

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 150071-SU

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

_____ /

PROCEEDINGS: SERVICE HEARING

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

DATE: Monday, November 7, 2016

TIME: Commenced at 6:00 p.m.
Concluded at 7:06 p.m.

PLACE: Harvey Government Center
Board of County Commissioners
Meeting Room
1200 Truman Avenue
Key West, Florida 33040

REPORTED BY: LINDA BOLES, CRR, RPR
Official FPSC Reporter
(850) 413-6734

1 APPEARANCES:

2 MARTIN S. FRIEDMAN, ESQUIRE, Friedman,
3 Friedman & Long, P.A., 766 North Sun Drive, Suite 4030,
4 Lake Mary, Florida 32746, and BARTON W. SMITH, ESQUIRE,
5 Smith, Oropeza, Hawks, P.A., 138-142 Simonton Street,
6 Key West, Florida 33040, appearing on behalf of KW
7 Resort Utilities Corp.

8 ROBERT SCHEFFEL WRIGHT and JOHN T. LaVIA, III,
9 ESQUIRES, Gardner Law Firm, 1300 Thomaswood Drive,
10 Tallahassee, Florida 32308, and CYNTHIA HALL, Assistant
11 County Attorney, Monroe County Attorney's Office, 1111
12 12th Street, Suite 408, Key West, Florida 33040,
13 appearing on behalf of Monroe County, Florida.

14 J.R. KELLY, PUBLIC COUNSEL, and ERIK L.
15 SAYLER, ESQUIRES, Office of Public Counsel, c/o the
16 Florida Legislature, 111 W. Madison Street, Room 812,
17 Tallahassee, Florida 32399-1400, appearing on behalf of
18 the Citizens of the State of Florida.

19 ANN AKTABOWSKI, 6800 Maloney Avenue, Unit 100,
20 Key West, Florida 33040, appearing on behalf of Harbor
21 Shores Condominium Unit Owners Association.

22 KYESHA MAPP and JENNIFER CRAWFORD, ESQUIRES,
23 FPSC General Counsel's Office, 2540 Shumard Oak
24 Boulevard, Tallahassee, Florida 32399-0850, appearing on
25 behalf of the Florida Public Service Commission Staff.

1 APPEARANCES (Continued):

2 KEITH HETRICK, General Counsel, and MARY ANNE
3 HELTON, Deputy General Counsel, Florida Public Service
4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
5 Florida 32399-0850, appearing as advisors to the
6 Commission.

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1
2 **COMMISSIONER PATRONIS:** Welcome. I'm
3 Commissioner Jimmy Patronis. To my right, I've got
4 Chairman and Commissioner Julie Brown.

5 **CHAIRMAN BROWN:** Hi.

6 **COMMISSIONER PATRONIS:** And Commissioner Art
7 Graham from the Florida Public Service Commission.

8 Thank you to Monroe County for allowing us to
9 use their wonderful facility, and for all those
10 participating and coming here on your own time tonight
11 to be -- for our service hearing. So at this time I'll
12 ask staff to please read the order.

13 **MS. MAPP:** By notice issued October 5th, 2016,
14 this time and place was set for a customer hearing in
15 Docket No. 150071-SU, application for increase in
16 wastewater rates in Monroe County by KW Resort Utilities
17 Corp.

18 **COMMISSIONER PATRONIS:** Thank you very much.
19 At this time I'll take appearances of counsel.

20 **MR. FRIEDMAN:** Martin Friedman on behalf of
21 Key West Resort Utility.

22 **MR. SMITH:** Bart Smith on behalf of KW Resort
23 Utilities.

24 **MR. KELLY:** J.R. Kelly and Erik Sayler for the
25 Office of Public Counsel representing the customers of

1 KWRU.

2 **MR. WRIGHT:** Schef --

3 **MS. AKTABOWSKI:** Sorry. You're ignoring me
4 too?

5 (Laughter.)

6 **MR. WRIGHT:** No, I was -- please.

7 **MS. AKTABOWSKI:** Hey, wait a minute.

8 **MR. WRIGHT:** I was following the earlier --

9 **COMMISSIONER PATRONIS:** Ladies first.

10 **MS. AKTABOWSKI:** Ann Aktabowski, representing
11 Harbor Shores Condominium Unit Owners Association.

12 **MR. WRIGHT:** I apologize to Ms. Aktabowski. I
13 was following the party order that was established in
14 the main hearing this morning.

15 Robert Scheffel Wright and Cynthia L. Hall,
16 Assistant County Attorney, I'm a private practice
17 attorney, representing Monroe County, the largest
18 customer of KWRU.

