

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : Docket No. 971065-SU
: Application of Mid-County :
: Services, Inc. For Increased :
: Wastewater Rates in Pinellas :
: County :
: -----

PROCEEDINGS: INFORMAL CUSTOMER MEETING

DATE: Tuesday, January 13, 1998

TIME: Commenced at 6:32 p.m.
Concluded at 7:43 p.m.

PLACE: Knights of Columbus Hall
1251 San Christopher Drive
Dunedin, Florida

REPORTED BY: RISHELLE M. GAURA, RPR

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1 **IN ATTENDANCE:**

2 JENNIFER S. BRUBAKER
3 2540 Shumard Oak Boulevard
4 Tallahassee, Florida 32399-0863
5 Division of Legal Services

6 ROBERT J. CROUCH, P.E.
7 2540 Shumard Oak Boulevard
8 Tallahassee, Florida 32399-0850
9 Utility Systems/Communications Engineer
10 Supervisor Water and Wastewater

11 PATRICIA W. MERCHANT, C.P.A.
12 2540 Shumard Oak Boulevard
13 Tallahassee, Florida 32399-0850
14 Public Utilities Supervisor
15 Division of Water and Wastewater

16 MARSHALL W. WILLIS, C.P.A.
17 2540 Shumard Oak Boulevard
18 Tallahassee, Florida 32399-0850
19 Chief of Economic Regulation
20 Division of Water and Wastewater

21 **ALSO PRESENT:**

22 ED FUCHS Division of Water and
23 Wastewater

24 BARRY DAVIS, C.P.A., Division of Water and
25 Wastewater

P R O C E E D I N G S

(Meeting convened at 6:32 p.m.)

MR. WILLIS: Good evening. We'll go ahead and get started now.

First of all, let me tell you my name. I'm Marshall Willis. I'm with the Florida Public Service Commission, and I'm a bureau chief in the Division of Water and Wastewater. And my job, predominantly, is to handle any rate increase or increase application that comes into the Commission. That's the job of my bureau, and I have a sizable staff to do that of accountants, engineers, economists, rate people. We have a large number of different people.

With me tonight, starting on the far left, is Ms. Patricia Merchant. She's my accounting supervisor and a CPA. To my immediate left is Ms. Jennifer Brubaker. She is one of our lawyers who's been assigned to this case. And to my immediate right is Mr. Bob Crouch. He's our -- my engineering supervisor and also a professional engineer.

Out front we had two employees of my bureau also. Mr. Ed Fuchs, who is just standing in the doorway back there, one of Mr. Crouch's engineers. And the other gentleman was Mr. Barry Davis, who is an employee of Ms. Merchant, who is also a certified public accountant.

1 Let me also let you know that to the right back
2 here, these people represent the utility company, and it's
3 normal -- they usually come to our customer meetings so they
4 can actually hear the comments of the customers because
5 there are many occasions in which we request them to look
6 into matters that come up at the customer meetings, and it's
7 best that they get firsthand knowledge of it to respond to
8 our requests.

9 When you came in tonight, you should have received
10 our little yellow Special Report here. It's basically some
11 informational information for you to look at. It doesn't go
12 into detail. It's really hard to go into detail with
13 everything that we're looking at in rate cases, but the
14 special report goes through and shows you -- basically lists
15 what the company's asking for, shows you who our
16 commissioners are with the Public Service Commission.

17 And towards the back is the most important thing
18 for you, the customers, and that is a schedule of rates. If
19 you look at that, it's on page four. It's says Bi-Monthly
20 Wastewater Rates right up at the top. If you look at that,
21 that's going to tell you in the first column the rates prior
22 to filing, and that's the rate that they were charging at
23 the point they filed this application. The rest I'll be
24 explaining in a minute as -- as to how we go through this
25 and what these mean.

1 And by that, I'd like to kind of take you through
2 a scenario of the case itself, what the company has filed,
3 and let you know a bit about our process.

4 The utility started this process -- and many of
5 you may have been through the past cases that they filed
6 with this Commission. They requested a test year from the
7 Commission of 1996, and they started the process by filing
8 what we call our minimum filing requirements. It's a
9 document full of accounting information that comes off of
10 their books and records. That's the prima facie case they
11 start with. That starts our discovery process, starts our
12 investigation, and this is -- this is what we use to start
13 to go into the company to audit books and to look at their
14 actual plant improvements.

15 The utility, in their application, has stated that
16 the major reason for the rate increase before us today is
17 because of increased plant -- or increased expenditures,
18 cost expenditures, expenses. They really haven't hinged the
19 rate increase on any improvements. It's basically
20 expenditures.

21 The company, in their application, requested also
22 a procedure. It's called a Processed Agency Action
23 procedure. They, by law, by Florida statutes, have the
24 right to request what's called a Proposed Agency Action
25 process. The Legislature has set out this process saying

1 that we have -- if a company elects the process, we have
2 exactly five months to render a decision. And that decision
3 in itself is nothing more than a proposal.

4 The other way of handling a process is to go
5 straight to hearing, and it's a much -- a much, much more
6 expensive process. A utility doesn't have a right to elect
7 that. The only right they have under the statute is to
8 elect that Proposed Agency Action process. The company has
9 done that, and that's the process we're working on tonight,
10 and this customer meeting is part of that.

11 The last part of the company's request was what we
12 -- is something we normally see in a lot of rate
13 applications, and that is a request for interim rates.
14 Interim rates are also provided for by the Florida
15 statutes. Because of the time it takes for the Commission
16 to process a case, either five months for this PA process or
17 the eight months that the statute dictates for a case going
18 straight to hearing, there's a lag time between the time
19 period a company can file for a rate case or a rate increase
20 and actually get a result.

21 The legislature, many years ago, decided that to
22 rectify that problem and that lag time they would allow
23 utilities to request interim rates. Those interim rates are
24 basically interim in nature in that the Commission reviews
25 those at the end of the case. If they decide -- if they

1 grant an interim rate and they decide that those rates were
2 too high, they refund the excess amount with interest --
3 normally based on the commercial paper rate -- back to the
4 customers based on your billing criteria.

5 The company requested interim rates in this
6 case. The company requested an increase for interim of 33.5
7 percent. The Commission has 60 days, by law, to look at
8 interim rates, and the statute, also, basically dictates a
9 formula for calculating interim. The Commission really has
10 no choice; they have to abide by what the statute says. And
11 the statute basically dictates that you take the company's
12 filing as it comes in the door, it's a prime facie. You
13 look at that filing, you can make adjustments consistent
14 with what you did in the last rate case commission, and you
15 basically follow a formula of giving them a return on the
16 investment, plus their expenses, any of those adjustments we
17 said you could do, and what you come out with is what you
18 come out with, and that's the interim increase.

19 The Commission on -- granted an increase based on
20 that formula on November 20th. And that increase was 28.9
21 percent. Now, like I said before, that's under
22 protection. If the Commission decides that this increase is
23 not warranted in the final or a portion of it isn't, then
24 that will be refunded with interest.

