyes of most
5 of the residents, hinges on personal service. The
6 customer service has actually gone down if you look
7 at personal service.

8 The office in Marianna has been closed down
9 for over two years now, and it has caused a lot of
10 anxiety for the citizens of Marianna. So where it
11 said that the customer service has been -- will be
12 improved, well, it's actually not improved. It's
13 been degraded.

14 The FPU decision to downgrade the customer
15 service by moving to -- moving its services,
16 meaning the personal -- personal customer service
17 has been relocated to another state. So the
18 citizens that are on the FPU service are actually
19 funding services that are provided in another state
20 and funding job opportunity in other states.

21 For over five years, the customers have been
22 repaying the tragedy that we suffered as a result
23 of Hurricane Michael, you know, and we go back to
24 some of the reasons for the rate increase was the
25 maintenance issues. Well, five years ago, and over

1 a period of time, the FPU distribution system, and
2 some of the other systems that they own and
3 operate, have been rebuilt. So how can your
4 maintenance costs go up on a system that is just
5 over five years old?

6 And it's been said also, you know, we are a
7 high poverty rate county. We lack broadband and
8 internet service in our communities. We -- this
9 rate increase will definitely have a negative
10 impact on our struggling economy where we are, all
11 the time, trying to find businesses to come into
12 our community. The hire rates, especially on the
13 larger and medium size customers, if you have
14 looked at the average or the range of those
15 increases, will definitely have a negative impact
16 on economic development in the City of Marianna as
17 well as Jackson County.

18 The City of Marianna provides over five
19 services, three of those being utility services,
20 and we do that at a cost of half, or less than half
21 of what Florida Public Utility does with just one
22 utility service.

23 Thank you for your time, and like Mr.
24 Westbrook said, we need a little help so that we
25 can get better in our community. Thank you.

1 CHAIRMAN LA ROSA: Okay. Thank you.

2 And, Mr. Wright, there is not any other
3 speakers, correct? I think I got everyone on my
4 list.

5 MR. WRIGHT: That's correct. Mr. Long was not
6 able to make it, Mr. Chairman. Thank you very
7 much.

8 CHAIRMAN LA ROSA: No problem. Thank you.

9 All right, let's -- and I appreciate all that
10 have come and traveled today. Very appreciative of
11 that, and I know it's a little bit of a ways away,
12 but I appreciate your comments and your thoughts
13 throughout.

14 Let's go ahead and do this. Let's go -- bring
15 it back over to staff to --

16 MS. CHRISTENSEN: Commissioner --

17 CHAIRMAN LA ROSA: -- kind of get us
18 started -- yes.

19 MS. CHRISTENSEN: Patty Christensen with OPC.

20 Would it be appropriate now for OPC to make
21 our comments following Mr. Wright, or proceed with
22 staff?

23 CHAIRMAN LA ROSA: I would like staff to open
24 us up, because in all technicality, we haven't had
25 our summary, but I got you coming up next.

1 MS. CHRISTENSEN: Okay.

2 CHAIRMAN LA ROSA: So let's go ahead and let's
3 go to staffer to set us up.

4 Ms. Guffey, you are recognized, ma'am.

5 MS. GUFFEY: Thank you.

6 Good morning, Chairman and Commissioners.

7 Seveni Guffey with the Division of Economics.

8 Item 14 addresses Florida Public Utilities
9 Company's petition for a rate increase. FPUC
10 provides retail service to 33,100 customers in its
11 northeast and northwest divisions, and its last
12 base rate increase was approved in 2014.

13 At the October 1st, 2024, Agenda Conference,
14 the Commission approved FPUC's interim rates and
15 suspended the permanent rate increase. During the
16 review process, staff had two in-person customer
17 service hearings. The first service hearing was
18 held on December 4th, 2024, in Fernandina Beach.
19 The second hearing was held on January 8th in
20 Marianna. Approximately 35 customers provided
21 testimony at these two service hearings. And
22 additionally, approximately 10 retail customers in
23 the City of Marianna, Jackson County Board of
24 County Commissioners and the Jackson County School
25 Board has filed written comments in the docket.

1 In the staff recommendation, Issues 51 through
2 53, 61 and 62, are fallout rates issues and will be
3 brought before the Commission at the March 20th
4 Special Agenda Conference.

5 Representatives of the Office of Public
6 Counsel and elected officials from Jackson County
7 and the City of Marianna are here to address the
8 Commission today, and attorney Schef Wright.
9 Representatives from FPU are FPUC are also here to
10 address the Commission, and staff is available for
11 questions.

12 Thank you.

13 CHAIRMAN LA ROSA: Excellent. Now let's go
14 over to the Office of Public Counsel.

15 Ms. Christensen, you are recognized, ma'am.

16 MS. CHRISTENSEN: Thank you.

17 Good morning, Commissioners. Patty
18 Christensen, along with Walt Trierweiler, the
19 Public Counsel.

20 As you have heard again today from the
21 customers of FPUC, they have talked about the
22 significant impact that this rate increase will
23 have on them, their ability to provide services,
24 and generally the negative impact this will have on
25 FPUC's customers, especially in its northwest

1 division.

2 At the service hearings, you heard from the
3 customers about their dissatisfaction with the
4 customer service since the company discontinued
5 having in-person customer service representatives
6 on Amelia Island and in Marianna. And while the
7 company has invested significant money in a new
8 automated customer service system, this has not
9 solved the customer service satisfaction issue.

10 One example that was brought to the
11 Commission's attention at the Marianna service
12 hearings was a small business owner who had
13 multiple -- who had to pay multiple processing fees
14 because their bill was over the arbitrarily set
15 750-dollar limit, so they had to make multiple
16 payments to pay for their fees and their bill,
17 which resulted in delays and increased fees. The
18 customer said that this was not a problem when FPUC
19 had in-person customer representative that could
20 take the payment. And just where the efficiencies
21 are that should have been gained while shutting
22 down those two local customer care centers we do
23 not know.

24 In addition to the quality of service issues
25 we have addressed today, OPC has provided a copy of

1 a letter sent to the Commission staff, and provided
2 to them from our analyst, addressing OPC's
3 preliminary identified accounting adjustments.

4 Since we have provided a copy of the letter in
5 the file, we will not repeat those specific
6 adjustments today, but, rather, urge the Commission
7 to address them as part of its PAA order by making
8 the recommended adjustments. Any protest OPC would
9 file would not be limited to these preliminary
10 accounting adjustments, nor the other matters
11 raised within OPC's letters or the comments here
12 today.

13 We would -- we recommend the Commission staff
14 -- or I am sorry, we commend the Commission staff
15 for their hard work, specifically for the
16 recommendation on Issue 19, the communication
17 system; Issue 43, the corresponding depreciation;
18 and Issue 59, the proposal for the technology
19 rider.

20 We appreciate the Commission staff and the
21 distinguished members of the Commission for
22 considering and seizing opportunities to mitigate
23 costs and reduce rate impacts to the customers, and
24 we would urge you to continue that effort here
25 today.

1 Thank you.

2 CHAIRMAN LA ROSA: Thank you.

3 Let's move now to the company, to FPUC. Ms.
4 Keating, you are recognized.

5 MS. KEATING: Thank you, Mr. Chairman. Good
6 morning, Mr. Chairman, Commissioners. I am Beth
7 Keating with the Gunster Law Firm, and I am honored
8 to be here today on behalf of Florida Public
9 Utilities. With me is Mr. Mike Cassel, VP of
10 Governmental and Regulatory Affairs for Chesapeake,
11 which, as you know, is FPUC's parent. We also have
12 a number of other folks here from FPUC and
13 Chesapeake that are available to address more
14 specific questions you may have.

15 Let me start by saying we appreciate your
16 staff's work on this recommendation and the
17 thoughtful approach they have taken, because at the
18 end of the day, we understand that the goal is to
19 get the pot right. And while we may quibble with a
20 few conclusions they have reached, we also
21 understand that reasonable minds can reach
22 alternative conclusions.

23 First off, I want to thank the City of
24 Marianna, Jackson County Commission for their
25 comments and for their outreach in regard to this

1 rate case. I want to assure those citizens and
2 this commission that the company has heard and been
3 responsive to the concerns raised during the
4 service hearings.

5 We have also included critical customer care
6 technology improvements in the case --

7 CHAIRMAN LA ROSA: Let's wait for Mike to get
8 back and get this fixed.

9 (Discussion off the record.)

10 CHAIRMAN LA ROSA: Let's take a three-minute
11 break. Sorry for stopping you right in the middle.

12 (Brief recess.)

13 CHAIRMAN LA ROSA: All right. If we don't
14 mind maybe finding our seats, I think we got our
15 issues resolved.

16 All right. Apologies again, but, Ms. Keating,
17 you were literally in the middle of a sentence. I
18 will let you if I can up where you feel
19 comfortable.

20 MS. KEATING: I will note that Ms. Brownless
21 said she thought it might be a sign from God, so I
22 am a little concerned.

23 As I was saying, we appreciate the comments of
24 the good folks from Marianna and Jackson County and
25 the company has heard those concerns raised during

1 the service hearings. We have also included
2 critical customer care technology improvements in
3 the case, which will help the company better meet
4 the expectations of today's utility customers.