19 **COMMISSIONER PATRONIS:** Okay. Thank you. Now
20 we begin with -- oh, I'm sorry. Well, staff, y'all go
21 ahead and --

22 **MS. MAPP:** Kyesha Mapp on behalf of Commission
23 staff, and Jennifer Crawford as well.

24 **MR. HETRICK:** Keith Hetrick, General Counsel,
25 and Mary Anne, Deputy General Counsel, representing the

1 PCS advisor. Thank you.

2 **COMMISSIONER PATRONIS:** Thank you.

3 Now let me begin by welcoming all of you here
4 if you're joining us this evening. We appreciate your
5 interest in the petition filed by KW Resort.

6 This hearing is designed so that we can hear
7 from the customers, so it is your opportunity to express
8 your thoughts. We also have company representatives
9 here and PSC staff available to discuss billing and
10 service issues too.

11 At this time I'd like to introduce the Public
12 Service Commission staff that is here. Thank y'all for
13 being here.

14 And this hearing is an official hearing. It
15 will be transcribed and become part of our official
16 record. As such, you will need to be sworn in as you
17 present your comments, and we'll take care of that in a
18 few minutes. Please note your comments will be subject
19 to cross-examination. That is, you may be asked
20 questions by either one of the parties or some of the
21 Commissioners. You have noticed that there is a speaker
22 sign-up form. Have you seen the speaker sign-up
23 forms -- raise your hands, thank you, nod your heads,
24 thank you -- provided by staff when you arrived? If you
25 do plan to speak today, make sure you have signed one of

1 these forms, if you haven't already.

2 If you do not want to provide verbal comments
3 at this time, you may give us written comments as well.
4 For your convenience, the handout has been designed for
5 written comments. You can leave your comments with us
6 today by handing the comment sheet to staff that are
7 stationed in the back of the room.

8 You also may fill out the form letter and mail
9 it to us. Whether your comments are made verbally
10 tonight or received in writing, your comments will be
11 reviewed and taken into consideration during the course
12 of these proceedings.

13 Now I'll invite the attorneys for the parties
14 to provide a very brief -- or they may waive their
15 opening statement of three minutes or less with KW
16 Resort Utilities.

17 Next we'll hear from the Office of Public
18 Counsel, and finally we'll hear from our intervenors.
19 KW Resorts will have the ability to use whatever portion
20 of their time they have reserved to make comments after
21 the intervenors have made their statements.

22 **MR. FRIEDMAN:** We waive.

23 **COMMISSIONER PATRONIS:** Waive. Thank you.

24 **MR. KELLY:** Is that the one to go to?

25 **COMMISSIONER PATRONIS:** Sure.

1 **MR. KELLY:** And, Commissioners, I'm going to
2 turn around and face my clients, if that's okay.

3 **COMMISSIONER PATRONIS:** Sure.

4 **MR. KELLY:** Good evening. Excuse me. Good
5 evening, folks. For those I haven't met, my name is
6 J.R. Kelly and, along with Erik Sayler, we represent
7 you, the customers of KWRU, in this matter. We've
8 intervened. We've put on expert testimony starting this
9 morning. And we're here basically to contest those
10 areas that we don't -- do not feel that KW is being
11 prudent and reasonable in what they're asking for. And
12 I just want to quickly point out three areas for you
13 that we are contesting.

14 First is what we call matching of revenues and
15 expenses. KW is asking for certain additional expenses
16 for building some additional plant and some other
17 equipment, and -- but they are not wanting to recognize
18 additional revenues that those plant will bring in. And
19 we just, bottom line, just feel that that is not fair
20 and reasonable to you, the ratepayers. So that's an
21 issue that we are arguing about in this case.

22 Number two deals with what we call reuse
23 revenues, and that is where KW will take water and they
24 will sell it for reuse to a golf course or to -- we
25 understand many customers are interested in possibly

1 buying reused water because it's cheaper. The utility's
2 biggest customer is owned by the affiliate that owns the
3 utility, and they are the biggest customer. We feel
4 that the rate they're going to charge for reuse is not
5 as high as it should be because the higher -- the more
6 money they make reselling reuse water, it lowers the
7 rates that you will pay as a wastewater customer. So
8 that is an issue that we're looking very closely at.

9 And another issue, the last one I'll bring to
10 your attention, deals with advanced wastewater
11 treatment. Back in the last rate case, the Commission
12 granted the utility the right to collect certain what we
13 call AWT or advanced wastewater treatment fees in the
14 rates that you are currently paying, and, therefore, you
15 were supposed to receive AWT services, standards. And
16 you have not been receiving it during the entire period
17 that you are still paying for those rates. So that is
18 something that we are asking the Commission to take a
19 very close look at.