25 The company, in their case, has requested as a

1 final, slightly higher increase which is overall 34.2
2 percent. And now that gets back to the Special Report. If
3 you look on that page I referred to before, you'll see the
4 next column that I talked about right beside Rates Prior to
5 Filing is Utility Requested Interim. Those are the rates
6 that the company requested for interim. The column right
7 next to that is the Utility Requested Final rates, which is
8 that 34-percent increase. And the last column is what the
9 Public Service Commission approved for interim, which will
10 be in place during the pendency of the case.

11 Now, the rates that the Commission approved, I
12 believe, were effective on January 3rd of 1998. So you'll
13 probably see those start appearing in your next bill for
14 wastewater service until the conclusion of the case, which
15 should be in March. The Commission is set to decide this
16 case on March 10th and make a final decision. So that's
17 where we are there.

18 Let me take a minute to explain a little bit about
19 what our process is during this five-month period.

20 I have, as I said before, many different
21 specialists that work in my bureau, plus the Commission has
22 a team of auditors, which we have a separate division for
23 our auditors. They have already been into this company, and
24 they have issued their audit reports just recently within
25 the last week, I believe. We haven't had time to thoroughly

1 cover the audit report. That is out.

2 I have engineers from Mr. Crouch's section who
3 have already been down here. That's -- one of those is
4 Mr. Fuchs that you met coming in the door. He's already
5 been down here and been over the service area and the
6 system.

7 We have our accountants who are staffed in
8 Tallahassee who are doing their portion of the discovery
9 process beyond the audit. They're looking at areas which
10 the audit may not cover, and they are sending out informal
11 discovery to answer those questions.

12 We have many methods of discovery besides an
13 audit. Some of those may be what we call interrogatories,
14 and some are production of documents. In the Proposed
15 Agency Action mode that we're in, we don't normally get that
16 formal. We do all our discovery through an informal-type
17 process to hold down the costs, and we only go into that
18 formal mode of discovery if we have an uncooperative
19 company. And that's not case here. This company has been
20 cooperating with us quite -- quite well.

21 The other half of our investigation is exactly
22 what we're doing here tonight, a customer meeting. Also,
23 this afternoon, I will let you know that we met with two
24 associations. Mr. Phillips, from his association, and
25 Mr. Terrell and Mr. --

1 **MR. WARD:** Ward.

2 **MR. WILLIS:** Mr. Ward. I was looking also for --
3 he didn't come back. Mr. Ward and Mr. Terrell were here,
4 and we met with them trying to answer their questions and go
5 over the company's filings so we could give them a more
6 in-depth understanding of what the Commission staff does and
7 what the company's asked for and how we go about our process
8 of investigating these rate applications. It's a little
9 easier, under some of those circumstances, to give them a
10 better understanding of the process than it is to do it at a
11 customer meeting like this.

12 We're also offering tomorrow morning -- we'll be
13 here tomorrow morning. If anybody likes to -- would like to
14 sign up for an appointment to come in and talk to us
15 individually about any concerns they have, we can be here
16 tomorrow morning in this same place. If you'd like to do
17 that, come see a staff member either up at the front table
18 or at the front door that you came in on and sign up. We'll
19 be happy to be here to talk to you just like we did with the
20 associations this afternoon.

21 The customer meeting is a very important part of
22 our process. This is our opportunity to come right to your
23 service area and staff, since we're doing the discovery, and
24 get your side of what's been going on since the last rate
25 case.

1 We have our financial information that's been
2 filed in Tallahassee. We get it on an annual basis. We
3 know about the financial condition of the company. We track
4 it by year, we track their earnings by year, but we don't
5 necessarily get the input from the customers until you file
6 a complaint with Tallahassee and we handle that complaint.
7 But this is our opportunity to come to you and listen to you
8 and find out what kind of problems you're having, your
9 feelings toward the rate application, try and answer your
10 questions -- no matter what they are -- concerning this
11 utility company. If we don't have the answers tonight,
12 we'll get back with you with the answers. We'll do our best
13 to answer any question you have.

14 The entire proceeding is being recorded by our
15 court reporter. And that actual recording, the document
16 that will be produced from tonight, will be taken back to
17 Tallahassee, sent to Tallahassee, and that will be used by
18 our commissioners to read to find out exactly what we've
19 done here tonight. This is your way for them to hear your
20 comments, as well as staff, and they will have that
21 available to them prior to voting on this case.

22 Now, once we have all this information together,
23 once we tabulate all our findings, have our audits, our
24 engineers have rendered their final decision, we put it all
25 together in what's called a Proposed Agency Action

1 Recommendation. It's a staff recommendation that's sent to
2 the commissioners, and the commissioners read that. They
3 ask questions about it among staff sometimes prior to our
4 formal meeting with them. That's what they base their
5 actual findings on on what they decide to do.

6 Now, we file that officially with the Commission,
7 and if you would like to get a copy of that Proposed Agency
8 Administrating Recommendation so you also know what staff
9 has requested, after our meeting you can come up front and
10 get ahold of these white sheets of paper, which is a request
11 form. And if you'll put your name and address down, we will
12 send you a copy of that recommendation so you, too, know
13 exactly what staff is recommending to those five
14 commissioners.

15 Now, we're due to file that recommendation on
16 February 26th of this year. The commissioners will formally
17 meet in Tallahassee on March 10th of this year to decide
18 this case. If once you receive the recommendation and you
19 have comments, something you don't like, something you like,
20 something you want to tell us about it, you're welcome to
21 give us a phone call, you're welcome to write it us. The
22 addresses are here, our phone numbers are here on the front
23 sheet. You can call us in Tallahassee. You can talk to us.
24 You can write -- write in. In fact, if you -- you can use
25 the mailer that's inside the Staff Report, very last thing,

1 if you have comments concerning the recommendation. We'll
2 do our best to get those comments to the commissioners and
3 let them know what.

4 If you desire to actually make that trip to
5 Tallahassee, I know it's a long way and a lot of people
6 complain about that, but the agenda that the Commission
7 considers these Proposed Agency Action agendas -- or these
8 Proposed Agency Recommendations has probably somewhere
9 between 40 and 60 recommendations similar to this on
10 different cases, and it's impossible for them to go to every
11 spot in Florida to convene to vote on that. So they choose
12 to do that in one spot and have these agenda sessions.

13 They look at our recommendation; they vote that
14 day. Sometimes they go with us; sometimes they don't. Our
15 recommendations will list by issue every issue that needs to
16 come before the Commission. Some we agree with, some we
17 disagree with as far as what the company has filed.

18 The commissioners will look at those issues, they
19 will decide those issues, and they will make a final
20 decision. That comes out as what's called a Proposed Agency
21 Action Order. If you've signed up for that recommendation,
22 you'll also get a copy of the order.

23 And if -- if you just can't live with what the
24 Commission has done on this case, you can protest that; you
25 can tell the Commission that; you can tell them that you're

1 not happy with what they did. There's -- you may be
2 familiar -- since we've had rate cases here before in
3 Mid-County Service area -- there's an office of the state
4 called the Florida Public Counsel, and they are there
5 strictly for the customers. They're an advocate of the
6 customers. And I believe they were involved in your last
7 rate case. Not the PAA one that was your very last one, but
8 the time before, which was a formal proceeding. They got
9 involved in that case.