5 This company cares about its customers, and
6 its employees live and work in the communities it
7 serves. So it should come as no surprise that even
8 without the benefit of more current customer care
9 technology the company has worked hard to improve
10 all areas of its customer care.

11 Commissioners, FPUC's last rate case was in
12 2014. 10 without a rate case, in spite of
13 inflation, is a pretty good indicator that a
14 company has done an excellent job of managing its
15 costs. In fact, they have done such a good job of
16 cost management that in spite of the requested rate
17 increase, the total amount reflected on bills to
18 its customers has decreased, and will continue to
19 decrease in the coming year.

20 More specifically, if the Commission approves
21 staff's recommendation, the resulting base rate
22 increase will still result in a 6.4 percent overall
23 bill reduction from interim rates. When the
24 Hurricane Michael surcharge terminates in January
25 2026, the total bill will again decrease by another

1 7.8 percent, or 14.24 percent from the interim
2 rates.

3 Put differently, whether the staff's
4 recommendation is approved as it stands, or the
5 Commission makes slight adjustments in the ROE,
6 which I will address in a minute, FPU's customers
7 will still be paying 20 plus dollars less for their
8 electric bills in January 2026 than they did in
9 January 2024.

10 I ask that you also remember that the
11 company's total bill to its customers, while it's
12 been decreasing -- scratch that, I have lost my --
13 while this company is very cognizant that no one
14 likes a rate increase, it's also imperative that
15 the company earn a fair rate of return, or have the
16 opportunity to earn a fair rate of return.

17 Last, Commissioners, as I mentioned, we do
18 have one item that we take issue with in staff's
19 recommendation, and that's Issue 24. We understand
20 that, to some extent, setting ROEs is as much an
21 art as a science, but we have struggled to
22 understand the rationale of dropping the company's
23 ROE below its current 10.25, which will put FPUC's
24 ROE below that of all other Florida IOUs.

25 Typically, in terms of setting the ROE, a

1 smaller company is deemed to be riskier, which puts
2 upward pressure on the ROE. So we have struggled
3 to understand how staff's use of more recent market
4 data and forecasted interest rates resulted in a
5 decrease to 10.15. Respectfully, we would ask that
6 the Commission entertain adjusting the ROE to at
7 least reflect the 10.3 in Table 24-1 of staff's
8 recommendation.

9 Finally, Commissioners, we are aware and have
10 seen OPC's letter of concerns. We don't intend to
11 address those right now, but we stand ready to
12 address them. And I can tell you we don't agree
13 with the content, as well as the tone of the
14 letter. And we appreciate your attention, and
15 stand ready to answer any questions you may have.

16 CHAIRMAN LA ROSA: Thank you, Ms. Keating.

17 Commissioners, it is -- it's back to us. Are
18 there questions on Item No. 14?

19 COMMISSIONER CLARK: Thank you, Mr. Chairman.
20 A couple of comments, observations regarding the
21 proposal.

22 Ms. Keating, we talked -- you talked about the
23 rate in -- the rate decrease -- excuse me, the
24 actual net impact to consumers being a net
25 decrease. I studied the residential components of

1 the rates and am pretty well familiar and
2 understand how they are working.

3 Everyone that we have heard from here today is
4 typically representing -- told the GSD, just the L
5 consumers. Have you done any analysis on those
6 particular rates as well? And could you share with
7 us -- and I would also ask, have any of the parties
8 that testified today, or addressed us, have any --
9 have y'all met one-on-one with any of them to show
10 them exactly what the impacts to their bills are
11 going to be?

12 MS. KEATING: Yes. Absolutely, Commissioner.
13 And thank you for that question. We had a number
14 of people that attended the service hearings that
15 met with customers after those service hearings.

16 In addition, the company did a tent event just
17 last Friday, where they provided food and
18 information to around 300 FPUC customers in the
19 Marianna area. Had a number of customer care
20 representatives there who spoke with individual
21 customers about their bills, and about the issues
22 and concerns they had with the bills, as well as
23 the rate increase.

24 I would also like to note that we have Ms. Kim
25 Estrada, the AVP for customer care, if you would

1 like any further detail on that.

2 COMMISSIONER CLARK: I want to go back to the
3 rates issue, specifically typically for small
4 company -- small rural areas, school systems are
5 one of the largest customers. I am sure that the
6 Jackson County school system is probably top five
7 customers for FPU in this area. Have you done an
8 analysis specifically on their rate impacts under
9 this new rate structure?

10 MS. KEATING: I will have to check on that.
11 Just a minute. We have done it.

12 COMMISSIONER CLARK: Yes.

13 MS. KEATING: We parent apparently do not have
14 it right at this moment with us.

15 COMMISSIONER CLARK: Has that been shared with
16 the school system?

17 MR. CASSEL: Commissioner, I appreciate that.
18 We have spoken -- to part of that question, we have
19 spoken with each OF those individual clients. And
20 we have somebody on the ground there personally
21 that has walked them through that, and through
22 their bills, and how they work, and how to
23 understand those. We have done that with OUR
24 residential customers as well.

25 We have not, to my knowledge, at this point,

1 actually talked to them specifically about what
2 their bill is, but we can find that out. We have
3 been speaking.

4 COMMISSIONER CLARK: Could you share with me,
5 was it after the adjustments are made, the proposed
6 adjustments, did they have a net increase or
7 decrease in cost, not rate, cost?

8 MS. KEATING: As I mentioned in our opening, I
9 believe -- and this applies to all customers, if I
10 am not mistaken -- their total bills are going to
11 be decreasing, and will decrease again fairly
12 dramatically in January when the Hurricane Michael
13 storm surcharge rolls off, but the bills overall
14 have been trending downward.

15 COMMISSIONER CLARK: Great. And so I would
16 make the suggestion here that it seems to me that
17 it's kind of an obvious one, that we get someone to
18 go and meet with the Director of Finance so that
19 they have some security.

20 We have heard all kind of numbers. We have
21 heard that their own projections are that their
22 bills are going up by \$700,000, 40 and 50 percent
23 increase. In reality, there bills are going to be
24 less than they are paying this year, and I think
25 it's this kind of misinformation that kind of

1 begins to throw us all off. And I think that
2 really needs to be communicated in a much better
3 fashion from FPU's side. That's my opinion.

4 I also want to address the service issue, and
5 I would like, I guess, to maybe die on a hill, or
6 stand on a stump, or something, when it comes to
7 this. A lot of the sentiments that we heard in the
8 local community meetings, as well as what I have
9 heard on a personal level for the last number of
10 years, comes back to the quality of service. I
11 think that the quality of service overall may not
12 be in any sort of decline, may not be an issue. I
13 think there is some communication gaps and some
14 communication voids. And a lot of that has to do
15 with the closing of offices.

16 Now, I know, as the Commission, we can't sit
17 up here and tell you how to run your day-to-day
18 business, but it seems to me that there is a
19 definite correlation between the fact there is no
20 local presence on a -- at least a business hour
21 basis in these local communities that's causing
22 some of these issues and some of these problems.
23 And it's one of the things that I would absolutely
24 urge the company to take a look at and to
25 reconsider. And that is, at least at some level,

1 providing a staffing -- some sort of staffing in
2 these local communities that you are going to
3 serve. That, to me, is probably one of the
4 strongest and most important things that this
5 company could do to show that there is a level of
6 commitment to service this community.

7 I realize, your employees are very well known
8 in the community. I know many of them myself. I
9 talked to a couple of them last week just in
10 passing. I know how to get in touch with them. I
11 know their availability. Every customer doesn't
12 know that, and they don't have that. And the
13 ability to walk down to a local office, open the
14 door and talk with a live human being sends a
15 strong, strong message when it comes to commitment
16 to customer service in my personal opinion.

17 So I will leave that out there, Mr. Chairman.
18 That's all I have. Thank you.

19 CHAIRMAN LA ROSA: Yeah. No. I am just going
20 to piggyback a little bit on what you just kind of
21 closed with. The customer service has also been a
22 concern, frankly, of mine. And I felt like we
23 both -- we heard that not just in Marianna, which
24 we heard a little bit today, we also heard that in
25 Fernandina Beach.

1 I guess maybe a more kind of direct question
2 to the customer service side, the CIS system that's
3 being implemented, or has already been implemented,
4 is that in -- is there intentions behind that
5 technology, because it is a big ticket item, to
6 help communicated, to help create more transparency
7 for the customer? I don't know that that replaces
8 someone physically being available, and I
9 understand how that, in the community, is
10 important, but is there benefit to maybe solving
11 this issue with this program?

12 MS. KEATING: Absolutely, Mr. Chairman. It's
13 going to improve the ability to communicate
14 information to the customers as well as to help
15 with their billing and provide them an avenue for
16 getting information from the company. Do you have
17 anything?

18 MR. CASSEL: I would also add, in the personal
19 touch space, we have a community advocacy group
20 that goes out. They started back in 2023, and they
21 have met every year. They periodically go to both
22 divisions so that -- especially, Commissioner
23 Clark, for commercial customers, because we do tend
24 to focus on the impact to residential customers.

25 So that is intentionally set up, and we got a

1 lot of positive feedback from that, where the
2 community has the ability to come out and speak
3 with both the head of customer are as well as the
4 head of operations, and walk through issues that
5 may exist at that time.