20 The bottom line tonight, this is your hearing.
21 Several of you have called our office and have indicated
22 concerns about the quality of service that you've
23 received. And this is your opportunity, so please take
24 advantage of it. Sign up, come speak. Good, bad,
25 whatever you want to say, please tell the Commissioners

1 about the quality of service you receive. Also tell
2 them about how the rate increase will affect you and
3 your quality of life because that is something they need
4 to hear as well.

5 On behalf of our office, thank you so much for
6 taking time to come out tonight, and I look forward to
7 hearing your comments.

8 **MR. WRIGHT:** Thank you, Mr. Chairman.

9 Good evening. My name is Robert Scheffel
10 Wright. I go by Schef. A native Floridian, a long-time
11 PSC practitioner. I have the privilege of representing
12 your county government, Monroe County, in this case in
13 which we represent the citizens served by KWRU. I'll be
14 very brief. We have several -- a very few key
15 principles that we're asking the Public Service
16 Commission to follow in this case.

17 One, it's the utility's job to provide safe,
18 efficient, and reliable service at the lowest possible
19 cost.

20 Two, when you determine the lowest possible
21 cost, you've got two big variables: One, how much money
22 does the company need to do its job? And in utility
23 regulatory speak, we say get the revenue requirements
24 right, get the total dollars right, and then the next
25 step is get the rates right. To get the rates right,

1 you have to divide the total dollars to be recovered by
2 the sales that the company is going to make during the
3 time those rates are going to be in effect. This is
4 what Mr. Kelly was talking about when he mentioned the
5 matching principle. You need to match the revenues to
6 be recovered, the cost of providing the service during
7 the time the rates are going to be in effect, with the
8 sales that the company is going to make.

9 Finally, we ask the Commission to ensure that
10 customers get what you pay for. As Mr. Kelly said with
11 respect to the advanced wastewater treatment, the
12 function that the utility was obligated to provide, in
13 our view of the world, by 2007, you, the customers, have
14 been paying since 2009 with the rates coming out of that
15 case for AWT, and Monroe County paid them \$900,000
16 toward achieving AWT in 2007. We fear that we have not
17 gotten what we paid for and we ask the Commission to
18 ensure that we do.

19 I want to also thank the Public Counsel and
20 their staff who have devoted countless hours of very
21 hard work to put on a very powerful case to the
22 Commission. Thank you very much.

23 **MS. AKTABOWSKI:** Harbor Shores waives.

24 **COMMISSIONER PATRONIS:** Okay. Thank you.

25 All right. We do have some elected officials

1 present tonight that we'll be sensitive to their time
2 and appreciate them being here, but we have Mayor
3 Heather Carruthers. Mayor.

4 **MAYOR CARRUTHERS:** Hi. Thank you very much.
5 Yes, I'm Commissioner Heather Carruthers from Monroe
6 County District 3, currently serving as the county
7 mayor. And I want to thank you for coming to the Keys
8 and letting us be able to share with you a little bit
9 about Stock Island, which is, of course, the area that
10 is going to be most impacted by these rate increases.
11 And as you probably know, it's the island directly to
12 the north. Take the first bridge and you get there.

13 Stock Island is not a retirement community.
14 It is not a source of luxury homes. It is where the
15 working folks of this community live. It is primarily
16 populated by affordable housing. And for those of you
17 who are not aware, we have a crisis of affordable
18 housing here in the Keys. Further, it is also -- if you
19 drive around Stock Island, you'll see a preponderance of
20 mobile homes. These are not multi-million dollar homes
21 on the water. These are where our working families,
22 many of them working more than one job, live. Stock
23 Island is also -- has the largest concentration of
24 children in the entire Keys.

25 Just to give you an idea of what we're talking

1 about when I say it's the lower income and working class
2 area of the Keys, the state median household income is
3 \$45,000, \$45,040. The countywide mean income is
4 \$53,657. But the Stock Island median household income
5 is \$41,789. So that's a median income that's less than
6 both the county average as well as the statewide
7 average.

8 The cost of living, as you may have realized
9 if you've spent any time here in the Keys, is extremely
10 high. We are obviously farther from the mainland than
11 anybody else, so the cost of getting goods here is very
12 expensive. We have limited land. We have very severe
13 and significant development restrictions, so we can't
14 provide housing for all the folks who operate our --
15 work in our workforce and keep us moving at a cost that
16 they can afford.

17 I've shared with you some pages from something
18 called an ALICE Report. The United Way did a report in
19 2014 where they looked at the actual cost of living.
20 And ALICE stands for Asset Limited, Income Constrained,
21 Employed. In other words, it's a look at the working
22 poor in this -- in the country. And what they did was
23 they looked not just at what poverty levels and income
24 levels were, but they looked at what does it cost for a
25 household to actually just get by. That's the -- that's

1 not saving any money, that's not going out to dinner,
2 that's not going to the movies. That's just paying your
3 basic bills, basic insurances, paying your rent, and
4 paying for basic food. It tends to be above -- ALICE
5 folks are above the poverty level but they're still
6 poor. They're working poor.