10 If you desire to contact them, I can give you
11 their 800 number. Just come up and ask me for it
12 afterwards. I'll be happy to give it to you. That's --
13 they can assist you in any protest that you desire to do;
14 they can talk to you about the protest; they can talk to you
15 about the likelihood of how they feel about what you want to
16 protest. That's their job, and they are your
17 representative.

18 The company also has the right to protest that
19 order. Anybody can protest it that's affected by it. If
20 it's protested, we start all over and go into a formal
21 proceeding, which is a hearing. Which is the two times
22 before -- not the last one, but the time before that this
23 utility went through the formal process and had a hearing,
24 and it will be just like that. You'll have commissioners
25 come down to the service area, conduct a hearing down here,

1 take formal testimony and then render a final order within
2 eight months from the protest date.

3 As you came in the door, you were asked to fill
4 out a speaker form, which is one of these little yellow
5 sheets here, and that's how we're -- what we're going to use
6 to call you forward tonight. We ask that you come to the
7 podium because we're recording this, and it keeps it as an
8 orderly process so everyone is up here in clear view of the
9 court reporter so she can take everything down and hear it
10 succinctly.

11 I'm going to call people. We normally do this in
12 the order in which you signed up to call -- or signed up to
13 call -- signed up to speak tonight.

14 And with that, unless our staff attorney has -- do
15 you have anything else you want to add about the process?

16 **MS. BRUBAKER:** Hi. Just a quick comment. As
17 Marshall has discussed with you the Proposed Agency Action
18 process, if we do receive a protest and the matter is set
19 for hearing, basically we begin a trial-like proceeding.
20 It's an administrative hearing. As Marshall mentioned, the
21 commissioners will come to this general location and take
22 formal testimony. It's trial-like in the sense of documents
23 would be submitted as evidence, any testimony given would be
24 subject to cross-examination.

25 Once the hearing process is concluded, another

1 recommendation is prepared and that recommendation, again,
2 goes to agenda. However, the order that would issue from
3 that recommendation, the Commission's decision, would be
4 final. And instead of getting a second opportunity to
5 protest, the way to object to the final order would be to
6 appeal it to the courts. So just to kind of take that
7 process out a little further.

8 Thanks.

9 MR. WILLIS: With that, I think it's time to start
10 turning the meeting over to you and start listening to
11 you.

12 The first person we have signed up tonight is
13 Mr. Terrell, who we met with this afternoon also.

14 Mr. Terrell.

15 WITNESS TERRELL: You want me to come up there?

16 MR. WILLIS: Yeah. There's a microphone up here.
17 If you wouldn't mind, there's a switch on it that you'll
18 need to switch on.

19 Also, when you're called up, if you'd give your
20 name and address for the court reporter -- the first thing
21 that you do when you come up -- and spell your last name,
22 too, so the record has it correctly. Thank you.

23 JACK TERRELL

24 appeared as a witness and testified as follows:

25 DIRECT STATEMENT

1 **WITNESS TERRELL:** Okay. My name is Jack Terrell.
2 I live at 911 Winding Oaks Drive in Palm Harbor, Spanish
3 Oaks subdivision.

4 We received a notice of a 35-percent increase in
5 residential sewer rates, and that's the reason that I'm here
6 speaking this evening. We believe that based on six
7 criteria that a 35-percent increase is in excess of what it
8 should be.

9 First of all, looking at the records that have
10 been submitted by the utility, if we base it on increased
11 flow through the system from '94 to '96, the flow increased
12 7 percent, yet they're asking for a 35-percent increase. We
13 don't believe that it's justified on that basis.

14 Based on the number of customers billed, according
15 to their records, the number of customers billed increased 3
16 percent, yet they're asking for a 35-percent increase.

17 Based on what we feel are no additional operating
18 or capital costs due to new environmental compliance
19 regulations, we don't feel that there's any basis for an
20 increase.

21 Now, in their request, there was some additional
22 equipment that was required, and we're not contesting
23 that. It was a fairly nominal amount. But certainly there
24 were no additional environmental compliance regulations that
25 they had to meet, so it doesn't justify the 35 percent.

1 Also, as far as we can determine, there were no
2 major requirements for additional plant equipment or major
3 collection system renovations, replacements, or relocations,
4 and so, as a result, there's no basis there for a rate
5 increase.

6 We also feel that based on the cost -- the
7 consumer price index as -- again, going into their request
8 for their increase -- they reference the fact that there was
9 a 7-percent increase in the consumer price index during the
10 '94 to '96 period. And again, it went up 7 percent, and
11 they're asking for a 35-percent increase. Again, we don't
12 feel that the 35 percent is justified.

13 And I think the other thing is based on a
14 comparison of other wastewater utilities in Pinellas County,
15 if you look at what the rates will be after the 35-percent
16 increase to residential customers -- and that's basically
17 what I'm addressing are single-family residential
18 homes -- that we're going to end up with a maximum rate of
19 \$81.60 every two months, and on average the other utilities
20 in the area are in the 50-to-60 dollar range. So, again, we
21 don't feel that that 35-percent increase is justified.

22 Now, in looking at some of the detailed numbers
23 that are in the filing that the utility has made, we
24 question six items that are in there. And this -- I'm
25 referring now to Schedule B-8, which is the Operations and

1 Maintenance Expense Comparison Schedule, which compares 1994
2 to 1996.

3 And, as I say, we've identified six items that we
4 feel are questionable. The first item is the line item
5 that's identified as Salaries and Wages of -- and we think
6 there's a mistake there in the description of it, but I
7 believe it's supposed to be "For Employees." It's the very
8 first line item in it. And they're showing an increase in
9 salaries and wages of 113 -- from \$113,902 to \$167,669,
10 which is an increase of almost \$54,000, which is a
11 47-percent increase. And we feel certainly on the local
12 level -- and when I say "the local level," the people that
13 are actually operating the plant and are in place and taking
14 care of the operations of that plant -- that certainly there
15 hasn't been a 47-percent increase that can be justified
16 there.

17 Also, the second line of that particular schedule
18 shows salaries and wages that we understand to be salaries
19 and wages of officers and managers of the company. We're
20 not sure that that's the right category because there's some
21 contradiction there. We'd like an explanation to that. But
22 the dollar amounts there show an increase from 1994 of
23 \$6,662 to in 1996 a \$116,000 -- \$116,732. That's a
24 1652-percent increase in salaries and wages for officers and
25 managers. And certainly, again, going back and looking at

1 increases in flow, increases in number of customers, no
2 matter what basis you get back to, you can't justify a
3 1650-percent increase in salaries and wages of officers and
4 managers, and we question that.

5 Also, in the same schedule under the category of
6 Insurance/Other, you're showing an increase from \$7,879 to
7 \$21,238, which is an increase of over \$13,000. And it works
8 out to be a 169-percent increase in other insurance. And,
9 again, we question the justification for that number.

10 Also, under a category called Miscellaneous
11 Expense, it is increased from \$3,143 to \$44,866, which is a
12 \$41,723 increase, which works out to be a 1327-percent
13 increase. You just can't justify that based on flow; you
14 can't justify it on customers billed; you can't justify it
15 on capital costs. There's just no justification for that
16 kind of increase. I'd like to have that kind of an increase
17 in my business.