6 So we are in that community, and that's aside
7 from the events that we do, but that is a set thing
8 we do in the community to make sure people have
9 access to us, understanding that the close of the
10 office on the nonresidential people can be a little
11 bit difficult as well.

12 CHAIRMAN LA ROSA: Commissioners, any further
13 questions or thoughts?

14 Commissioner Passidomo Smith?

15 COMMISSIONER PASSIDOMO SMITH: Thank you, Mr.
16 Chairman.

17 I first want to kind of echo Commissioner
18 Clark's points about communicating actual bill
19 impact and how this would play out. I think that
20 would give a lot of clarity, and especially, I
21 think -- remember, when we were in Marianna,
22 hearing from the school board about it's so
23 important for them to be able to plan. And I think
24 in all those small businesses that came and talked
25 to us, that they need to be able to plan their

1 rates. And so they need to know exactly what they
2 are going to -- one, you know, when bills go into
3 effect, what they are going to be so that they can
4 budget their annual budget.

5 As far as the quality of service, the things
6 that I had some concerns -- I remember our service
7 hearing until Fernandina Beach, there was customers
8 there that there used to be a dropbox or something
9 for them to be able to bring their bills. I don't
10 know -- I understand that it's costly to have a,
11 you know, a typical -- a day lease, having an
12 employee there. But if there is some way that
13 those customers -- a lot of them, you know, might
14 be retirees or, you know, not as --

15 I appreciate all of this that's included in
16 the rec under Issue 5, that there is a lot of
17 improvements that the company is doing as far as,
18 you know, technology and on-line interaction with
19 customers, but some customers, that's not their
20 first mode of communication, and so having some
21 other way -- it's kind of ironic, I know that I am
22 the one that's like make sure that, you know, older
23 customers have that ability, but I just speak on
24 behalf of, you know, like, my grandparents, or
25 something, when they -- they don't go on-line.

1 They didn't go -- they didn't go on-line. So
2 having some way of, you know, maybe bringing that
3 back.

4 The other thing, it really did bother me to
5 hear when were in Marianna, we had a business owner
6 who came in -- and this was touched on I believe --
7 I don't know if Mr. Wright said it, but of a
8 customer who, you know, had to pay multiple service
9 fees because of her -- she was a business owner,
10 her bills are going to be over -- likely to be over
11 \$750. I don't understand why -- maybe you could
12 explain that -- why if they -- if a customer opts
13 to have automatic payments they don't have the
14 service fee, but if they want to review their bill
15 -- I don't go on automatic payments to pay my
16 electric bill because I like to look at it every
17 single month. So why, you know, why there is an
18 additional fee if they choose to, you know, make
19 sure that they review their bill? So I will kick
20 that back to you guys to maybe clarify that little
21 bit.

22 Those are just, you know, my comments.

23 MS. KEATING: Thank you, Commissioner. I am
24 going to turn it over to Ms. Kim Estrada.

25 MS. ESTRADA: So for the credit card fee,

1 that's when they have to pay the fee, it's \$2.25
2 per \$750 that they pay. And the reason we went
3 with that flat rate was really to help kind of
4 mitigate that cost across, right, so that we didn't
5 have residential customers paying a higher amount
6 at a flat rate for the commercial customers that
7 generally pay more. So that's why we went with
8 that flat rate.

9 We are reevaluating that. This year, we have
10 gone out to bid for new vendors for those services,
11 and we will reevaluate that at that time.

12 COMMISSIONER PASSIDOMO SMITH: So that's just
13 the -- that's a credit card processing fee if they
14 were to take it out of their general checking --

15 MS. ESTRADA: Checking, it's free.

16 COMMISSIONER PASSIDOMO SMITH: -- or
17 something, they wouldn't have that fee?

18 MS. ESTRADA: Correct.

19 COMMISSIONER PASSIDOMO SMITH: Okay. And then
20 could you also expand upon why it may -- and I
21 might be reading that incorrectly, but that why
22 that fee -- you don't have that fee if it's under
23 automatic payment, you know, you are still having
24 to go through that process once a month when you
25 get that bill, so why is that not there when you

1 have an automatic payment?

2 MS. ESTRADA: And that's the way -- that's the
3 way the vendor agreement is written with the
4 contract that we currently have in place, is if
5 it's recurring, right, there is no fee, but if it's
6 a one-time, there is. And so those are the things
7 that we have heard the feedback. We are taking
8 that into consideration, and we will, you know,
9 obviously change that when we go forward.

10 COMMISSIONER PASSIDOMO SMITH: Okay. Thank
11 you.

12 COMMISSIONER CLARK: May I add?

13 CHAIRMAN LA ROSA: Sure, you are recognized.

14 COMMISSIONER CLARK: On that same issue, the
15 issue -- one of the issues that the customer
16 mentioned was that they couldn't pay their bill if
17 it was over \$750 as well, is that correct?

18 MS. ESTRADA: That should not be correct.
19 They should be able to make multiple payments at
20 the \$2.25 fee per \$750.

21 CHAIRMAN LA ROSA: Yeah, walk us through that.

22 COMMISSIONER CLARK: She was explaining that
23 she had to physically make two or three different
24 payments. She may have had the process wrong, but
25 the way she explained it to us was that she was

1 having to physically log out -- if her bill was
2 \$1,000, she could pay \$750. She had to log out and
3 log back in and pay an additional \$250 in order to
4 settle her entire bill. That was my understanding
5 of what she was saying, is that the case?

6 MS. ESTRADA: That doesn't sound right to me.
7 I know that we did reach out to that customer
8 specifically and we resolved -- you know, we talked
9 through, so she was fully aware of how the process
10 works. I would have to revisit that one and see
11 why she was having to log out and back in.

12 CHAIRMAN LA ROSA: Commissioners, other
13 questions or thoughts?

14 Commissioner Fay, you are recognized.

15 COMMISSIONER FAY: Thank you, Mr. Chairman.

16 First of all, I appreciate Commissioner Clark
17 asked some of this stuff about the quality of
18 service that I had questions on, he probably did a
19 much better job of honing in on some of the points
20 that are controversial or problematic from what we
21 heard from customers.

22 I also will add that since I have been on the
23 Commission, I am not sure ever the Commission has
24 an advocate for rural Florida more than
25 Commissioner Clark. I think in particular

1 northwest Florida, and he has demonstrated that
2 over and over. And so the fact that he has some
3 concerns are, you know, that's important to me and
4 my thought process.

5 I -- Mr. Chairman, I have some questions that
6 I would want to ask about staff on how we
7 potentially move forward with the PAA
8 recommendation. I am happy to do that after we
9 have asked the utility their questions, and
10 whenever you think would be appropriate. But I --
11 I don't have a ton of questions for the utility on
12 what's in front of us. I appreciate that they have
13 people here. It is starting to feel a little bit
14 like a hearing and so, you know, I think we are
15 doing our best to kind of get our questions
16 answered and make a decision, but I would move more
17 towards my questions to staff whenever appropriate.

18 CHAIRMAN LA ROSA: Okay. So let's do this.
19 Is there any other questions of the company? Not
20 that I am taking them off the hook, or asking them
21 to move away from the table. Are there any other
22 questions of the companies' -- or of the company?

23 Okay, so then let's -- Commissioner Fay, I
24 will recognize you on staff. And I have got some
25 stuff lined up that I may just either follow up or

1 piggyback with you.

2 COMMISSIONER FAY: Okay. Hopefully I won't
3 steel your questions, Mr. Chair.

4 CHAIRMAN LA ROSA: Hopefully you do.

5 COMMISSIONER FAY: Okay. I guess just to
6 start, so this is the first -- based on the
7 legislative directive and what's in the statute,
8 this would be the first electric PAA kind of
9 process the Commission has taken up, is that -- and
10 I will direct it to legal, whoever feels like they
11 can answer it would be --

12 MR. HETRICK: That's correct.

13 COMMISSIONER FAY: Okay. Great. So then
14 we -- if the Commission rules on the PAA as in
15 front of us, essentially -- and this goes a little
16 bit to OPC's letter and comments in their letter.

17 There is a 120.57 -- there is a process in
18 place that parties can look at that PAA decision by
19 the Commission and say they take issue with
20 something specifically in there, and I know that's
21 a little bit complicated, because sometimes in rate
22 cases, we have fallout, and you might change a
23 number that might change a number. But in
24 generally -- in general, they are allowed to pick
25 some issues that they believe would be more

1 appropriate to have a hearing. It's not that they
2 necessarily protest those components. They just
3 say that the PAA process maybe is not sufficient
4 for the Commission to make a review on that, is
5 that fair?

6 MS. CIBULA: I think they would have to
7 protest. So there will be a notice that will be
8 issued with the order that sets forth what they
9 need to do and what they need to file at the
10 Commission to protest the order.

11 COMMISSIONER FAY: Okay. And when we say
12 protest, we are saying the request for 120.57
13 hearing is --

14 MS. CIBULA: Correct, and then set out their
15 facts in law as to why they want a certain decision
16 made, and why they are protesting the Commission's
17 Proposed Agency Action.