7 Nationally the household survival budget for a
8 family of four, that's how much on a national average
9 you would need to just get by, is about \$23,000. In the
10 state of Florida, what you would need to get by, and
11 I've shared those with you, is \$47,484. So Florida is a
12 little more expensive than the national average. But
13 when you think about what the national average includes,
14 that sort of makes sense. But in Monroe County, the
15 household survival budget for a family of four is nearly
16 \$62,000. So remember what I first said, median
17 household income, 41,000; household survival budget,
18 62,000. So you can see that folks are really working
19 very hard to try to remain to live here, and these are
20 the people who are our teachers, our fishermen, our
21 servers, our EMTs.

22 In fact, when you look at both ALICE
23 households and people living in poverty on Stock Island,
24 76 percent of the residents of Stock Island are either
25 living in poverty or living at or below the ALICE level.

1 So these people are the ones who are least able to
2 afford any kind of significant increase in any
3 particular part of their household budget, never mind a
4 doubling of one utility cost. It's just -- it's simply
5 outrageous and unaffordable.

6 You know, maybe we're reaching a point where a
7 small private utility can't support this kind of
8 community. At any rate, we strongly discourage these
9 increases that are requested by KWRU and at least
10 support the compromise that was proposed by the Office
11 of Public Counsel. Thank you very much.

12 **COMMISSIONER PATRONIS:** Thank you, Mayor.
13 Would you like to enter this document as an exhibit?

14 **MAYOR CARRUTHERS:** Yes, please.

15 **COMMISSIONER PATRONIS:** Okay. All right.
16 It'll be entered in as Exhibit No. 99.

17 (Exhibit 99 marked for identification.)

18 Okay. Now we have Commissioner, also, I
19 guess, Judge Richard Payne. Thank you, sir.

20 **COMMISSIONER PAYNE:** Thank you. And,
21 Commissioners, good afternoon, good evening, and welcome
22 to the City of Key West. I am Richard Payne, a City of
23 Key West Commissioner, and I have been asked by my good
24 friend, County Commissioner Mr. Danny Kolhage, who is
25 unable to be here tonight, to read his statement to you.

1 And I now read his statement to you:

2 "My name is Danny Kolhage. I am county
3 commissioner from District 1, which includes the area of
4 Stock Island that will be affected by your decision on
5 rates. I was born and spent most of my life in the
6 Keys, and I am very familiar with Stock Island and the
7 people who live there. Stock Island has always been a
8 mix of affordable housing, commercial, semi-industrial,
9 and commercial fishing uses. It is true that currently
10 a lot of new upscale transient and commercial
11 development is taking place on Stock Island near the
12 water side; however, the core of Stock Island is and
13 always has been affordable housing in very low and
14 moderate income categories. This is not a retirement
15 community. People don't buy second homes here to become
16 so-called snow birds. These people work and support the
17 businesses by providing services that cannot exist
18 without them, and they can least afford the enormous
19 rate increases that the Key West Resort Utility is
20 proposing.

21 "You probably don't know this, but Monroe
22 County is facing an affordable workforce housing crisis.
23 Some recent studies have counted the lower Keys
24 affordable workforce housing deficit to be in the
25 thousands of units, 6,000 to be exact. Yet in order to

1 comply with statutory hurricane evacuation requirements,
2 we have a rate of growth ordinance and a state mandated
3 limit of approximately 700 affordable housing
4 allocations to last us through 2023. I tell you this to
5 underscore how critical it is for us to preserve the
6 affordable workforce housing that we presently have.
7 Many of the residents of south Stock Island will not be
8 able to afford these increases proposed by KWRU. They
9 have nowhere else to go. We will lose them, then we
10 will lose the affordable workforce housing.

11 "We support the rates proposed by the Office
12 of Public Counsel, which represents a significant
13 increase over current rates. Anything in excess of
14 these rates would be intolerable.

15 "On Stock Island we may well be coming to the
16 conclusion that without the economies of scale that can
17 be realized by a utility with a larger customer base, a
18 small, privately owned utility cannot provide services
19 to this area at reasonable rates. Please adopt the
20 rates recommended by the Office of Public Counsel."

