

State of Florida



## Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** May 9, 2016  
**TO:** Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk  
**FROM:** Clayton Lewis, US Engineering Specialist, Division of Engineering *CKL ps*  
**RE:** DN 150010-WS – Application for staff-assisted rate case in Brevard County by  
Aquarina Utilities, Inc.

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Please file the attached "Request from Aquarina Community Service Association to consider Aquarina Utilities service as Unsatisfactory" in the "Consumer side of the Correspondence Tab" in the above mentioned Docket File.

Thank you.

**Terri Jones**

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**From:** Clayton Lewis  
**Sent:** Monday, May 09, 2016 8:39 AM  
**To:** Terri Jones  
**Cc:** Robert Graves  
**Subject:** FW: Aquarina Utilities Rate Case--PSC Docket No. 150010-WS  
**Attachments:** ACSA.PSC Commissioner Letter.pdf; ATT00001.htm; ACSA.PSC Complaint Issues.pdf; ATT00002.htm; ACSA.PSC 5th Response.pdf; ATT00003.htm

Please file this email and attachments in the Correspondence section of Docket No. 150010-WS .

Thank you

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**From:** Don Schwinn [<mailto:donschwinn@comcast.net>]  
**Sent:** Sunday, May 08, 2016 8:33 PM  
**To:** Office of Commissioner Brisé; Office Of Commissioner Edgar; Office of Commissioner Brown; Office Of Commissioner Graham; Office of Commissioner Patronis  
**Cc:** Saylor, Erik; Clayton Lewis  
**Subject:** Aquarina Utilities Rate Case--PSC Docket No. 150010-WS

**To: Chairman Brown and Commissioners Brisé, Edgar, Graham, Patronis**  
**Attached to this transmittal page is a letter from the president of our 375-member HOA along with a summary describing the poor quality of service we have received from the utility since its purchase in 2011. In particular we point out the utility's poor handling of complaints and its non-compliance with PSC and DEP Rules. In the letter we ask you to rate the utility's Quality of Service *unsatisfactory*.**

*Please read the letter and attachments prior to the June 9 agenda conference.*

**Here are the Phase II rate increases proposed for residential users by the staff in their February 22, 2016 preliminary report.**

<u>Water</u>	<u>%Increase</u>
Base Charge	+49.7%
Charge per 1000 gallons	+74.8%
<b>Irrigation</b>	<b>+47.4%</b>
*****	
<u>Wastewater</u>	
Base Charge	+15.4%
Charge per 1000 gallons	+49.5%
*****	

**In 2014, the PSC Staff's test year, the utility's revenues were approximately \$430,000 on which the reported loss was about \$40,000. But the staff's recommendation is to provide the utility with an increase in revenue of about \$170,000, \$130,000 more than their stated total operating cost! The \$170,000, of**

**which \$130,000 is profit, amounts to 30% profit on sales – hardly reasonable or justified considering the level of service.**

**We believe that these proposed increases are not only exorbitant but that they will subject the Commission to public scorn, especially from our residents and Board of Directors.**

**In addition, the proposed increases will be a hardship to many of our older residents on fixed incomes.**

**We trust you will vote to give an unsatisfactory Quality of Service rating to the utility and that you will delve for ways to minimize the rate increases.**

**Thank you,**

**Donald E. Schwinn  
Member, Water Utility Committee  
Aquarina Community Services Association**

**Aquarina Community Services Association  
450 Aquarina Boulevard  
Melbourne Beach FL 32951**

May 7, 2016

Ms. Julie I. Brown, Chairman  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: PSC Docket No. 150010-WS  
Aquarina Utilities Rate Increase  
Quality of Service Issues

Dear Chairman Brown:

I am President of the Aquarina Community Services Association, a 375-member homeowners association whose utility, Aquarina Utilities Inc., is currently engaged in a staff-assisted rate case. The purpose of this letter and its attachments is to make you directly aware of the unsatisfactory service the utility has provided since its purchase by the Burge Family in 2011. The utility's negative responses to complaints, and to damages caused by their operations, have alienated our entire community. In a separate letter we have requested that you mandate a Management Audit in the hope the owner-operators of the utility can be made to change their ways.