18 COMMISSIONER FAY: Okay. And they are able to
19 do that on just specific -- for example, if they
20 just picked a specific issue within what we have in
21 front of us, the efficiencies of the PAA process
22 could still be intact because we make a decision on
23 that PAA, and then the parties who want that
24 hearing, they, for lack of a better term, target a
25 specific issue, is that fair?

1 MS. CIBULA: Correct.

2 COMMISSIONER FAY: It doesn't reopen the whole
3 decision within the PAA. Just it's those things
4 that they believe impact them in a way that they
5 want a full hearing?

6 MS. CIBULA: Correct, unless they protest
7 everything. Otherwise, it would be targeted, and
8 then the stuff that is not protested would be
9 stipulated.

10 COMMISSIONER FAY: Okay. And then the stuff
11 that would be reviewed is a de novo review, so it's
12 not -- the decision we make today would not be part
13 of the hearing process --

14 MS. CIBULA: Correct.

15 COMMISSIONER FAY: -- going forward if they
16 challenge this?

17 MS. CIBULA: Correct.

18 COMMISSIONER FAY: Okay. And there is no -- I
19 guess final question. There is no process --
20 within the PAA structure that we are in, there is
21 no process to go directly to a hearing or anything
22 like that by the Commission?

23 MS. CIBULA: Not in this instance.

24 COMMISSIONER FAY: Okay. Great.

25 Mr. Chairman, I think that answers my

1 questions. I guess if we move into discussion, I
2 just -- I want to make sure that since this is kind
3 of a new process for an electric utility, that we
4 are being thoughtful about how we move forward and
5 what options there are. I know OPC has filed a
6 letter that has some potential changes. We have
7 heard from some of the individuals of Jackson
8 County. I just think we want to, I guess, be very
9 thoughtful how we put this forward. And then the
10 parties at that point, depending on what our
11 decision on this PAA and this recommendation, it's
12 within their power, I guess, to decide if there are
13 things that they would want a full hearing process
14 on.

15 I don't -- and maybe it's just terminology I
16 don't think of it necessarily as a protest of our
17 decision. I think of it more as they want a
18 hearing process, but I think with that said, I have
19 got -- I have got some concerns as to how we take
20 up what's been presented to us by the intervenors
21 and be fully informed on the decision that we make
22 for a PAA, but legally, we don't control that back
23 part, depending on what the intervenors decide to
24 do for our decision. And for that matter, the
25 utility. We could just as easily make a decision

1 on the PAA and the utility could take issue with
2 whatever we have put forward and ask for a hearing.

3 So I think it's a difficult decision. I
4 didn't know how rate cases were going to work in
5 this process as far as an electric. It seems like
6 it is pretty complicated, and I want to make sure
7 we get it right. So with that, Mr. Chairman, I
8 guess I just ask before we make a full motion,
9 maybe we can confirm with legal as to what posture
10 we would be in, and then, you know, what our
11 options are.

12 CHAIRMAN LA ROSA: Okay. Excellent. And I
13 will make sure to come back before that happens.
14 And that's a good point, and I understand why you
15 are asking those questions, because obviously, this
16 is the first time I think we've seen it this way.

17 Go ahead, Commissioner Clark.

18 COMMISSIONER CLARK: Yeah. I appreciate
19 Commissioner Fay asking these questions. I love
20 listening to the lawyers argue, but somebody has
21 got to explain to me what they said.

22 I want to make sure I understood. I really --
23 you have the -- you pointed out the things I think
24 that I was wondering about myself in terms of -- I
25 want kind of a more concise answer.

1 The issues that we are going to vote on today,
2 they can be objected to one by one by one of the
3 intervenors, and that is the only issue that comes
4 back to the Commission in -- but don't we open it
5 into a full rate hearing at that point? I mean,
6 I -- this PAA thing confuses me as well. This is
7 new ground, so I haven't done this since I have
8 been here.

9 CHAIRMAN LA ROSA: Yeah, I guess where my -- I
10 am similar, curiosity, is the limitations or the
11 boundaries that are created by the PAA process if
12 there was an appeal.

13 MS. BROWNLESS: As --

14 CHAIRMAN LA ROSA: Yes.

15 MS. BROWNLESS: -- as I understand the way
16 this process works, it works the same for electric
17 as it does for water and sewer. So to the extent
18 that you issue an opinion today on all of the
19 issues. Let's say you say you are just going to
20 move staff, okay. Then every party here would have
21 the opportunity once the PAA order is issued to
22 say, I don't like, I protest Issue 22, 44,
23 whatever; or a party can say, I protest each and
24 every issue that has -- that is part of the PAA.

25 If they protest specific issues, then the

1 issues that have not been protested are essentially
2 stipulated to, and the issues that have been
3 protested are set for hearing, okay. If they
4 protest the whole thing, then we will go to hearing
5 as if there had been no PAA order.

6 So that's the process of how it works. And of
7 course, every party has the right to read the PAA
8 order and to decide whether it wants to protest
9 everything or whether it just wants to protest
10 specific issues.

11 COMMISSIONER CLARK: And it's not limited to
12 those that have already -- that are here now. It
13 could be any party, right? They don't have to
14 be -- we don't have an intervenor yet, I guess. I
15 guess we do kind of.

16 MS. BROWNLESS: Well, due to the fact that
17 this is a PAA --

18 COMMISSIONER CLARK: A PAA.

19 MS. BROWNLESS: -- we don't have intervenors
20 yet.

21 COMMISSIONER CLARK: Well, I don't know what
22 we call them then.

23 MS. BROWNLESS: We do obviously have the
24 company. We have Schef's clients. We have OPC.
25 So obviously, the people that are here today are

1 going to file for intervention after the PAA order
2 is issued, and will have the right, because they
3 are substantially affected, to protest whatever
4 portion of the PAA order they wish to protest.

5 COMMISSIONER CLARK: Okay. That helps.

6 CHAIRMAN LA ROSA: Would other parties be able
7 to intervene?

8 MS. BROWNLESS: Sure, once the PAA order comes
9 out.

10 MS. CRAWFORD: And if I may, just for
11 clarification. Anybody who wishes to protest and
12 have that protest continue on, or who wants to
13 intervene, would have to show standing. But with
14 that, they don't have to be present here today to
15 make comment.

16 MS. BROWNLESS: Right.

17 MS. CRAWFORD: They can still, like Ms.
18 Brownless said, review the order and decide at that
19 point whether they want to protest, whether they
20 have spoken to you either at this agenda or the
21 rates agenda previously.

22 CHAIRMAN LA ROSA: Commissioners, questions --
23 further questions of the staff?

24 I have got a question when it comes to ROE. I
25 want to see if we can shed a little bit of light on

1 staff's weighted average ROE, and maybe
2 specifically -- let me just kind of maybe set up
3 the question. I see Mr. Buys getting ready here.

4 So we use the DCF, the discounted cash flow
5 model, then the CAPM, average and then weighted,
6 and then we add flotation costs of .14 percent, or
7 14 basis points. And I know that is consistent
8 with what the Witness Crowley had offered in the
9 testimony.

10 Can I understand maybe, I guess, more depth of
11 why staff then agreed to say use that same
12 floatation -- I am going right, really, to the
13 center of the point -- why staff used that same 14
14 basis points as a floatation, I guess, so I can get
15 an understanding of it myself.

16 MR. BUYS: Yes, Commissioner. Witness Crowley
17 used a similar methodology that was approved by the
18 Commission in the TECO rate case, where they used
19 the company's actual issuance costs and applied
20 that to a DCF to determine -- a DCF model -- to
21 determine what the difference is between having
22 issuance costs accounted for in one DCF model
23 result and then compare it to one with that
24 issuance cost.

25 I did the same methodology just using the

1 proxy groups altogether using the -- with using a
2 three-percent, assuming it's a three-percent
3 issuance cost based on the stock price. That's the
4 same methodology we would use in our DCF model we
5 apply in the leverage formula that the Commission
6 approves every year.

7 So that difference between the two results of
8 the DCF model was very similar. It was about 14
9 basis points. So using that analysis as a test, a
10 reasonable test to that 14-basis-point estimate
11 Witness Crowley came up with, it appeared
12 reasonable, and that's why I used that as well.

13 CHAIRMAN LA ROSA: Okay. All right. And I
14 appreciate that, and that gives me the a background
15 behind it. I don't disagree. I just wanted to
16 understand how you, you know, basically created or
17 came up with the same similar finding, so thank
18 you.

19 That -- that's the only other question I have
20 got. Commissioners, are there any other questions
21 for staff or any of the parties.

22 Commissioner Fay?

23 COMMISSIONER FAY: Yeah, Mr. Chairman, I just
24 -- I wanted to, I guess, just ask our staff -- so
25 we have the letter from OPC including the various

1 issues that they have raised, and then within the
2 record, we have the response from the utility. I
3 guess I would just like to hear, if appropriate,
4 Mr. Chairman, maybe our staff's thoughts.

5 I guess I am not asking them to reengage in,
6 you know, a new sort of theory as to what they put
7 forward in the recommendation, but I think, you
8 know, the realities of this process is the
9 Legislature has directed to allow --

10 CHAIRMAN LA ROSA: Mine is off as well.

11 All right. Let's go ahead and take a
12 three-minute recess while we fix this challenge.

13 (Brief recess.)