21 And this concludes Commissioner Kolhage's
22 statement.

23 And I wanted to tell you, reflecting on what
24 Mayor Carruthers just said, last year there was an
25 elementary school in -- on Stock Island or close to it,

1 right next to it, it's the other side of U.S. 1, and
2 they had -- over 80 percent of the children that
3 attended that school had to have -- be given free
4 lunches. And to avoid the embarrassment of them having
5 to -- when they went up through the line to notify that
6 they were to eat free, the school district decided to
7 let everybody over there eat free. So all the children,
8 no one is put to that shame of meaning that they're
9 poor, which is the case.

10 And please know that I wholeheartedly join in
11 the statement for both Monroe County and the City of Key
12 West must continue to work to preserve and protect the
13 workforce housing that we have. We must be careful not
14 to price our workforce out of their affordable housing.

15 Thank you for your consideration and for the
16 important work that you do.

17 **COMMISSIONER PATRONIS:** Thank you,
18 Commissioner. Just a second. Commissioner Julie Brown
19 has got a question.

20 **CHAIRMAN BROWN:** Chairman. Thank you.

21 One question. I want to make sure that those
22 lights are working with our staff so that when people
23 come up, they know when their time is going -- is
24 expiring.

25 Would you like to enter that --

1 **COMMISSIONER PAYNE:** Yes, ma'am.

2 **CHAIRMAN BROWN:** -- piece of evidence into the
3 record?

4 **COMMISSIONER PAYNE:** Yes.

5 **CHAIRMAN BROWN:** So we're going to mark that
6 as Exhibit 100. And then at the conclusion of the
7 service hearing, we'll enter in all exhibits.

8 (Exhibit 100 marked for identification.)

9 And could you state your name again, sir? I

10 --

11 **COMMISSIONER PAYNE:** Richard Payne.

12 **CHAIRMAN BROWN:** Richard Payne. And you're a
13 city commissioner?

14 **COMMISSIONER PAYNE:** Yes.

15 **CHAIRMAN BROWN:** Okay. Thank you so much.

16 **COMMISSIONER PAYNE:** Thank you.

17 **CHAIRMAN BROWN:** Thank you for coming.

18 **COMMISSIONER PAYNE:** Thank you.

19 **COMMISSIONER PATRONIS:** All right. Again,
20 just a little bit more housekeeping. If you do intend
21 to speak tonight, make sure you've signed one of our
22 speaker forms, if you haven't already done so. I want
23 to give every customer the opportunity to make sure they
24 have a chance to speak tonight. Each customer will have
25 three minutes for public comment so we can have as many

1 individuals as possible that want to make comments
2 allowed to do so.

3 There's lights on the podium, as Chairman
4 Brown just pointed out. When the light is yellow, be
5 aware that you have about a minute left. When the light
6 turns red, you're expected -- you'll need to wrap up
7 your comments. We also ask that you turn off or silence
8 your cell phones, please.

9 The attorney for the Office of Public Counsel,
10 Mr. Kelly, will be calling your name up when it's time
11 for you to speak in the order which you've signed up.
12 We will be swearing all of you in at the same time, so
13 I'm going to ask those customers here today -- tonight
14 who intend to present testimony to please stand and
15 raise your right hand.

16 Do you swear or affirm the testimony you're
17 about to give is truthful?

18 (Chorus of affirmative responses.)

19 (Customers collectively sworn.)

20 Okay. Thank you. You may be seated.

21 And also I want to point out Kevin Wilson in
22 the back. Kevin, are you back there? Y'all all see
23 Kevin in the back of the room? If you have any
24 questions, we couldn't have had this hearing tonight if
25 it wasn't for Kevin. But thank you for putting all this

1 together today.

2 **MR. WILSON:** Actually it's my staff that did
3 it.

4 **COMMISSIONER PATRONIS:** Okay. Anyhow, so when
5 you come up to microphone here, please state your name,
6 your telephone number, your resident address. Your
7 verbal comments are being transcribed, so it'll be a
8 part of the official record. So speak as clearly as you
9 possibly can.

10 Mr. Kelly will be calling you up by the
11 number -- the customer that signed in first. And if
12 you'll be presenting any exhibits, we'll catalog and
13 enter those in at the end. Okay.

14 **MR. SAYLER:** Erik Sayler with --

15 **COMMISSIONER PATRONIS:** Erik Sayler? Okay.
16 Erik Sayler will be doing it.

17 **MR. SAYLER:** Erik Sayler with the Office of
18 Public Counsel. In addition to your comments, if you
19 have any documents you would like to put into the record
20 as well, the Commission will take those as well.

21 So the first person tonight, I believe, is
22 Vivian Owl. Please come to the stand. And apologies in
23 advance if I mispronounce anybody's names.

24 **COMMISSIONER PATRONIS:** Good evening.

25 **MS. OWL:** Good evening. Can you hear me?

1 **COMMISSIONER PATRONIS:** No, ma'am. Get close.
2 That microphone, it likes for you to almost touch it.