18 Okay. The other item that we see in here -- and
19 we question what it is, and that's under Sludge Removal.
20 The company shows no expense in 1994 and \$121,267 in
21 1996. You can't really calculate a percent increase when
22 you start from zero and go to 121,000. What we question
23 there is, first of all, the sludge always was in the sewage
24 to begin with. We know of no real environmental compliance
25 change that required that, so possibly this was a change

1 from doing it in-house or disposing of it yourself to going
2 to an outside contractor. And if that was the case, then
3 something similar to \$121,000 should have dropped out of the
4 budget somewhere else, and we don't see anything else
5 reducing in the budget by 120,000 or 121. So we question
6 what that is. It, obviously, at \$121,000 is a big chunk of
7 the increase, and we're asking let's get some facts and
8 figures about that.

9 And the last item that we questioned -- and when
10 we start to get into some of these formulas that are used to
11 justify allocation of overhead expenses for expenses that
12 are carried by the parent company as opposed to the local
13 company, we assume that part of that is based on number of
14 customers. And one of the things we see in the submittal is
15 a number of 5,969 customers for the utility. And based on
16 other information in the submittal, you have nowhere near
17 that number of customers. I mean you've got to define your
18 customers as being the number of hookups you have, not the
19 estimated population of how many people live in a house.

20 And looking at where your customers are, you
21 basically have four major subdivisions. None of which -- I
22 want to rephrase that. Most of which typically have about
23 250, 200 to 250 homes in them, and those are your major
24 individual customers. By my mathematics, that's less than a
25 thousand. And then when you start adding to that your

1 mobile home parks, each one of those mobile home parks is a
2 single customer to you. You only bill one customer
3 there. So, again, we question the number of 5,969
4 customers.

5 But those are the specific items that we question
6 in the justification for a 35-percent rate increase. Other
7 than that, I don't have any comments.

8 MR. WILLIS: Thank you. Thank you, Mr. Terrell.

9 Mr. Ward.

10 WITNESS WARD: No, thank you. He's spoken for me.

11 MR. WILLIS: Did Mr. Brudno come back tonight?

12 Do you wish to come forward, sir?

13 WITNESS BRUDNO: I think I'll say a word.

14 MR. WILLIS: If you can spell your last name for
15 the court reporter first, please.

16 WITNESS BRUDNO: I will.

17 MR. WILLIS: And your address.

18 LEONARD BRUDNO

19 appeared as a witness and testified as follows:

20 WITNESS BRUDNO: Members of the Commission, my
21 name is Leonard Brudno, B-r-u-d-n-o. I live at 908
22 Woodland Drive in the Spanish Oaks development in Palm
23 Harbor.

24 On a competitive -- comparative basis, the
25 operation of Mid-County Services is not very competitive at

1 all with other entities in the -- in the area. Now, you
2 might say that these other enterprises that are offering
3 sewer services are community operated and not
4 private-enterprise operated, but the differences are
5 considerable.

6 For example, in Dunedin you can have a charge of
7 \$3.36 per thousand up to 20,000 gallons, and in a two-month
8 period for -- if you use 10,000 gallons in two-months
9 period, you would have a charge of \$33.60. In Oldsmar, for
10 example, the flow charge is \$3.80 per thousand. And if you
11 use 10,000 gallons in a two-month period, you'd have a
12 charge of \$38.00 Well, that certainly doesn't equate with
13 the 59,000 that this organization requests to gain for
14 itself.

15 There's another factor about this, in addition. I
16 could go on and cite to you a number of other communities --
17 well, I will cite another one. St. Petersburg, for example,
18 has got a \$5.60 base charge per month, plus \$2.17 per
19 thousand, and they would come up with a \$33.04 charge to the
20 householder on 10,000 And that brings up a point about this
21 matter of a base charge. A householder under the terms of
22 this applicant starts out with a charge of \$38.66, but if
23 anyone were living in St. Petersburg or Dunedin or Oldsmar,
24 where they have a flow charge without any -- without any
25 base price, and they only use 5,000 or 6 or 7,000 gallons

1 over a two-month period, why, they'd come up with a much
2 lower price than what this company is requesting.

3 The facts of case are that according to a survey,
4 which I made a year or so ago that -- in going through the
5 books in Pinellas County, that there's a certain
6 classification of homes that only used about 6,000 gallons
7 over a two-month period. And then there was another group
8 of homes that used about 12,000 gallons over a two-month
9 period. So when you put a -- when you put a base charge of
10 \$38.66 as requested, you're really going to penalize a lot
11 of people way out of the ordinary to what they should be
12 paying.

13 There's another factor about this, and -- oh,
14 that's the cap. Now, other organizations have got a cap on
15 what they're -- what the volume will be charged for. Now,
16 as I understand it, they can go to a cap of 16,000 on
17 the part of this company. There's no reason why there
18 shouldn't be a cap on the charges according to the flow
19 because after a certain amount of flow going through the
20 meter, a lot of it is not for sewer charges at all. The --
21 that excess amount of flow, as indicated on the meter, goes
22 for other purposes such as watering a lawn or watering -- or
23 washing your car or any other cleaning activity requiring
24 water, but that water is not flowing for processing through
25 Mid-County Services' plant, and, yet, they're going to

1 charge you for it.

2 There's a long argument for the allowance of
3 gaining -- gaining a return on investment. On that basis,
4 you could go on indefinitely, despite the fact you've got a
5 limited customer list. Your charges could go up
6 considerably, and you'd have to charge your customers, your
7 limited number of customers, more and more to take care of
8 your expenses. However, there are a lot of other utilities
9 in the communities, in many communities in Pinellas County,
10 who can provide services for a great deal less. And there
11 comes a time, possibly, when Mid-County Services, when their
12 charges and everything else and their desire for a profit
13 reaches a considerable height that maybe they don't deserve
14 to be in business, and these other communities such as
15 Oldsmar, Safety Harbor, and Dunedin are in evidence of
16 that.

17 And I just maintain that for these reasons, why,
18 there has to be a real evaluation of the practices and the
19 position of Mid-County Services, according to their
20 request. Thank you very much.

21 **MR. WILLIS:** Thank you.

22 Mr. Brudno brought up -- reminded me of an error
23 that's in the Staff Report. I'd just like to point that out
24 to you because it's kind of confusing.

25 Under Residential, if you follow down on page four

1 of the report that show the rates, there's a part where it
2 says Wastewater Cap, 2,000 gallons, there's a typo there.
3 It should be 20,000. It's a 20,000-gallon cap bi-monthly on
4 it. And there's also -- I think that's the only one on that
5 page. I thought it was on there twice, but it was only on
6 there once.

7 Our next speaker is Mr. John Lomaka.

8 **JOHN LOMAKA**

9 appeared as a witness and testified as follows:

10 **DIRECT STATEMENT**

11 **WITNESS LOMAKA:** After listening to these last two
12 pros here, I didn't come here prepared for this.

13 My name is John Lomaka, L-o-m-a-k-a. I live in
14 probably the largest one subdivision that is served by this
15 company, this Mid-County Services. I happen to live in
16 Brookfield.