14 CHAIRMAN LA ROSA: Okay. So the microphones
15 are not working and it doesn't look like they are
16 going to be able to start working anytime soon, and
17 I know that we would like to get finished. So what
18 we can do is that we can move this meeting to the
19 IA room downstairs in our building in 15 minutes.
20 So in 15 minutes from now, we will reconvene this
21 meeting in the IA room in the first floor of our
22 office. See you guys there.

23 (Brief recess.)

24 CHAIRMAN LA ROSA: All right. I think we are
25 loud and clear. I think y'all can hear on the

1 microphones pretty good. Perfect. If there is
2 ever a time for a song of the month, it would have
3 been today, right?

4 So -- all right, let's pick up where we left
5 off. We were -- it was in the Commissioners hands.
6 I think, Commissioner Fay, you were, like, in the
7 middle of a sentence. So I will send it back to
8 you to start however you would like.

9 COMMISSIONER FAY: Thank you, Mr. Chairman. I
10 appreciate your adaptability for this process. I
11 don't know if I broke the system, or what happened
12 today, but we will keep moving forward.

13 So I guess where I was at is maybe getting
14 some feedback from our staff on the proposed
15 adjustments that were provided by OPC, and just put
16 some of this into context. I mean, I -- you know,
17 the Legislature created this process for us to be
18 able to create some efficiencies, and I think
19 that's a valid goal. I think depending on when we
20 get information in the process, it creates this
21 dynamic of how much time do we have to then intake
22 that and validate what's proposed in front of us.
23 And I think that can be very difficult depending on
24 the timeline. I mean, we can receive something the
25 day before we have a PAA, and then how do we

1 process that and make a decision for that, right?

2 So I think I want to make sure if there are
3 things that our staff have time to look at based on
4 this proposal and this letter, and there are
5 obvious, you know, potential adjustments that maybe
6 the Commission agrees with, that the recommendation
7 agrees with. I don't want to be dismissive of
8 those. But I do want to be very cautious about
9 intaking something, not having a ton of turnaround,
10 like we did for the actual published
11 recommendation, and then making a change before we
12 put the PAA forward.

13 And I keep calling them intervenors.
14 Commissioner Clark made a very valid point, right?
15 Legally they are not there yet. They will have to
16 meet standing to intervene, and then request a
17 hearing if they choose to do so. But if those
18 individuals decide they want to do that, they have
19 the opportunity to do that and go through the
20 hearing process.

21 So none of what we are doing would limit that
22 today. I just want to make sure that just because
23 it's a tight timeline, we are not just being
24 dismissive with what was submitted to us by our
25 Public Counsel.

1 MR. HIGGINS: Yes. Devlin Higgins with AFD
2 staff.

3 I would agree in terms of the timeline. It
4 was tight. We did our best to just kind of go
5 through and at least get a high level. There is
6 some things we can agree with pretty much. There
7 is some things that we would like to look at a
8 little bit further. But most importantly to us, we
9 did have the company kind of, you know, provide
10 some comments around that -- or at least verbal
11 today, maybe have a more formal response or
12 something that we can enter in the docket file to
13 also evaluate -- help evaluate the letter in terms
14 of at least their position and some of the remarks
15 from the Office of Public Counsel.

16 COMMISSIONER FAY: Okay. Great.

17 And you were -- the utility did also provide a
18 response to this letter in the docket or --

19 MR. HIGGINS: No, sir. I think we would like
20 to see that in order to have a more full picture of
21 this letter.

22 COMMISSIONER FAY: Okay. And is it the best
23 way to do this maybe within the letter just to go
24 through, like, just go through the issues as they
25 are presented, and if that works for you and staff.

1 MR. HIGGINS: At the pleasure of the
2 Commission.

3 COMMISSIONER FAY: Okay. Great. Yeah, I
4 would like to do that, and then for some of these
5 -- once again, like, it starts to feel like a
6 hearing. We don't need to get into, like, all of
7 that level of detail, but for the things that you
8 did think maybe were caught or easy to validate in
9 that short timeline, maybe just address those.

10 And so I think I start with Issue 6 here from
11 the letter, if you want to just, you know, opine on
12 that. And if it's -- if it's based on what we
13 received, we still stand by the recommendation in
14 the PAA, that's fine too. You can just state that.
15 You don't have to go through -- you don't have to
16 reestablish your thought process for what's in the
17 recommendation for that.

18 MR. HIGGINS: Yes, sir. And just to be clear,
19 you did want to start from Issue 6 and not 2?

20 COMMISSIONER FAY: Yes. Yeah. Yeah. I want
21 to go -- I want to follow it through the letter
22 just so we can keep -- well, I guess if you want to
23 address 2 first, that's fine, because it is a
24 little bit different. So let's do that, and then
25 come back to that.

1 MR. HIGGINS: My understanding is Andrew
2 Kunkler --

3 COMMISSIONER FAY: Yeah.

4 MR. HIGGINS: -- from the Division of
5 Economics --

6 MR. KUNKLER: Good morning, Commissioners.
7 Andrew Kunkler with Commission staff.

8 So essentially what OPC is arguing is that the
9 earnings surveillance report filing that is filed
10 on March 15th showed higher base revenues than the
11 company's rate case filing, which was filed on
12 August 22nd.

13 So essentially their concerns are that FPUC's
14 forecast of customers energy and demand, may be
15 overstated in the rate case filing -- or, I am
16 sorry, be understated.

17 So essentially staff appreciates OPC's
18 concerns, but believes the customer energy and
19 demand forecast presented in the company's rate
20 case filing are more appropriate forecast for a few
21 reasons.

22 First, the rate case forecast is the more
23 recent forecast by five months. And staff is
24 always going to prefer a more recent forecast over
25 an older forecasts.

1 And secondly, the rate case filing had four
2 months of actual data, which was January through
3 April of 2024. And I don't know if I made this
4 clear, but this is about 2024 forecasts, not the
5 test year.

6 So the rate case filing actually had four
7 months of actual data. And in addition to that,
8 the company provided four months of actual data
9 that has been reviewed, and vetted by staff. So
10 this would be May through August. And staff has
11 reviewed it and determined that they are within the
12 range of reasonableness of the forecast compared to
13 the actuals.

14 And then lastly, the rate case forecast was
15 prepared by an expert witness Jon Taylor of Atrium
16 Economics. And he utilized regression analysis and
17 modeling to prepare the company's 2024 and 2025
18 billing determinants, so -- and the estimates from
19 the company's March earnings surveillance report
20 filing was prepared by, internally by FPUC by
21 non-forecasting experts.

22 And lastly, the company responded to OPC's
23 concerns, stating that the MFR forecast base
24 revenue, because they actually have the actuals for
25 2024 now, are within 1.1 percent -- the company can

1 speak more to that, but they are within 1.1 percent
2 of the actuals after adjusting for interim rates.

3 COMMISSIONER FAY: Okay.

4 MR. KUNKLER: So in conclusion, staff stands
5 by their recommendation.

6 COMMISSIONER FAY: Okay. And then I was going
7 to move to Issue 6, Mr. Chairman. I didn't know in
8 you wanted to make sure there weren't any
9 questions. I didn't want to just fly through.

10 CHAIRMAN LA ROSA: No, that's a good point.

11 Commissioners, any questions on that issue to
12 Commissioner Fay's questions?

13 Seeing none, let's go to 6 then.

14 MR. HIGGINS: Yes, sir. So Issue 6, we think
15 there is a fair point to be made to move some of
16 the property tax associated with the step increase
17 into the step increase. We think that would not --
18 that that's fair.

19 Following on, we have another property tax
20 adjustment for the two-way communication system.
21 We believe that is fair.

22 There is some methodology around property tax
23 -- methodology concerns around property tax in
24 total. We would like to see a little bit more from
25 the company perhaps in response. But my

1 understanding is some of this has been -- it is
2 part of the rate case filing as filed, so there
3 would be a little bit difference in this section if
4 not in total.

5 Rate case expense, as I understand it, it's an
6 area which the OPC would explore given a certain
7 spot in this process.

8 The bad debt, we believe we have the
9 appropriate bad debt expense for the multiplier.
10 If we need to tighten up the order, any language
11 there, we would do so.

12 Total O&M expense, it seems to me there is
13 some discussion there around a couple of points --
14 or a couple of matters, in particular, storm
15 accrual and directors and officers liability
16 insurance.

17 Fair point on the D&O insurance. We believe
18 we would put an adjustment in there. If I remember
19 correctly, it would be around 16 or \$17,000.

20 And income tax expense. We took a look at
21 their income tax, and it's -- my understanding, we
22 will also have a meeting with at least OPC, but
23 perhaps OPC and the company, and we will walk them
24 through our calculation.

25 In conclusion, would you like to --

1 COMMISSIONER FAY: Yeah, so, Mr. Chairman,
2 just a quick follow-up for this.

3 So just to clarify. So we take -- we take the
4 test year. If these adjustments -- some of the
5 adjustments you were talking about were
6 implemented -- I mean, I know it's so difficult to
7 get every number perfect in the rate process.
8 Sometimes I want it have of that locked in. But,
9 of course, then you go through the implementation
10 of those rates at a certain date and there is
11 always adjustments made.