3 **MS. OWL:** How is that?

4 **COMMISSIONER PATRONIS:** There you go.

5 **MS. OWL:** Okay. My name is Vivian Owl, O-w-l
6 I live at 39B 9th Avenue on Stock Island. I presently
7 reside at 40B. I reside there because during the
8 Hurricane Wilma I had to have my mobile home tore down.
9 So I'm at 39B 9th Avenue, Stock Island, with my
10 daughter.

11 I am presently a senior citizen. I am here
12 this evening because my lot at 40B is vacant. And I
13 have called the utility people and asked why I now have
14 to pay \$31.66 for a vacant lot, and the gentleman told
15 me that I have to help to maintain the system. Now a
16 senior citizen, a widow, social security, and we went
17 from \$17.81 to \$31.66 for me to pay every month for the
18 water to go down the drain. There's nothing there. The
19 gentleman has been there, he's seen it, and he said it's
20 per requested by the company that is here this evening.
21 And, therefore, I came because I feel it's important.
22 I'm one person, and God knows how many other people have
23 the same kind of system. It just seems unfair to take
24 \$31 and tear it up and throw it up in the air, and I get
25 nothing for the \$31. That's a lot to maintain when you

1 don't have \$31 every month. It's on the empty lot and
2 there's nothing there. It's residential. And I don't
3 think that should be a rate for an empty lot. And I
4 don't know as you do anything for the vacation rental
5 peoples. I inquired about that because I went to every
6 end to see if there wasn't some kind of discount, but
7 there doesn't seem to be. So, once again, the little
8 old people -- you know, you live your whole life here
9 and nothing in return.

10 **COMMISSIONER PATRONIS:** Just a second, ma'am.

11 **CHAIRMAN BROWN:** Could you spell your last
12 name for us?

13 **MS. OWL:** Yes. It is O-w-l, Owl. It's
14 Cherokee Indian.

15 **CHAIRMAN BROWN:** Oh.

16 **MS. OWL:** My husband was in the military for
17 25 years. He was a U.S. Navy Seal. I was very proud of
18 him. He died last year.

19 **CHAIRMAN BROWN:** That's a beautiful name.

20 You said that you -- this is a vacant lot and
21 it went from 17.81 to 31.66.

22 **MS. OWL:** Yes, sir -- ma'am.

23 **CHAIRMAN BROWN:** And so you've been paying the
24 17.81 on the vacant lot.

25 **MS. OWL:** Yes. Yes, ma'am.

1 **CHAIRMAN BROWN:** Did you contact the utility
2 before inquiring about that, it's not being --

3 **MS. OWL:** And they said it was as per
4 requested by your company, the --

5 **CHAIRMAN BROWN:** Not our -- no. We're Public
6 Service Commissioners.

7 **MS. OWL:** Well, he said it was under --

8 **CHAIRMAN BROWN:** KW Resort.

9 **MS. OWL:** No, ma'am. He told me it was -- do
10 you have a Rule 25-3325?

11 **CHAIRMAN BROWN:** We do. We do. But we do not
12 enact the law. It's based on the law that was carried
13 out by the legislature. I did want to point out that
14 there are service representatives from KW, the utility,
15 here, just to point them out, and I'm sure they'd be
16 happy to assist you explaining more. Thank you for
17 coming.

18 **MR. FRIEDMAN:** Can I ask one question?

19 **MS. OWL:** Yes, sir.

20 **MR. FRIEDMAN:** Ms. Owl, do you get a water
21 bill from the Keys Aqueduct Authority as well?

22 **MS. OWL:** No.

23 **MR. FRIEDMAN:** Okay.

24 **MS. OWL:** This is my daughter.

25 **MS. O'NEAL:** Can I come up there? I'm sorry.

1 I didn't swear in. She pays for, like, a service fee.

2 **COMMISSIONER PATRONIS:** Why don't you go ahead
3 and step up to the microphone, and let's go ahead and
4 swear you in.

5 All right. Raise your right hand. Do you
6 swear or affirm the testimony you're about to give is
7 truthful?

8 **MS. O'NEAL:** Yes.

9 **COMMISSIONER PATRONIS:** Okay. Please proceed,
10 and identify yourself.

11 **MS. O'NEAL:** I am Frances O'Neal, and I live
12 at 39B where she lives. She pays the service
13 maintenance -- I don't know what it is. It's like a
14 \$15.00 fee or whatever they -- because you can't cut
15 nothing off. If you cut anything off, you're going to
16 have to pay for a re-induction or whatever. So she pays
17 the minimum amount for all of her utilities. Okay?

18 **MR. SMITH:** Thank you.

19 **MR. FRIEDMAN:** Including the water from the
20 Keys Aqueduct Authority?