17 At the time I moved into Brookfield -- which was
18 approximately three years ago -- I received a letter stating
19 -- and at that time there were about 100 families living in
20 Brookfield. And we received a letter from them stating that
21 on January 31, 1966 -- 1996 that they were given an increase
22 of 3.57 percent that would be reflected on our bill in
23 September 29th of 1996. It also had the audacity to tell us
24 at that time in this letter -- which I didn't know this was
25 permitted, but I find it is -- that in the interest of

1 saving us customers money, they can raise these rates
2 without the expense of a public hearing. It says so in this
3 letter. I couldn't believe that that could be done, but I
4 find out that it is a standard procedure.

5 And in the last letter I was sitting upset over
6 the proposed rate increase. They tell me that a -- to get a
7 fair return on their investment they want a 30-percent
8 return. For my services -- I retired twice. Once from the
9 railroad and then 25 years later I retired from Chrysler's.
10 And for paying the railroad for 25 years and Chrysler's and
11 Social Security for 25 years, then the government informed
12 me that in my best interest I cannot collect both pensions;
13 I can collect one or the other. It's for my good. It's not
14 for their good.

15 And so I am now content getting one pension rather
16 than two. So I collect a railroad pension for services
17 prior to 1964, but the 25 years I paid Social Security that
18 is maybe to pay somebody else's salaries, not mine.
19 Anyways, I don't get that. But now I am told every year
20 that in the interest of holding down inflation, my increases
21 are 2.7 percent per year. So that should be sufficient to
22 cover my increases in the forthcoming year.

23 And then I get a bill like this telling me that
24 all of a sudden in a subdivision that had 100 families in
25 one-square mile -- that is now 500 families in that

1 one-square mile, it's probably one the biggest customers,
2 according to what I read here. I think it is. And in these
3 multiple homes there's six units in a building, and six of
4 us residing in one of these buildings, and each one of us is
5 paying approximately 30 -- \$40 every two months for sewers
6 alone, not counting the water. Our water -- rain water goes
7 on the lawns because we're not hooked up to the storm
8 drains.

9 I think it's way out of whack. I think these
10 people are not trying to get a fair return; I think they're
11 trying to get very, very wealthy. And, like I asked the
12 young lady at the beginning of the meeting, if they are an
13 open-stock company, I would like to know what their name is
14 because I want to buy some of this stock. Because at the
15 rate of return that they're getting on their investment, I
16 want some of the action because I cannot believe that that
17 is a fair return, 30 percent. That's even more than Hillary
18 Clinton is making on her returns, and she invests in stock,
19 and she does very well. And if she can do that well and
20 these people can do that well, I -- my recommendation is to
21 the Commission to ask them to go public stock with their
22 company, and maybe we can all buy into it, all of us 6,000
23 customers, and they can double their money on their stock.

24 **WITNESS MCNAUGHTON:** Then we can afford to pay
25 their bills.

1 **WITNESS LOMAKA:** Thank you very much.

2 **MR. WILLIS:** Let me address the rate return issue.
3 You don't have to stay up here, if you don't want to. You
4 might want to.

5 The company in this case is not requesting a
6 30-percent return. What they're requesting is a 34-percent
7 increase in the revenue they receive. The return on their
8 investment they're requesting is about 9.9 percent --

9 **WITNESS LOMAKA:** That's not a true figure.

10 **MR. WILLIS:** -- which covers debt and equity
11 return.

12 **WITNESS LOMAKA:** This is what you're saying here,
13 but this is based on -- now, like, for number one,
14 Brookfield itself is one square mile, but in that one square
15 mile -- when I moved in there just three years ago -- and
16 we're running out of space in Pinellas County, and yet
17 Brookfield happens to be probably the largest one
18 development in the whole area. And it is going to be very
19 closely -- they're over 400 now, and the last hundred units
20 are being built on it right now. They should be completed
21 within this year sometime.

22 Now, when you're getting for one square mile that
23 kind of revenue, the best -- it's the best gold mine. It's
24 better than gold. I would invest in this company without
25 even batting an eyelash because you're talking that this

1 28.9 percent 9.22, but actually that's on the current
2 numbers that you have presently, not what -- there's no
3 additional sewer hookups in Brookfield. That's all built
4 out. Those lines have been put in there five years ago or
5 more, and they're collecting a fortune on those things. And
6 I would love -- I would love to buy some of that action.

7 **MR. WILLIS:** Thank you, sir.

8 I would like to mention one other thing too. You
9 mentioned an increase the company received that they said
10 they didn't have to file any kind of application, didn't
11 have to have a hearing or approval on.

12 **WITNESS LOMAKA:** I didn't say that.

13 **MR. WILLIS:** There is a -- the thing you mentioned
14 right there, the paper you showed, it's called an Index
15 Passer Application. It's basically an index application.
16 The state of Florida has -- the legislature, that is, of the
17 state of Florida has implemented a law which requires the
18 Public Service Commission to set what we call a Yearly
19 Annual Index. The index is basically an inflation factor
20 for only certain accounts on a company's books. It has --
21 it's basically applied on an mathematical formula. It
22 usually amounts to very small percentage, but it's to try
23 and stop utility companies from coming in for rate case
24 after rate case after rate case. It has had some of that
25 effect in Florida. And that's been going on for well over

1 10 years now.

2 It's up to the utility company to apply for
3 it. If they're earning a fair rate of return at that point,
4 they can't apply for it. If they're earning less than a
5 fair rate of return, they are allowed to apply for it. And
6 the Commission does have the authority to refund that index
7 when it's received by a company within 18 months after they
8 filed the financial report that covers the period they
9 applied for it. So we have a time period in which we could
10 actually return that money if we find out, in fact, they
11 were over earning during that period and should not have
12 applied for it.

13 But it is an automatic -- it is an automatic
14 filing. By law we can't turn it down. They have to attest
15 to it, and we have the authority to bring it back to the
16 customers if it's wrong. We can't actually turn that
17 down.

18 And I believe that's what you're referring to.
19 And they have filed for a couple of those -- at least one I
20 know of -- since the last general rate increase. When we
21 talk about a general rate increase, that's what they file
22 for now. That's when they file all these MFRs, these
23 minimum filing requirements here, then they put on a case
24 showing us or trying to demonstrate that they need a rate
25 increase other than any -- other than one of these index

1 applications or something like that.

2 That's what he was referring to and what we're
3 referring to in that as an index application.

4 Our next speaker is Mr. -- may not be. Jon
5 Hatton, H-a-t-t --

6 **WITNESS HATTON:** Yes.

7 **JON HATTON**

8 appeared as a witness and testified as follows:

9 **DIRECT STATEMENT**

10 **WITNESS HATTON:** My name is Jon Hatton. It's
11 J-o-n H-a-t-t-o-n. I live at 2009 Cindy Circle, Palm
12 Harbor, Florida, in the Spanish Oaks subdivision, Unit 1.

13 I came to the meeting to address because I feel
14 this is an unfair increase to us. First of all, this is a
15 monopoly. We have no other choice. We can't choose between
16 Kmart and Wal-Mart who has the less price. We have to go --
17 use their service no matter what. We have a gun to our
18 head.

19 I did some comparison also. I feel that, first of
20 all, their cap's a little too high. With the county doing
21 16,000, that would be fair. Using their final rates, that
22 would give them approximately a 9-percent increase over the
23 county's fees. But if they had used the 20,000 cap, that
24 gives them a 21-percent increase over county fees, which I
25 feel is way too high.