12 I presume -- I guess you can answer this in a
13 more general way if appropriate. But if the
14 numbers don't line up exactly kind of where the
15 rate case sets them out to be in the, you know, the
16 rate base and then the revenue requirement that's
17 allocated, then the next time the utility comes in,
18 there is an adjustment, either up or down for that.

19 So let's say they overshoot or they undershot,
20 like, property tax. If they used a calculation and
21 they ended up over or undershooting on that,
22 there -- they have the ability, I guess, to make
23 adjustments in that rate case. Is there also the
24 possibility those adjustments would be made sooner
25 than that? Because I just -- this utility is so

1 unique in that they haven't been in since 2014, and
2 so -- I mean, it's just kind of unheard of that you
3 see this type of GAAP before a rate case in front
4 of you.

5 So normally, I would think, okay, we will see
6 in a few years and we can make those adjustments.
7 I don't know when they would have to come in again,
8 so I want to make sure that there would be -- there
9 would be able to be some, you know, I guess,
10 adjustments along the way.

11 MR. HIGGINS: Yes, sir. If I understand your
12 question, next rate case they will come in with the
13 actuals, and the actual will be their base year, or
14 their historic year, and we will, you know, look at
15 that as being the place to start for their property
16 tax for the next rate case, you know, and -- if I
17 understood your question.

18 COMMISSIONER FAY: Yeah, you did.

19 And then for some of those things that -- some
20 of them I agree with you as to what those changes
21 could be made. Is there a way to do that without,
22 I guess, impeding on the PAA process? So would you
23 just -- maybe it's a legal question. Would you be
24 able to have authority if the Commission today
25 said, I would like to, you know, I agree with one

1 of these things whatever. I presume that it's
2 almost too complex, like, everything would kind of
3 domino if we were to make some change like that. I
4 mean, that's a legal question and not a technical
5 one.

6 MS. BROWNLESS: I guess what I would suggest
7 is that for each of the issues identified in the
8 staff rec, you could suggest another number, and
9 that would be reflected in the Proposed Agency
10 Action order that was issued. You have the ability
11 to do that today.

12 COMMISSIONER FAY: And since we would, at a
13 later date, vote for the actual implementation of
14 the rates, if we voted conceptually to agree with
15 some of the changes that have been presented and
16 reviewed, would that allow technical to then make
17 those adjustments -- like, do we need the exact
18 number today?

19 MS. CRAWFORD: Yes.

20 MS. BROWNLESS: You are not going to --

21 MR. FUTRELL: Yes, Commissioner.

22 COMMISSIONER FAY: Go ahead.

23 MR. FUTRELL: This is the phase of the
24 establishing revenue requirements, and so if you
25 want to make adjustments to the numbers that are

1 presented to you, we need to get direction from the
2 Commission on those precise numbers, and if we can
3 -- and if there is agreement, we can flow it
4 through the revenue requirement, then that revenue
5 requirement will be used to determine the -- to
6 allocate to the rate classes, and that's what will
7 be addressed at the Special Agenda on the 20th --

8 COMMISSIONER FAY: Gotcha.

9 MR. FUTRELL: -- how the revenue requirement
10 is then allocated through the rate design and
11 allocation process.

12 COMMISSIONER FAY: Okay. Gotcha.

13 MR. FUTRELL: So we do need -- we do need
14 precise numbers today --

15 MS. CRAWFORD: Yeah.

16 MR. FUTRELL: -- and if there is desire to
17 make some adjustments to staff's recommendation,
18 this is the --

19 MS. BROWNLESS: Time to do that.

20 MR. FUTRELL: -- this is the time to do that.

21 And then as far as future adjustments beyond
22 this rate case, that would be considered within a
23 rate proceeding that either is initiated by the
24 company, or if we are in an earnings situation
25 where we have to initiate a proceeding, that's

1 where that with happen.

2 COMMISSIONER FAY: Okay. There could be some
3 other scenario than just coming back in for a rate
4 case potentially that adjustments could --

5 MR. FUTRELL: On that type of adjustment, I
6 don't believe so.

7 COMMISSIONER FAY: Okay.

8 MR. FUTRELL: Under other types of cost
9 recovery mechanisms, this type of an issue is not
10 normally addressed.

11 COMMISSIONER FAY: Right.

12 MR. FUTRELL: That doesn't mean it can't be if
13 the company needs some relief on a particular item,
14 but --

15 COMMISSIONER FAY: Something like fuel?

16 MR. FUTRELL: -- normally this is handled
17 within a large rate case.

18 COMMISSIONER FAY: I gotcha. Okay.

19 COMMISSIONER CLARK: Doesn't this contradict
20 what Mr. Higgins was saying, though? They need som
21 e time to get with staff and work these things out.
22 We can't get give these numbers today in many
23 cases.

24 MR. FUTRELL: Well, there is -- if I may,
25 there are a couple of numbers, I think, in his

1 opening comments Mr. Higgins indicated that given
2 the short time we have had to assess this, there is
3 a couple of numbers on the front end of the
4 property taxes where we have a level of comfort,
5 but there is a lot of unanswered questions that
6 come from the letter that, you know, we just don't
7 have -- we are not in a posture now to go through
8 each one of these and precisely give you a fair
9 assessment. So we are in a bit of a disadvantage.

10 But the staff has been working hard Friday and
11 all weekend to try to process this. And I think we
12 feel a little more confident about those first
13 couple of property tax numbers. Beyond that, it's
14 a lot of uncertainty.

15 COMMISSIONER CLARK: Then how are we going to
16 give you those numbers today?

17 MS. BROWNLESS: Well, the bottom line is this,
18 just as with any PAA, regardless of whether it's
19 electric or gas or water and sewer, it is a
20 proposal based on the best information the staff
21 has.

22 If you wish, for example, to modify what the
23 staff recommendation is, today is your opportunity
24 to do that. But understand that a PAA is -- has
25 the same knowledge deficit every time. And if any

1 of the parties wish to disagree with any of the
2 numbers, they have the right to file a protest and
3 request a hearing to further develop those numbers.

4 I mean, I guess the bottom line is, based upon
5 the time the staff has had to review the materials
6 provided by OPC, their calculation is that the
7 forming recommendation is as good as it stands.

8 COMMISSIONER CLARK: But that's not what Mr.
9 Higgins said. Mr. Higgins said during the
10 conversation that they agreed with OPC on a couple
11 of these issues.

12 MS. BROWNLESS: Yes, I think on two of the
13 issues.

14 COMMISSIONER CLARK: Do we have those
15 calculations done and complete, or --

16 MR. HIGGINS: Preliminary, yes, sir.

17 COMMISSIONER CLARK: Well, that's not very
18 assuring.

19 MR. HIGGINS: Yeah, I mean -- you know,
20 it's -- we always like to go over things a few
21 times and verify.

22 COMMISSIONER CLARK: You also made the
23 statement that you would like to get with the
24 company to determine some of these other numbers,
25 but you are asking us to make a decision, and you

1 are saying, but I would like to get -- well, what
2 value is that? You are not -- there is no need for
3 you to get with the company if we make a decision
4 today because we have already made a decision. Am
5 I missing something?

6 MR. HIGGINS: I guess my comment was more to
7 afford them the opportunity before, you know, for
8 staff's consideration before we bring something to
9 you. It was more just I guess a fairness argument
10 more than anything.

11 MS. CRAWFORD: If I may, Commissioner, my read
12 of it is staff would feel more confident in making
13 a recommendation on any of the OPC suggestions had
14 they had more time to do double, triple checks. We
15 are not in that position today unfortunately. That
16 would have been the preference, to have more time,
17 but we are here today for your vote.

18 COMMISSIONER CLARK: Are we required to make
19 decision?

20 CHAIRMAN LA ROSA: Well, and in coming back to
21 that point, but are we saying that the changes -- I
22 guess, what, two of the issues that we are, I guess
23 agreeing, with, that OPC is -- staff is agreeing
24 with what OPC's is suggesting, are they -- is there
25 a gray line that we can say these are significant

1 or these are not significant?

2 MR. HIGGINS: I guess with -- I mean, we are
3 talking a couple of them are approximately near
4 \$20,000 apiece, and one of them is about \$125,000.
5 But that one would slip to the step increase, so
6 it's more of just a transfer or timing thing,
7 but --

8 MS. BROWNLESS: So I guess the bottom line is
9 if you would like to modify staff's recommendation
10 by the two changes that they believe have some
11 merit, you can do that today.

12 CHAIRMAN LA ROSA: But we won't know what the
13 calculations are.

14 COMMISSIONER CLARK: I -- okay --

15 MS. BROWNLESS: But the revenue requirements
16 are not going to be calculated, sir, until the next
17 agenda hearing, the fallout.

18 COMMISSIONER CLARK: You said there are two
19 recommendations. He actually went through a list
20 and said, staff was -- it seemed to me saying we
21 would like some time to get more information to
22 figure out -- I don't want to pick a side just
23 because we can pick a side. I want to pick what's
24 right. I want to nope what the right number is,
25 what the right answer is. And you have opened it

1 up say, hey, we don't know. Maybe there is --
2 maybe there is a reason we need to look at this
3 direction and ask this question.