Major reasons for our dissatisfaction include:

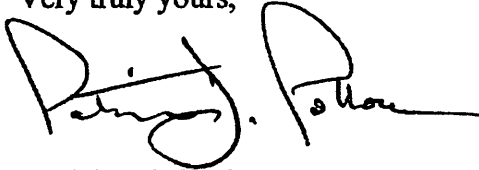
- Unless a complaint is made to the PSC, the utility considers it to be only a "concern" no matter how serious the problem. This does not comply with PSC Rule 25-30.130 that requires recording of complaints made to the utility and their resolution.
- Refusal to repair or pay for damages their operations have caused to household appliances, internal plumbing, water filters, and fire pressure pumps.
- Extensive delays measured in weeks and months to major service line plugging and leakage events.
- Failure to flush dead-end water mains quarterly as required by DEP Rule 62-555.350.
- Casual or non-responses to complaints about drinking water taste, odor and appearance.
- Failure to notify high-rise condominiums and the fire department about loss of pressure in the fire system.
- Failure to notify our golf course operator and homeowners of outages in the non-potable irrigation system.
- Failure to eliminate periodic offensive odors from the wastewater plant.

In addition to the above, the owner-operators of the facilities frequently respond to complaints in an adversarial manner, totally opposite to what one would expect from a utility servicing the public.

As an indication of our dissatisfaction our Board of Directors believes that it would not be difficult to obtain a 65 percent petition from our owners to decertify the utility.

We hope your reading of the attached will provide a better understanding of some of the many specific events that have alienated our community. For all of the above reasons we ask that you find the utility's quality of service unsatisfactory.

Very truly yours,

A handwritten signature in black ink, appearing to read "Patrick J. Pollock". The signature is written in a cursive style with a large initial "P" and a long horizontal stroke at the end.

Patrick J. Pollock  
President  
Aquarina Community Services Association

cc via email:  
Commissioners Brisé, Edgar, Graham, Patronis  
Clayton Lewis, Erik Sayler

**Aquarina Community Services Association  
450 Aquarina Boulevard  
Melbourne Beach FL 32951**

**May 8, 2016**

**Aquarina Utilities Inc Docket No. 150010-WS  
Complaint and Non-Compliance Issues**

From the PSC Staff's Preliminary Report of February 22, 2016

“Staff reviewed the Commission's complaint records from January 1, 2010, through December 31, 2014, and found four complaints, which were all resolved in 2011 and 2012. Staff requested copies of complaints filed with the Utility during the test year and four years prior to the test year. The Utility responded that three customer complaints were received during 2011 and none during the test year”.

**We believe the utility has been in non-compliance with PSC Complaint Rules as follows:**

Excerpts from Utility's Fifth Response Dated April 6, 2016 (excerpt attached) and signed by Holly Burge, owner-operator of the facility:

*“The utility does not consider any issue that has not been recorded through the formal complaint process of the Florida Public Service Commission a complaint.”*

*“Other than formal complaints registered at the FPSC, any other issue brought to the utility's attention is considered a regular daily “concern” ...”*

They have used this excuse to demote the need for prompt resolution to major service connection and system failures.

The utility's complaint policy has therefore not complied with the following rule:

**25-30.130 Record of Complaints.**

(1) Each utility shall maintain a record of each signed, written complaint received by the utility from any of that utility's customers.

(2) The record shall include the name and address of the complainant, the nature of the complaint, the date received, the result of the investigation, the disposition of the complaint and the date of the disposition of the complaint.

We believe that emailed complaints to the utility fall within the definition of paragraph (1) above and that the utility has been in violation of 25-30.130 many times. The utility should be able to produce these records and if they cannot, they should be penalized.

Confirmation of the number of complaints the utility has not recorded is contained further in the owners' Fifth response as follows:

*“...given the vocal nature of the Aquarina community, maintaining a log book of all calls and “complaints” as defined above would require a full-time employee specifically designated for that purpose”.*

Please note that the utility's defining our community as “vocal” is only because of their poor quality of

**Aquarina Community Services Association  
450 Aquarina Boulevard  
Melbourne Beach FL 32951**

service. Moreover a further indication of the unprofessional attitude of the owners and their disdain for their customers is found a few sentences later in their Fifth response:

*“While (we) appreciate the fact that many of the homeowners in the Aquarina Community are affluent and priveleged families...”*

However the utility owners seemingly ignore that many of our homeowners are not “affluent and priveleged” and to whom a major rate increase would have significant financial impact. In fact, 57 of our homeowners live in residences valued at \$65,000 to \$95,000. There is no substance to the owners’ contention that customer income should have any bearing on the quality of service they are stipulated to furnish under PSC and DEP Rules.