1 We don't have a choice. Our neighbors are
2 fortunate that they can use the county services. Our area,
3 Spanish Oaks, was developed before the county developed the
4 sewer system up in this part of the county. We're stuck
5 with it. Unfortunately, when I moved into the subdivision,
6 I was unaware that it was a private system; otherwise, it
7 might have influenced my choice. There is no record in real
8 estate that tells of this.

9 I think Mr. Terrell said it all. I'm a small
10 business owner. I look at expenses. If you have additional
11 increases in capital expenditures, if you have equipment you
12 have to purchase, then you can justify a small increase.
13 Not the 30 percent they're asking for.

14 When you look at salaries -- and that's where all
15 this increase is going to -- I might even recommend a
16 suggestion. Talk to Chain Saw Al at Sunbeam. He's real
17 good at reducing expenses.

18 That's basically all I have to say.

19 MR. WILLIS: Thank you. I appreciate it.

20 Bill Bride.

21 Mr. Bride, would you check and see if that
22 microphone is on, please? There it is.

23 **BILL BRIDE**

24 appeared as a witness and testified as follows:

25 **DIRECT STATEMENT**

1 **WITNESS BRIDE:** My name is Bill Bride, B-r-i-d-e,
2 29081 U.S. Highway 19 North, Serendipity Mobile Home Park.

3 First of all, I have a few questions for the
4 board. What is a flat rate for a mobile home park? I
5 haven't seen that before.

6 **MR. WILLIS:** We rarely have flat rates. A flat
7 rate is instituted when you have no water meter to base the
8 wastewater rate on. And they are very rare in the state of
9 Florida, but they do have a flat rate for a very small
10 number of customers that they serve.

11 The flat rate is based on average consumption of a
12 normal customer and their class. And that's how the flat
13 rate is developed for -- for this company.

14 **WITNESS BRIDE:** We represent 425 families. I
15 think these charges are absurd. We have two meters coming
16 into the park, two two-inch meters, which are going to go
17 up, as recommended, \$78.85 per meter. Where in a
18 subdivision you have maybe 200 homes, you have 200 meters;
19 here you're serving 425 people with two meters. I think
20 that is very unfair where they don't have to maintain all
21 these meters. They have to maintain two meters for 425
22 residents. We're paying over \$15,000 a year in sewer and
23 water, and I think this is absurd that we're going to be
24 increased this much more money. Thank you.

25 **MR. WILLIS:** Thank you, sir. I appreciate it.

1 Our next speaker is Tony -- and I hope I don't
2 mispronounce it.

3 **WITNESS WARANIUS:** Waranius.

4 **MR. WILLIS:** Waranius.

5 **TONY WARANIUS**

6 appeared as a witness and testified as follows:

7 **DIRECT STATEMENT**

8 **WITNESS WARANIUS:** I've got nothing really to say.
9 I'm at the same place.

10 I think there's a mistake. It's roughly 15,000
11 every two months. Isn't that --

12 **MR. WILLIS:** Are you speaking of the gallonage
13 cap?

14 **WITNESS WARANIUS:** No. He mentioned -- what did
15 you mention. It was \$15,000?

16 **WITNESS BRIDE:** \$78 per month -- every two months.

17 **WITNESS WARANIUS:** Every two months. He said --
18 didn't he say it was each year?

19 **MR. WILLIS:** I think he meant --

20 **WITNESS BRIDE:** Per month.

21 **WITNESS WARANIUS:** He did? Okay.

22 **MR. WILLIS:** -- per month.

23 **WITNESS BRIDE:** Two months.

24 **MR. WILLIS:** Thank you, Mr. Waranius.

25 Jim Crumley. Mr. Crumley.

JAMES CRUMLEY

1
2 appeared as a witness and testified as follows:

DIRECT STATEMENT

3
4 **WITNESS CRUMLEY:** Okay. My name is James
5 Crumley. I live at 3033 Park Lane, Palm Harbor. And I'd
6 like to thank some of the people that came ahead of me
7 tonight, particularly Jack Terrell for the good work he
8 did. I appreciate it very much. Obviously, he reviewed the
9 same documents I did and came up with many of the same
10 questions, but I have a couple others.

11 The first thing that I'd like to address is a
12 33-percent increase for a 3-year period. And I think that's
13 my starting point. None of us that are in business have
14 been able to increase -- unless we hit a landslide or the
15 lottery -- are able to increase our revenues at a
16 11-percent-per-year basis. And regardless of whatever
17 justification is being applied here through the paperwork, I
18 have just a basic problem with a 33-percent increase being
19 requested. Particularly, since there was a major increase
20 in 1993 that was based on some environmental law changes,
21 and that was the justification for that. At this point I
22 don't know of any major changes that would -- that would
23 justify that kind of a general increase.

24 So I guess the first thing is just from a
25 citizen's standpoint or a consumer standpoint if someone

1 said, "We're going to have a 33-percent increase over a
2 3-year period," you're going -- I'm going to start with
3 questions. I just have trouble with that. If they were
4 asking for a 9 or 10-percent increase that probably wouldn't
5 have anybody here.

6 The other thing that I'm having a real problem
7 with is return on investment. And we've talked a little bit
8 -- I've talked to some of your staff about that. Getting to
9 that number, I'm going to ask some help in the next week or
10 two from you. I've determined or found out what the
11 original purchase price for this plant was, which was
12 roughly \$150,000. My understanding is to get to this figure
13 that they request a return on, it's a combination of plant
14 improvements, which are added to the base cost or the base
15 value, and from that you deduct depreciation over the years'
16 periods. Is that -- I'm asking that in the form of a
17 question.

18 **MR. WILLIS:** Depreciation and any contributions or
19 what you might refer to as impact fees from that.

20 **WITNESS CRUMLEY:** That come in in income.

21 Now, I notice in the case -- the base year, which
22 was 1996, they're showing \$122,000 depreciation. I own
23 income-producing properties. I'm real happy that the tax
24 system allows me to take depreciation, but, as most people
25 who are in business understand, depreciation is something

1 that really doesn't exist in most cases. If you own a
2 valuable piece of property or, in this case, an
3 income-producing sewer plant, I would doubt very seriously
4 that this plant is depreciating. If and when a time came
5 for this company to decide to sell the plant, they would
6 probably get most of the funds back that they have put into
7 it to this point if they made a wise business decision.

8 Now, I realize that depreciation exists in the tax
9 system, but I sometimes question the fact that depreciation
10 is being allowed as an expense in a publicly-owned utility
11 because I don't think depreciation really exists. I think
12 depreciation, as I say, was an item put into the tax code to
13 stimulate investment in income-producing property many years
14 ago.

15 So if you took the depreciation factor out -- and
16 I guess what I'm saying is in test year, depreciation cost
17 this company nothing. They didn't have to pay out \$122,000,
18 but they show it as an expense as if they had salaries or
19 equipment purchases. If you took the \$122,000 out, they're
20 getting a great return right now. That \$122,000 would give
21 them over a 9-percent return on their current revenues.

22 So I realize that by law and by statute you have
23 to consider certain things. I'm just coming from the
24 position of from a practical standpoint, depreciation really
25 may or may not exist in the case of this company.