4 I think you are absolutely correct in that
5 assessment. So I am just saying -- so you are
6 putting it back on us to say, no, you have to make
7 a decision today. I don't really want to.

8 MR. FUTRELL: I think Mr. Higgins, you know,
9 intent is that in a perfect world, it would be good
10 to be able to sit down and work through this, but
11 again, we are -- there is a statutory dead -- there
12 are statutory deadlines in this process that we are
13 up against. And unfortunately, that puts us in a
14 very -- puts the Commission in a very challenging
15 posture, but -- and again, we are trying to give
16 you a quick assessment based on limited time and
17 ability.

18 You know, we stand by the recommendation is
19 the thing that we have had the time to vet and ask
20 ourselves questions internally, work with the
21 company, consider other factors and bring a solid
22 recommendation to you. There is a little there
23 with a couple of these, but it's very -- again, we
24 are just kind of standing on sand, if you will.
25 But we are in a -- unfortunately, the Commission is

1 in a posture to make a decision given the timelines
2 prescribed by the statute.

3 CHAIRMAN LA ROSA: Help us understand what
4 that framework looks like.

5 MS. CRAWFORD: Well, for a PAA decision of
6 this nature, it's in 366.06, we have a five-month
7 clock that we are actually already past. What's
8 the consequence of exceeding the five-month clock?
9 The company can put its requested rates into effect
10 subject to security.

11 We have additional time needed to process the
12 order to allow the protest deadline to run before
13 protests can come out. So those are other
14 considerations, but the statutory factors are the
15 five-month clock at this juncture.

16 CHAIRMAN LA ROSA: Commissioners?
17 Commissioner Fay?

18 COMMISSIONER FAY: I will defer to my
19 colleague.

20 COMMISSIONER GRAHAM: I want to here from the
21 utility --

22 CHAIRMAN LA ROSA: Commissioner Graham would
23 like to hear from the party.

24 COMMISSIONER GRAHAM: Yes.

25 CHAIRMAN LA ROSA: Party.

1 MS. KEATING: Thank you, Mr. Chairman.

2 I think that we can probably help with a few
3 of the items phrased by the OPC.

4 I would emphasize that we haven't had this for
5 a very long amount of time, and we have had to
6 respond to numerous requests in the interim since
7 this letter was filed on Thursday.

8 I think you already have our response with
9 regard to Issue 2. I believe there is a typo in
10 that, and that's on me. The MFR should be the --
11 should actually say the forecasted DSR in that one.

12 But moving on to Issue 6, the company doesn't
13 disagree with the property tax adjustment. If the
14 13-month average adjustment is removed from the
15 filing and income taxes sync is done, staff's
16 number is correct, but the property tax does need
17 to be included in the step increase.

18 For Issue 10, we also don't disagree with the
19 property tax adjustment.

20 For Issue 36, as far as rate case
21 amortization, we prefer four years, but we are not
22 going to object to changing that to five years.

23 Issue 39 we think is immaterial.

24 It's when we get to Issue 44 and Issue 45, we
25 have struggled to get to OPC's number. Again,

1 there has been little time to go through this, and
2 no opportunity to try to touch base with them and
3 get more information, but we are not -- are just
4 not coming to their number.

5 And then for Issue 45, we also think that
6 their calculation on that one is incorrect. It
7 looks like they may have done a comparison to the
8 income tax filed in a data request, where
9 adjustments were already incorporated to the
10 updated depreciation expense adjustment on line 10
11 of their analysis of the income tax step schedule.
12 So where we get to is actually about \$1,000
13 difference in the other direction, so --

14 COMMISSIONER FAY: With your changes to 6 and
15 10, accepting the changes of 6 to 10, your total is
16 \$1,000 --

17 CHAIRMAN LA ROSA: On No. 45.

18 COMMISSIONER FAY: Just that issue?

19 MS. KEATING: Just on 45.

20 COMMISSIONER FAY: Okay. Gotcha.

21 MS. KEATING: Just on 45.

22 And again, I would emphasize, we have not been
23 able to delve into the minutiae of the analysis,
24 but that's with regard to 6, 10 and 36, we don't
25 disagree.

1 COMMISSIONER GRAHAM: Mr. Chairman, if we
2 accepted OPC's recommendation, and the utility
3 seemed to go along with it, we can make those three
4 changes, and other than that, I can't see anything
5 -- any other changes we could make today.

6 CHAIRMAN LA ROSA: I am going to look to
7 staff. That -- that's the way I kind of read it,
8 but then what about the other open items, or the
9 other disagreed items?

10 MR. FUTRELL: I think you have got the
11 discretion to decide which of these you feel are
12 worthy of including and making adjustments or not,
13 and based on the information and the time we have
14 had with it, and voted out, and if it's something
15 that rises -- again, when ultimately the rates are
16 established, the PAA order comes out, if the
17 parties feel it's something they want to identify
18 as an issue to seek a hearing on, they have that
19 avenue available to them.

20 CHAIRMAN LA ROSA: Okay.

21 MR. FUTRELL: But I think here, it's -- again,
22 we are trying to get to a place where we have
23 had -- we feel is confident and convey to you a
24 level of confidence about some of these adjustments
25 that we feel can be substantiated and have merit,

1 and then hearing from the parties, that helps to
2 bolster that some of these adjustments on the 6, 10
3 and the others have some merit. The others we have
4 concerns about.

5 CHAIRMAN LA ROSA: Sure.

6 Commissioner Fay.

7 COMMISSIONER FAY: Thank you, Mr. Chairman.

8 Maybe what I would like to just put into
9 context kind of my thought of how I see us moving
10 forward, and then we can discuss if that's
11 appropriate for a motion or not.

12 I mean, I don't always love the PAA process
13 necessarily, but I think, you know, the goal of
14 something like this is to create some efficiencies,
15 reduce costs, reduce cost to ratepayers, you know,
16 reduce litigation costs. I mean, there is a lot of
17 real benefits to this, and so I don't want it being
18 negated based on some of the technicalities that we
19 have had.

20 This is kind of our first process of a case
21 this large being taken up in the PAA process. And
22 so I think in a normal situation, for example, for
23 a hearing and a decision that we would make on
24 this, some of the push for, you know, to be perfect
25 and all of that makes a lot of sense in the rate

1 setting process even know there are these later
2 adjustments.

3 For this, the reality is the structure that we
4 are in, is we have the decision to rule on what's
5 in front of us today with or without, I think, the
6 accepting adjustments. I mean, I think we can sort
7 of discuss if we think that's appropriate.

8 But then you have this very appropriate
9 structure of 120.57, this legal structure for any
10 entity -- I will stop calling you intervenors --
11 the utility, anybody who decides that they say,
12 there is some component of this that we think is
13 worthwhile litigating. We want to go through -- we
14 wouldn't to hire our lawyers. We want to go
15 through that whole process and litigate that. And
16 they are perfectly entitled to do so.

17 And I think that probably allows the mechanism
18 to address if some of these things are deemed worth
19 that or not for anybody. Not just for the folks
20 who maybe object to one way or another.

21 So I think that structure gives me a pretty
22 good comfort level for how we could proceed with
23 this. And then I -- I give some validity to the
24 changes and the way our staff has reviewed and
25 tried to get through this.

1 I mean, we hear about workloads from our
2 staff, from OPC, from all the entities we hear
3 from, and our folks basically worked through the
4 weekend to try to figure out what was appropriate
5 here, and I appreciate them for doing that, but it
6 doesn't change the fact that it's very difficult in
7 the time span that was given to them to come up
8 with a clear, concise, this is what I believe would
9 be appropriate for the Commission to do as a
10 number.

11 So as much as I appreciate some of those
12 things being analyzed, I don't really even feel
13 that those changes should be made at this point,
14 because I think what we have in front of us is a
15 very thoughtful worked on recommendation that is
16 done very well. I mean, when I read through it, I
17 think it makes sense. When I read through what
18 came in from OPC, I could see where they were
19 working to address some of their concerns, but I
20 had troubling processing some of these components
21 and how they would impact our decision.

22 So I am comfortable knowing that everybody
23 will have the opportunity to make a decision if
24 they want to go through that that longer process.
25 And I think probably, you know, the billable lawyer

1 wins in that situation. I don't know if anybody
2 else really wins in that situation, but it could
3 happen. It could play out that way, and their --
4 you know, these folks are legally entitled to do
5 that. There is nothing that we would do here today
6 to prevent that, or stop that from happening.

7 But I do think we have a pretty thoughtful
8 recommendation, and I am comfortable with. And I
9 have do think we have heard on all of these issues
10 from both the folks who have an interest in it and
11 our staff. And we realize that maybe in the
12 future, something like this is better played out
13 with more time for adjustments to be made. And if
14 we had a mechanism to initiate a hearing and avoid
15 all of that, maybe that's a different story, but
16 then we would eliminate all the efficiencies and
17 savings that these consumers get from doing this
18 type of thing. And probably the worse case
19 scenario is people had to listen to us all day,
20 right? I mean --

21 CHAIRMAN LA ROSA: In two different rooms.

22 COMMISSIONER FAY: Yeah, right, two different
23 rooms. We broke a bunch of, you know, mics, I
24 mean.

25 But I think, in all seriousness, it's -- it

1 shows that we went through this process pretty
2 thoroughly and thoughtfully, and trying to get to
3 the best result. And then there is an avenue for
4 anybody who believes that's not the case to
5 articulate why.