In our Association’s letter to the PSC dated March 16, 2016 the following categories of complaints made by Aquarina customers were listed. Many of these were presented by the customers themselves during the March 10 Public Hearing; many more were not;

- Extremely low water pressure over a period of months or in one case a year.
- No notification of service interruption leading to damaged pumps in buildings with supplementary pumps.
- No notice of repairs to mains and no notice to boil following the repair.
- Sink traps, hot water heaters and other equipment clogged with sand and debris following repairs that homeowners were not notified of.
- Discolored and sometimes black water flow from potable water faucets
- Non-availability of irrigation water to the golf course at critical times.
- Non-availability of water for sub community irrigation.
- Unusual build up of debris in homeowner water filtration units.
- Insufficient supply of fire suppression water and no notification to homeowners or the local fire station.
- Over billing of homeowners, multi resident buildings and the golf course because of faulty or misread meters. These types of complaints in particular are typically never addressed in a meaningful way.
- Irrigation sprinkler heads fouled by shell debris.
- Tardy response to urgent water quality and repair issues.
- Failure to restore properties to their original condition following repairs to water and sewer lines.

Because of the utility’s non-reporting of complaints, and to facilitate each Commissioner’s understanding of the unsatisfactory nature of the utility’s service, we have summarized below the specific complaints made at the March 10<sup>th</sup> Hearing:

**Aquarina Community Services Association  
450 Aquarina Boulevard  
Melbourne Beach FL 32951**

**Speakers and Their Complaints Voiced at the March 10, 2016 Public Hearing(from the transcript):  
All of these complaints occurred after the utility was purchased by the Burge family.**

**James Royer 382 Aquarina Blvd:**

Incomplete broken pipe repair resulting in extensive debris damage to household appliances and sand deposits in piping within house walls. Sheetrock had to be removed and replaced to access clogged piping. Appliances had to be overhauled and/or replaced. Total repair costs exceeded \$3000. Utility refused to share in cost.

**Joyce Malakoff 864 Aquarina Blvd**

Erroneous meter reading dispute. After receiving utility bill showing exceptionally high usage, electrical and plumbing inspectors were hired by owner to locate problem. No leaks were found. Utility refused to admit meter problem. Owner paid the incorrect water bill plus \$437 inspection bill. Utility gave courtesy reimbursement of \$99.

**Richard Koziski 107 Caledonia Drive**

Loss of irrigation water without notice from utility.

**Marion Ruppert 383 Aquarina Blvd (same event as Royer above)**

Water leak at front of house. Utility shut off water without notice and repaired pipe. During repair sand and pebbles got into new service. Clogged faucets, damaged appliances, expensive repairs that utility refused to pay for. Utility refused owner's request for a \$365 reimbursement for repairs.

**Tim Meins, Maintenance man for 100, 130 and 140 Warsteiner Way. (three 8-Story condominiums)**

Utility failed to notify that the supply valve to hydrant was shut off. The fire department required the customers to overhaul the hydrant. Then found the hydrant was ok and that it was a distant shut off valve that caused the hydrant not to work. Utility said they knew valve was shut off and that only they had the right to touch the hydrant. They did not pay for the \$830 hydrant overhaul.

Also utility did not notify that their main fire pump was off line. Customer's fire pump was burned out by running dry and had to be replaced for \$1300. Utility would not pay for new pump.

**Dale Helmer 130 Warsteiner Way**

Wife needs high efficiency water filters for health problem. Filters usually lasted 6 months but began to clog much more frequently with brown particles. Utility was notified in writing but did not investigate.

**Joan Lynch 212 Osprey Villas Court**

Reported low pressure to utility in early January 2016. Clogged service pipe between street water main and meter was causing complete loss of water pressure with one fixture open. Condition existed for 5 weeks before repair that required an entirely new service to be brought from other side of street. After several weeks of near-zero pressure temporary relief was provided by connecting a 200 ft garden hose from a utility hose bibb. Utility did not repair lawn damage and did not completely backfill sidewalk which left a dangerous walking situation. (Token repairs were made a few weeks after the meeting.) Owner was not instructed to boil water after installation of new service pipe.