21 **MS. O'NEAL:** Just the minimum. She does not
22 use any water. There's no -- there's nothing on the
23 lot. There's no electric, no water, no sewer.

24 **MS. OWL:** There's no pole even.

25 **MR. FRIEDMAN:** Thank you very much.

1 **COMMISSIONER PATRONIS:** And let's make sure
2 you fill out one of the forms, Mr. Sayler, so you have
3 her contact information properly.

4 **MR. SAYLER:** One of these blue forms?

5 **COMMISSIONER PATRONIS:** Or whatever for her
6 testimony purposes.

7 **MR. SAYLER:** Okay. I did have one follow-up
8 question. When was Hurricane Wilma, and when was your
9 lot torn down or your mobile home torn down?

10 **MS. OWL:** 2004.

11 **MS. O'NEAL:** 2004 -- October 2004, 2005 Wilma
12 came. So after that, she did contact the utility
13 company and had them come and close it off. She's not
14 hooked to the -- and according to Mr. Johnson, who we
15 have spoke to, she's not connected to the sewer, so it's
16 just there. You know, there's no pipe. Right?
17 Correct? There's no pipe connecting her.

18 **MR. JOHNSON:** There's no lateral.

19 **MS. O'NEAL:** No lateral.

20 **MR. JOHNSON:** Your lateral needs to be
21 replaced.

22 **MS. O'NEAL:** Right. We have no lateral, so it
23 is just the main pipe in the back of the yard.

24 **MR. SAYLER:** All right. So since about 2005,
25 she has been paying for a service that she has not been

1 receiving?

2 **MS. O'NEAL:** Well, she's paid the minimal base
3 fee, like the 17, then I think it went to 19 maybe, and
4 now she's paying \$31.66.

5 **MR. SAYLER:** No further questions. However,
6 Ms. O'Neal, if you don't mind filling out this form.

7 **MS. O'NEAL:** Anything else?

8 **MS. OWL:** Thank you.

9 **COMMISSIONER PATRONIS:** Thank you.

10 **MR. SAYLER:** The next person to testify is
11 Diana Flenard, and I hope I got that right.

12 **MS. FLENARD:** Yes.

13 **COMMISSIONER PATRONIS:** Good evening.
14 Welcome.

15 **MS. FLENARD:** My name is Diana Flenard. I
16 live at 6800 Maloney Avenue, Harbor Shores, No. 44, and
17 I'm on the Harbor Shores Condo Association board. I'm
18 also the director of the Monroe Association for
19 Remarkable Citizens, a social service agency that serves
20 the developmentally disabled in Monroe County.

21 Being a social service agency, there is no
22 retirement benefits offered. So other than my social
23 security, my home is my retirement. I'm opposed to this
24 proposed rate increase. I'm here speaking for my
25 friends and fellow working class people of Stock Island

1 and Harbor Shores. Harbor Shores is made up of
2 tradesmen, postal workers, hotel concierges, locksmiths,
3 waiters, firemen, and retirees on fixed income.

4 I was on the Harbor Shores board and gave
5 testimony during the 2008 rate hearing where I was told
6 that the rate adjustment was to bring the plant to AWT
7 standards. Yet here we are in 2016, and I learned that
8 the plant was just brought up to AWT standards. So what
9 was done with the money collected from the 2009 final
10 case resolution until recently? This seems like déjà
11 vu.

12 KW Resort utility is asking for plant
13 expansion. The current ratepayers had to pay a hookup
14 fee or capacity reservation fee to pay for system
15 growth, yet the new high-end resort such as Oceanside
16 and Stock Island Marina Village are not being asked to
17 pay this. Why not? Why are the current customers
18 having to pay for the expansion?

19 I also question why the reuse rate is so low?
20 Could it have to do with the fact that the biggest reuse
21 user is the Key West Golf Course, which is owned by the
22 same owners of the resort utility? Would increasing the
23 reuse rate help to cover some of their costs and lower
24 mine? The above issues need to be addressed in a fair
25 and reasonable manner.

1 Now to Harbor Shores. We are connected to KW
2 Resort Utility. And I was on the board of Harbor Shores
3 at the time and was told at a meeting by Chris Johnson
4 that -- and several times after that that since KW
5 Resort -- I mean, since Harbor Shores owned all of the
6 pipes, infrastructure, and was on private property, that
7 we paid for our backflow testing and had one outflow
8 pipe, that Harbor Shores would be responsible for all
9 69 sewer bills. If not, they would have to shut off the
10 entire property if one person or unit failed to pay. We
11 have an agreement with them that states just that, that
12 we have to pay one bill. We have been paying with one
13 Harbor Shores check for all the units since then. We
14 now learn that several housing unit associations,
15 Meridian West, Flagler Village, Banyan Grove, and Sunset
16 Marina, all with master meters as we have, are being
17 billed general service customers. Why different rules
18 for different associations?