1 The \$40,000 in miscellaneous expense, also caught
2 my eye as too general.

3 The other problem I think that we get to in this
4 particular case is this company is owned by Utilities, Inc.,
5 which is, as I understand, a rather large conglomerate that
6 owns a number of utility companies in the state of
7 Florida. I believe they're based in -- near Chicago,
8 Illinois, the parent company.

9 So this firm, obviously, has made the
10 determination that it's in their best interests financially
11 to purchase utility companies in the state of Florida at
12 what ever stage of need of repair to modify those plants and
13 to constantly ask for rate increases. And I guess it works
14 for them. It's working for them very well. If they get a
15 33-percent rate increase, that's an excellent system, you
16 know.

17 I'm saying that I guess it troubles me that a
18 portion of our operating expense is going to a CEO and a
19 staff of officers in Chicago, Illinois. And the problem we
20 have -- as someone else brought up earlier tonight -- we
21 don't have another choice. We can't go to another supplier
22 in this particular case.

23 So the real question for me is how much of the new
24 allocated cost is going to managing the corporate level and
25 how much of that corporate level is necessary. The real

1 problem we end up with is what safeguards do we have against
2 waste and mismanagement. I mean, we're being asked to pay
3 an increase in our rates because of the fact that they've
4 had an increase in their cost of operations.

5 And I know this is a minor point, but we got two
6 letters on this from this company stating the date
7 difference. Now, that's a minor point. It might have cost
8 them a couple hundred dollars in postage, but I had to laugh
9 when I got it, and I thought to myself, indirectly, I'm
10 going to pay for whoever made that mistake because that's
11 going to add to their cost of operation, which indirectly is
12 going to give them a justification for another rate
13 increase.

14 So this is where we look to you people and to, of
15 course, the Commission to bring this down to a level of
16 understanding.

17 The other thing I'm going to throw out that I have
18 a real problem with is the variable gallonage rate. I'm
19 going to ask that to you this evening in a question. Why is
20 it that if you have a multi-family their gallonage rate is
21 higher than a single family?

22 **MR. WILLIS:** In a multi-family unit, the
23 Commission doesn't put a cap on as they do residential
24 customers.

25 **WITNESS CRUMLEY:** Why is that?

1 **MR. WILLIS:** Normally, because it's very
2 difficult, on general service or multi-family, to try and
3 make a determination on how much water is going to be going
4 for irrigation purposes. What they do is calculate the bill
5 based on 80 percent of your water consumption.

6 **WITNESS CRUMLEY:** Okay. What I'm saying is -- in
7 regard to my mind, as just an example, I own a number of
8 duplexes, two-family units. And most of the people who own
9 multi-family, and particularly apartment complexes, are all
10 -- number one, I don't allow car washing. It's not
11 allowed. Most multiple projects don't either. They either
12 have recycled water that they use for that. And no one can
13 afford to use county water for the purpose of irrigation,
14 particularly in a multi situation.

15 So I would say to you probably multi-meter
16 customers are using probably more water -- you know, I guess
17 that's the point you're laying at -- is being directed at
18 the sewage point.

19 **MR. WILLIS:** Exactly.

20 **WITNESS CRUMLEY:** Okay. The question is though --
21 but today in our economy, I think particularly in Pinellas
22 County with the cost of water -- and most of the people here
23 would agree with me -- almost everyone has had to go to a
24 pump well situation.

25 The interesting thing is, though, we're in a way

1 being penalized for being -- for conserving. By actually
2 conserving water and using, you know, more water just for
3 direct personal use, we're being penalized, and we're paying
4 a premium in the gallonage rate. And I have a little bit of
5 a problem with that. I'm not sure if there's -- if it's --
6 if it's fair, to begin with, and I don't know has it ever
7 been tested in a legal case? I mean it costs X dollars to
8 treat a gallon of water. Why is one party paying \$1.81 to
9 treat a gallon of water and another person is paying \$1.51
10 to treat a gallon of water?

11 **MR. WILLIS:** I'm not sure that anybody has desired
12 or tried to take a rate structure question like that to the
13 District Court of Appeals. Those --

14 **WITNESS CRUMLEY:** Okay.

15 **MR. WILLIS:** That's the court that actually you
16 appeal a decision of the Commission on.

17 The Commission looks at rate structures on every
18 case. They've looked at types of rate structures,
19 development of rate structures ever since I've been with the
20 Commission, and I've been there for 21 years. And the
21 Commission came up with this rate structure probably 12
22 years ago based on their continued analysis of usage of
23 different types of multi-residential customers versus
24 residential commercial versus general service customers.
25 Businesses are charged 96 percent of your water bill as the

1 gallonge. Your wastewater bill for a general service
2 customer for a business is based on 96 percent of your water
3 coming out of your -- actually, the water that you use out
4 of the water system versus a multi-family which is 80
5 percent.

6 But the studies the Commission has done over time,
7 they continue to show that the multi-family units don't
8 normally do any irrigating. That the majority of the water
9 they actually do get from the water system will actually
10 flow back --

11 **WITNESS CRUMLEY:** Okay.

12 **MR. WILLIS:** -- to the wastewater system versus
13 a homeowner who really has the desire to get out there and
14 keep their lawn green, to water their plants, do their
15 gardening, wash their cars. They are more apt to use a lot
16 more irrigation as opposed to multi-family.

17 **WITNESS CRUMLEY:** Okay. So -- and based on a
18 general attitude -- I mean, there's no factual data for
19 this. This is kind of a general attitude that this is sort
20 of the way things might be, rates are based on that?

21 **MR. WILLIS:** No. It's not a general attitude.
22 There's been studies done.

23 **WITNESS CRUMLEY:** Oh, okay. You have actual case
24 studies done?

25 **MR. WILLIS:** Right. There are case studies. We

1 have actually done case studies, and we continue to do those
2 to look at the actual consumption of different customers
3 classes.

4 WITNESS CRUMLEY: Right. So really, in essence,
5 the real fair thing is we need wastewater meters.

6 MR. WILLIS: One day they may develop those where
7 they're actually economical to do.

8 WITNESS CRUMLEY: Yeah. And that probably would
9 be the fairest system is to actually pay for the water that
10 you're asking someone to treat.

11 MR. WILLIS: Yes, it would.

12 WITNESS CRUMLEY: Okay.

13 MR. WILLIS: They just haven't developed something
14 like that that's economical enough because of the size of
15 the pipe to put that on -- to put something at every
16 residential customer's outflow.

17 WITNESS CRUMLEY: Okay. I understand completely.

18 And the other thing is -- I've got two final
19 requests. One is in the next week or so, what I'm asking
20 for is if someone can give me a synopsis of how we got to
21 the rate base.