**Aquarina Community Services Association  
450 Aquarina Boulevard  
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Pauline Nicholson 110 Whaler Drive (4-story condominium)

Damage to fire pump due to outage of main fire pump at the utility. Not notified by utility. \$232 to repair pump.

Water quality problem; tap water was white with film on top. Later identified as air entrained by utility's main pump. This same complaint was reported by many others

Tim Kenefick 420 Hammock Shore Drive

Whole house filter began to clog prematurely. Chocolate colored particles are clogging filter in 2 weeks. He warned that those who drink unfiltered water are ingesting these particles. (House is at end of water main and the main is rarely flushed).

The following major complaint started before the March 10 Public Hearing. Owners were not able to attend hearing.

Sherry Burnette 218 Osprey Villas Court; Roger Conant 220 Osprey Villas Court

Soggy ground in area surrounding meter box was reported by Burnette to utility on Feb 8, 2016. Kevin Burge, an owner of the utility was notified. Leak was identified as being ahead of meter. Burge said he could not repair because of lack of plumber's license and lack of interest of local plumbers to work on such a small project. Leak worsened. PSC was notified by Burnette after no repair by utility. *Five weeks later utility told owner they were unable to find a company that would make the repair for what the utility was able to pay them.* Neighbor Conant also complained to PSC. On April 3, 2016 the Osprey Villas HOA wrote the PSC about the problem. Their letter stated:

**“With regard to the Conant/Burnette complaint, the leakage from the service pipe just ahead of the Burnette meter has gone on for at least 6 weeks. The flow travels approximately 50 feet across our association’s roadway to a storm drain inlet. This situation is unsightly to our residents and guests. Using a bucket and stopwatch one of our residents has measured the leakage flow at 1.02 gallons per minute. This works out to about 1470 gallons per day, or about 66,000 gallons in 6 weeks. This is drinking water that has been pumped, treated by reverse osmosis and disinfected. The utilities cost to allow this flow to be wasted should be deducted from their operating cost. The PSC should require the utility to repair this situation immediately.”**

Unannounced on Wednesday morning April 13 a bevy of trucks and excavating equipment arrived to repair the leak. An excavation of about 6ft by 20ft was made in the cul-de-sac. The street was blocked until about 3pm preventing garbage and recycle trucks from servicing the last 5 homes on the street.

It took more than 2 months to accomplish the repair. *Based on the HOA's flow measurement about 90,000 gallons of drinking water was wasted to the storm drain during that period.*

## **Aquarina Utilities, Inc.**

P.O. Box 1114  
Fellsmere, Florida 32948  
(772) 708-8350 (mobile billing)  
(772) 708-7946 (mobile emergency)  
[aquarinautilities@bellsouth.net](mailto:aquarinautilities@bellsouth.net)

6 April 2016

**Mr. Clayton Lewis  
U.S. Engineering Specialist  
Bureau of Reliability and Resource Planning  
Division of Engineering  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399**

Reference: **Staff's Fifth Data Request dated 1 April 2016  
Docket No. 150010-WS Aquarina Utilities SARC**

Dear Mr. Lewis,

With regard to the staff's additional questions following the customer's meeting 10 March 2016, Aquarina Utilities, Inc. offers the following responses:

1. **Customer Complaints:** The Home Owners' Association, via Dr. Schwinn, stated that Aquarina is not properly recording the customer complaints it receives.

**(Reference 25-30.355 F.A.C - Complaints, See Attachment A.)**

***25-30.355 Complaints.***

- (1) A utility shall make a full and prompt acknowledgement of all customer complaints and shall respond fully and promptly to all requests.***
- (2) For the purpose of this rule the word "complaint" used in this rule shall mean an objection made to the utility by the customer as to the utility's charges, facilities or service, where the disposal of the complaint requires action on the part of the utility.***
- (3) Replies to inquiries by the Commission's staff shall be furnished within fifteen (15) days from the date of the inquiry and shall be in writing, if requested.***

The utility questions how Mr. Schwinn would have knowledge of how customer complaints are identified, prioritized, and recorded within the utility. The utility does not consider any issue that has not been recorded through the formal complaint process of the Florida Public Service Commission a complaint. There is no reference in the above statute that suggests that a log of "complaints" of any kind needs to be maintained, and, given the vocal nature of the Aquarina community, maintaining a log book of all calls and "complaints" as defined above would require a full-time employee specifically designated to that purpose. Other than formal complaints registered at the FPSC, any other issue brought to the utility's attention is considered a regular, daily "concern", which is addressed as soon as possible, usually within a few hours or a few days at most. The daily concerns and issues are recorded and archived in emails and our customer correspondence files. There are no records of telephonic complaints beyond a few notes in customer billing files; we encourage our customers to email their needs to us so that they may receive their proper attention and priority.