6 And that's why I don't like the word protest,
7 because it's -- they decide, hey, we think this
8 would be better worked through under this structure
9 and statute and rule to articulate, you know, why
10 we think there should be more discussion about this
11 issue, and why we want to articulate another
12 position. But they are going to have to decide if
13 that expense and that time is worth going into
14 that. And as we stated, some of these things may
15 have minimal rate impact, if any, when you do the
16 calculations and the step-up.

17 And so I am comfortable, you know, supporting
18 it, but I obviously would love to hear from my
19 colleagues as to what they think.

20 CHAIRMAN LA ROSA: Sure. I will just say
21 this, is that I think the PAA process is something
22 that we have had for some time, and I think these
23 optionals that we are talking about could happen in
24 any which case. I think this case is maybe just a
25 little bit different from the way we have seen this

1 system used, but I believe that the option is there
2 and it's there for a reason.

3 And I agree with you in the sense that the
4 decision is going to have to be made based on does
5 it get to that tipping point? So I also feel
6 comfortable from the sense and direction that you
7 are coming from, but I will turn it back over to my
8 fellow Commissioners.

9 Any other thoughts?

10 Commissioner Passidomo.

11 COMMISSIONER PASSIDOMO SMITH: The only thing
12 I am going to add is I just -- I appreciate OPC
13 going through this, you know, but -- and, you know,
14 putting forward their calculations.

15 When I -- again, when I got this, I just -- I
16 don't -- I feel more comfortable with the way that
17 staff laid out. I know that there was a lot more
18 time and process in here. I am not saying that OPC
19 didn't do that, but I don't think that we had -- I
20 personally didn't have adequate amount of -- or I
21 am not as comfortable, because I know that staff
22 didn't have as much time to be able to, you know,
23 to conduct any sort of discovery how were these
24 calculations made, things like that. I am not
25 saying that they are inaccurate, whatever. I

1 just --

2 And I think that we -- again, I appreciate
3 this process with -- the PAA process in that it
4 can -- there is efficiencies built in, but I think
5 we are going to get to a reconsideration anyway
6 likely, regardless of what, you know, what
7 adjustments are made. So I personally, at this
8 juncture, am more comfortable supporting the
9 recommendation as presented, and not saying that
10 I -- you know, that if those things -- if we do --
11 we are going to have to reevaluate this, you know,
12 through a regular hearing process, these issues are
13 brought back up, that we will get to the bottom of
14 what is the right number. I appreciate what
15 Commissioner Clark said. It's not about voting one
16 way or another. It's about getting it right. So
17 with that, that's kind of Where I stand. That's my
18 thoughts.

19 CHAIRMAN LA ROSA: Commissioners, any further
20 questions or thoughts?

21 COMMISSIONER CLARK: I don't like the process.
22 I don't know that this is the most efficient. We
23 are going to end up having to go through and I
24 think litigate the process anyway, so maybe we
25 should have started there.

1 And I -- Commissioner Fay, I really appreciate
2 your comment. You are -- I think you took some of
3 my emotion out of this, but the facts that you laid
4 out, I think you are right. I think that there is
5 a process. We have gone through the process. We
6 do have an opportunity, if you want to litigate it,
7 we will litigate it. So I accept that part of it.
8 I would rather get it right up front, but I don't
9 know that that's possible. So I am willing to go
10 along with it under the circumstance and the idea
11 that protest if you like.

12 CHAIRMAN LA ROSA: I think we are all kind of
13 leaning on that tone, but --

14 Okay. Commissioners, this is back to us. Is
15 there any other questions, any other thoughts that
16 we have of staff? Otherwise, we can open this up
17 for a motion.

18 Let's go ahead and do that. Is there a
19 motion?

20 COMMISSIONER FAY: Sure, Mr. Chairman. I am
21 happy to make a motion. I know, to be respectful
22 to my colleague, Commissioner Graham, he had
23 mentioned some of these other issues being taken
24 up. I didn't know if that was something that you
25 wanted to discuss. I mean, I think we know where

1 we are at as far as what we are going to do going
2 forward, but I think this sort of issue for
3 discussion that came up was inclusion of these. So
4 I just didn't want to be dismissive of if you felt
5 that was something worthwhile that we could
6 obviously discuss including those.

7 COMMISSIONER CLARK: You are talking about,
8 like, 6, 10, 36, those items?

9 COMMISSIONER FAY: Yes. Correct. Those
10 three.

11 COMMISSIONER CLARK: Since the parties are
12 agreement --

13 COMMISSIONER FAY: Yes, correct. Yeah.

14 COMMISSIONER CLARK: -- of accepting that?

15 COMMISSIONER FAY: Yeah. Yeah.

16 COMMISSIONER CLARK: That's my preference.

17 CHAIRMAN LA ROSA: I have 6, 10 and 36.

18 COMMISSIONER CLARK: 6, 10, 36.

19 COMMISSIONER GRAHAM: Correct.

20 CHAIRMAN LA ROSA: That's what I have written
21 in my notes.

22 COMMISSIONER FAY: Yeah. So if that's the
23 prerogative of the body, I don't take issue in
24 doing that. I just want to make sure, for the
25 record, Devlin, that we feel that, from a

1 quantitative perspective, we know what those
2 numbers would be today to be able to include them
3 in the revenue requirement? I don't mean to put
4 you on the spot, but I think that makes a big
5 difference as to what our comfort level would be to
6 go ahead and agree to those changes and move
7 forward and maybe not seek to litigated, right? I
8 mean, I don't want to be dismissive of those things
9 that are presented, so do have a comfort level
10 making those three, and I -- because I think I
11 misspoke, so 6, 10 and 36?

12 MR. HIGGINS: Yes, sir, there is -- certainly
13 on 36, that's easy enough.

14 10, our number is very close to the OPC's
15 number, so I don't think that that would be too
16 much of a concern.

17 With 6, it's -- our number is substantially
18 different than the OPC's given the nature of what's
19 actually occurring, and we would just recommend
20 that that go to the step increase, so out of this
21 and into the step increase.

22 COMMISSIONER FAY: Okay. And, Mr. Chairman,
23 if it's okay, just to be clear from the utility,
24 you were saying you agree with that -- agreeing to
25 that with that concept of the step increase

1 implemented? I don't want to speak for you.

2 MS. KEATING: Yes, it definitely needs to be
3 included in the step.

4 COMMISSIONER FAY: Okay.

5 COMMISSIONER PASSIDOMO SMITH: Mr. Chair, is
6 it worth granting staff administrative authority
7 just officially on the record so that -- to make
8 those -- for these adjustments that we are making
9 now, that way that you can make to adjust for the
10 revenue requirement, we just, during the vote, we
11 include that?

12 CHAIRMAN LA ROSA: Sure. We will include that
13 in a motion that I anticipate coming.

14 COMMISSIONER PASSIDOMO SMITH: Right.

15 COMMISSIONER FAY: All right. Mr. Chairman,
16 whenever you are ready, I am happy to propose a
17 motion to the body.

18 Okay. So, Mr. Chairman, I would move for the
19 approval on all issues with the proposed
20 modifications as agreed -- discussed and agreed
21 upon hear today for 6, 10 and 36.

22 CHAIRMAN LA ROSA: With the ability for staff
23 to make modifications?

24 COMMISSIONER FAY: With the ability for -- any
25 administrative authority for staff to make any

1 modifications for the final vote.

2 CHAIRMAN LA ROSA: Okay. Hearing a clear
3 motion on the table, is there a second?

4 COMMISSIONER GRAHAM: Second.

5 CHAIRMAN LA ROSA: Hearing a motion and
6 hearing a second.

7 All those in favor signify by saying yay.

8 (Chorus of yays.)

9 CHAIRMAN LA ROSA: Yay.

10 Opposed no?

11 (No response.)

12 CHAIRMAN LA ROSA: Show that Item No. 4 passes
13 with those modifications.

14 Excellent, well, thank you all for making the
15 adjustments, right. Sometimes you are thrown
16 variables you don't know that are coming at you,
17 and we got to divert, and we did, and we have done
18 it successfully, so thank you all for being able to
19 get us going.

20 Thank you to our tech staff from behind the
21 scenes which is running around, which we don't see
22 them, but they are running around to make all of
23 this happy. I think that this worked as best as it
24 could.

25 I don't see any further other business before

1 us. Commissioners, if we don't have anything else,
2 let's go ahead and see that this meeting is
3 adjourned. Thank you all.

4 (Agenda item concluded.)

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1 CERTIFICATE OF REPORTER


2 STATE OF FLORIDA)
3 COUNTY OF LEON)
4

5 I, DEBRA KRICK, Court Reporter, do hereby
6 certify that the foregoing proceeding was heard at the
7 time and place herein stated.

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

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

18 DATED this 18th day of March, 2025.
19

20
21 
22 DEBRA R. KRICK
23 NOTARY PUBLIC
24 COMMISSION #HH575054
25 EXPIRES AUGUST 13, 2028