22 MR. WILLIS: Sure.

23 WITNESS CRUMLEY: Okay. In other words, starting
24 from the original purchase value, which I think was \$88,000
25 was what you valued at, and what plant improvements were

1 added at what cost and what depreciation was taken out and
2 how we got to the 1.6 million rate base where we are
3 today. Is that --

4 MR. WILLIS: Sure.

5 WITNESS CRUMLEY: Okay.

6 MR. WILLIS: We can probably do that.

7 WITNESS CRUMLEY: That would be wonderful.

8 MR. WILLIS: We'll be contacting you and talk to
9 you about that. I think we can go back and pull the orders
10 prior to when they were purchased --

11 WITNESS CRUMLEY: Okay.

12 MR. WILLIS: -- and we can get those to you.

13 WITNESS CRUMLEY: And the only thing I have as far
14 as a service factor, we have, in our particular location,
15 had an odor problem. We've been working with the company
16 for a couple of years to try to solve the odor problem. We
17 haven't got it solved yet. Hopefully that will be
18 done. I've made an offer to do some things, and they're
19 supposed to be doing some studies on it to resolve the
20 problem, but I just thought this would be a good opportunity
21 to bring it up and maybe remind some people that we need to
22 get that resolved as soon as we can in a reasonable way.

23 And --

24 MR. WILLIS: Where is the odor problem at?

25 WITNESS CRUMLEY: It's 30 -- on Park Lane.

1 **MR. WILLIS:** Do you know where it's coming from?
2 Is it a wastewater treatment plant lift station?

3 **WITNESS CRUMLEY:** It's actually from a manhole.
4 We have a problem -- what caused the problem is the original
5 -- where I have property, the original line started. After
6 -- with growth, some mobile home parks came on line, and
7 they added it to the end of that point. So it's -- it comes
8 out of a lift station that's pumped with some volume
9 pressures down to a relatively shallow manhole, and in that
10 manhole it makes a 45-degree -- or a 90-degree turn, the
11 affluent. The problem is that the odor doesn't make the
12 turn. The odor, in essence, is being pumped out through the
13 main stacks and some corner buildings.

14 So we've looked into using some studor (phonetic)
15 valves, possibly, and putting those on mainstacks. We've
16 tried sealing the manhole. It's been a problem for us. And
17 we have some -- we have some taps that come into the manhole
18 also which are causing a problem.

19 It's been a problem for a number of years, I'm
20 going to say. It was brought up at the '93 rate case.

21 **MR. WILLIS:** It has. I remember now.

22 **WITNESS CRUMLEY:** Yes, it has. And I have even
23 offered to do some taking out of driveways, if necessary, to
24 solve the problem. So hopefully we can get that resolved.
25 And it is an irritant and could be a health problem in the

1 future.

2 **MR. WILLIS:** That one I'm aware of.

3 **WITNESS CRUMLEY:** Okay. Great. Thanks.

4 And, other than that, the only other question -- I
5 have to do this in the form of a little bit of humor. You
6 know, most in the free enterprise system like to say that
7 let free enterprise do it rather than government because
8 they can operate so much more efficiently. Considering the
9 rate increase and some of the numbers that are available
10 from some of the publicly-owned utilities in this area, I
11 might question that theory at this point.

12 Thank you very much for your time. I appreciate
13 it.

14 **MR. WILLIS:** Thank you for coming tonight.

15 Our next speaker is J.L. McNaughton.

16 **J.L. MCNAUGHTON**

17 appeared as a witness and testified as follows:

18 **DIRECT STATEMENT**

19 **WITNESS MCNAUGHTON:** Yes. I just wanted to voice
20 opposition to the 33-percent rate increase.

21 My name is J.L. McNaughton. That's
22 M-c-N-a-u-g-h-t-o-n. I live at 2201-S Spanish Vistas Drive
23 in Palm Harbor. And I live in a two-bedroom apartment, so a
24 lot of this stuff -- you know, you want a 10-dollar-a-month
25 increase in your rate. I mean this is ridiculous. I mean

1 for \$10 more, I'll cap off all the sewers, and I'll just put
2 in an outhouse for the heck of it.

3 And that's all I have to say is I'm in opposition
4 to this, and if you get this, this is robbery.

5 **MR. WILLIS:** Thank you.

6 Last person I have signed up is Carl Davis.
7 Mr. Davis? Mr. Davis still here?

8 Is there anyone else who would like to come
9 forward and say something? Is there anyone else who already
10 came forward who would like -- Mr. Phillips?

11 **WITNESS PHILLIPS:** Yes, I will.

12 **MR. WILLIS:** I knew you'd eventually come up here.

13 **NORMAN PHILLIPS**

14 appeared as a witness and testified as follows:

15 **DIRECT STATEMENT**

16 **WITNESS PHILLIPS:** A lot of it's been covered,
17 but --

18 **MR. WILLIS:** Give us your name for the record,
19 Mr. Phillips.

20 **WITNESS PHILLIPS:** My name is Norman Phillips,
21 P-h-i-l-l-i-p-s. I live at 1968 Spanish Pines Drive, Palm
22 Harbor. It's the Spanish Pines Home Association
23 development. I'm the chairman of the association. We have
24 108 houses in this development which was put in in the late
25 '70s.

1 nowadays.

2 **MR. WILLIS:** Well, actually, when you talk about
3 assessing, they really don't assess anything. The question
4 they were talking about or what they were commenting
5 about is --

6 **WITNESS HATTON:** Number of customers.

7 **MR. WILLIS:** -- how they were calculating the
8 number of customers in their filing. We had talked to some
9 of the association members this afternoon about the
10 reallocation of some of the expenses that's in the filing,
11 and they're basing on a new allocation with -- going from
12 what's called an equivalent residential connection they've
13 done over the years to number of customers. And the number
14 of customers doesn't agree with the number billed, and
15 that's what we were going over with some of the customers.

16 **WITNESS HATTON:** Right.

17 **MR. WILLIS:** That's what they were talking about.
18 It's not really assessing anybody; it's just how they're
19 calculating their allocations based on customers.

20 **WITNESS HATTON:** That's right. That's what I was
21 just wondering about. For my household, I have a
22 three-bedroom, two-bath house, and there's only two people
23 living in the house, and that's all that will be there. Why
24 should I have to pay for a three-person house even though I
25 have a three-bedroom house.

1 **MR. WILLIS:** I understand that.

2 **WITNESS HATTON:** That's my point. Thanks.

3 **MR. WILLIS:** I appreciate it. Thank you.

4 Is there anyone else who would like to make a
5 closing comment?

6 With that, we'll go ahead and go off the record
7 and adjourn the meeting tonight.

8 If you would like to come forward and ask
9 questions, we're here. We have some staff members in the
10 back of the room to answer questions. If you would like to
11 fill out one of these forms to request the staff's Proposed
12 Agency Action Recommendation, you can do that by talking to
13 the gentleman in the back of the room from the staff or
14 coming up here and getting one of these and filling it out
15 and turning it in to us.

16 We certainly appreciate you coming tonight, and I
17 would like to thank you. With that, the meeting is
18 adjourned.

19 (Thereupon, the hearing concluded at 7:43 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
 :
COUNTY OF PINELLAS)

CERTIFICATE OF REPORTER

I, Rishelle M. Gaura, Reporter,

DO HEREBY CERTIFY that the Customer Meeting in
Docket No. 971065-SU was heard by the Staff of the Public
Service Commission at the time and place herein stated; it
is further

CERTIFIED that I stenographically reported the
said proceedings; that the same has been transcribed under
my direct supervision; and that this transcript, consisting
of 51 pages, constitutes a true transcription of my notes of
said proceedings.

DATED this 20th day of January, 1998.

Rishelle M. Gaura
RISHELLE M. GAURA