In the event of multiple issues or concerns, these are addressed in order of importance, relative to public safety and continuation of water service. Certain issues, relative to customer service, for example the demand for direct debit from bank accounts for payment of customer bills, are addressed in due course of time, relative to the utility's assessment of financial feasibility and the availability through an external source or practicality of such a service with the limited number of utility employees. Unfortunately, not every demand or request made by our roughly 300 customers can be resolved. As we recently reminded customers on Osprey Villas Court,

*"While [we] appreciate the fact that many of the homeowners in the Aquarina Community are affluent and privileged families, at some point the populace will need to come to terms with the reality that a utility that services only 300 customers cannot offer the same level of service that large municipal utilities of many hundreds of thousands of customers can offer. We are not afforded the same priority of service by underground crews [or other vendors] that a large municipality might be, since the municipality can offer the attraction of prolonged lucrative contracts that we cannot. We have made every effort to provide the best possible service with the least expense to our customers; however, there are some circumstances that are beyond our ability to control."*

A. Does Aquarina record all customer complaints? Aquarina Utilities keeps a record of all non-telephonic customer correspondence, either in email archives or in a customer correspondence folder dedicated to the month and year it was received. All formal complaints lodged through the FPSC are separately handled and filed accordingly. These formal complaints are the ones reported to the FPSC. All other issues and correspondence are not considered "complaints." Small correspondence such as changes of address and comments received with billing remittances are enclosed with the payment materials in our payment records after appropriate updates are made to accounts as requested.

- B. What is the Utility's procedure and practice for recording and resolving customer complaints? Issues are handled as soon as possible following correspondence. The utility encourages all customers to send their requests and concerns in email format or in written format, as it is not possible for us to record or transcribe calls. It is impractical to maintain a log book of all calls and concerns with the limited employee resources currently on hand at the utility. A log book has been attempted; however, it consumed many hours a day in notes and entries. The utility simply does not have the manpower to keep a log book, particularly as it is not required by law. Should the customers or the FPSC wish to have the utility maintain a log of all calls and issues, an additional employee must be authorized by the FPSC for just that function.**
- C. Please provide a list of all service complaints received during the year 2015 and include an explanation of how each complaint was resolved. While the utility had several daily issues in 2015, including a leak in Blue Heron as a result of tree root activity, a failure of the pump system on the non-potable system, a few issues of unusually high usage, and several others, these issues do not constitute complaints as no formal appeal was made to the FPSC. Each issue was addressed in a timely, professional manner and the details of many of these situations have already been provided to the FPSC in other correspondence.**
- D. What is the Utility's procedure and practice for recording and addressing customer service inquiries? All inquiries are addressed as soon as possible. There are written records for any emailed or mailed correspondence; however, we do not transcribe telephonic inquires unless they are subsequently submitted as email. We take notes, make appointments to meet the parties involved, and arrange for resolution as quickly as possible. As we have no control over the satisfaction of our customers in cases in which they are unable to understand or accept the resolution offered, not every customer is completely satisfied with our resolution of an issue, e.g. Mrs. Joyce Malakoff of 864 Aquarina Blvd., a case thoroughly reported to the FPSC.**
- 2. Service Outages:**
- In the past five years of operation, Aquarina Utilities has only had one large-scale planned outage. This outage was related to the inspection, cleaning and service of the potable water storage tank in 2013. Customers were notified a week in advance, in writing, of the outage, its planned duration, and its purpose. On the day of the cleaning, as often happens, return of service was delayed a few hours by a problem that developed during the cleaning. The problem was resolved and service was returned by about 10pm the same day. Any outages related to repairs such as the Blue Heron repair, could not be announced in advance as factors such as repair crew availability and the weather often change the dates and times of such outages at the last minute. It is impractical to notify customers in these situations in writing. The utility makes every effort to knock on doors and let people know what is happening. With regard to unplanned outages in the non-potable system, there is absolutely no way to predict when and for how long these will take place. Public notification is accomplished as best as possible with the limited contact resources with which we are provided. Repairs are made as expediently as possible.**