19 I respectfully ask that Harbor Shores be
20 treated as a general service customer. We fit the
21 definition of such. Where is the equity? I finally ask
22 that this rate increase be denied as it is arbitrary and
23 capricious.

24 **COMMISSIONER PATRONIS:** Thank you.

25 **MR. FRIEDMAN:** No questions.

1 **MR. SAYLER:** No questions.

2 **COMMISSIONER PATRONIS:** Thank you very much.

3 **MR. SAYLER:** All right. Now on deck is Reba
4 Brenneman. And the next person after that will be
5 Micheline Wolfe. So, Ms. Brenneman, if you'll come, and
6 Ms. Wolfe be prepared to come next.

7 **COMMISSIONER PATRONIS:** Welcome.

8 **MS. BRENNEMAN:** Thank you. Good evening and
9 thank you for this opportunity. My name is Reba
10 Brenneman, and I live at Harbor Shores No. 8. I'm a
11 retired cab driver, and I'm here to tell you that some
12 things -- that something stinks on Stock Island, and
13 it's not just coming from the sewer company. It's from
14 the people who are held hostage by this resort utility.
15 Thirty, 30 or 40, maybe even \$50 a month is not a lot of
16 money to some people, to the people who own golf
17 courses, marinas, development companies, or public
18 utilities, but to the working people of Stock Island,
19 this is a lot of money. The teachers, the nurses,
20 postal workers, landscapers, military personnel,
21 restaurant workers, people on fixed income, to them, \$30
22 or \$40 a month could mean making their rent payment or
23 getting your prescription filled or feeding your
24 children. We are the faces of the people you read about
25 almost every day in *The Citizen*, the ones the

1 politicians want to build affordable housing for. We
2 have affordable housing now on Stock Island, and I ask
3 you to please help us keep it that way. Thank you very
4 much.

5 **COMMISSIONER PATRONIS:** Thank you for your
6 testimony.

7 No questions? Okay.

8 **MR. SAYLER:** Thank you, Ms. Brenneman.

9 Next is Micheline Wolfe, followed by Sharon
10 Stoetzer.

11 **COMMISSIONER PATRONIS:** Welcome.

12 **MS. WOLFE:** Thank you for listening. I'm
13 Micheline Wolfe. I'm a nurse. I wish I could be
14 retired, but I can't because I can't afford to stay down
15 here in Key West if I retire. I'm from Harbor Shores,
16 6800 Maloney, No. 33. I agree with everything that's
17 been said previously. I support all the people who have
18 spoken and the correspondence that's been sent in.

19 A lot of our neighbors couldn't be here, so I
20 had the ones that -- the homeowners that were here sign
21 a petition, which is just a small sampling of the people
22 who protest the raises, you know, from Key West Resort
23 Utilities. I'd like enter that into the record.

24 **COMMISSIONER PATRONIS:** Thank you.

25 **MS. WOLFE:** One of the people that signed this

1 wanted to speak tonight. His wife has cancer. He's a
2 fisherman. He's been here for over 30 years. He
3 doesn't know what he's going to do. His wife is on her
4 deathbed, and when he loses that extra source of income,
5 you know, he's not going -- he's got to make some
6 decisions. He can barely make it now because he hasn't
7 been able to fish because he's decided to stay home with
8 her and take care of her for the last eight months.
9 They're elderly. There's so many people that are going
10 to be squeezed out just by this extra \$50 a month rate
11 increase, which is what it's going to be in our -- at
12 Harbor Shores, you know, if this goes through.

13 And we were so optimistic. We thought that
14 the Commissioners would have really curtailed the rate
15 increases after the last meeting that we had last year.
16 And we've lost one board member who had dealt with Key
17 West Resort Utilities and is just over it. We're losing
18 another one because of the same reasons. You know,
19 we're small people. We're working. We can't afford the
20 time and the money to hire lawyers on our own. You're
21 our very last hope, you know, to really take this
22 seriously and curtail the rate increases and really
23 understand what's going on here, because we feel like
24 we're being raped by Key West Resort Utilities. They
25 haven't honored the original contract. We haven't

1 gotten the services. We didn't even know about the fact
2 that we could be paying a different type of fee, you
3 know, a general service fee. We weren't even offered
4 that in the beginning. So please take this seriously
5 and help us. We have no one else to turn to.

6 **COMMISSIONER PATRONIS:** Thank you for your
7 testimony.

8 **CHAIRMAN BROWN:** Commissioner Patronis, we're
9 going to --

10 **COMMISSIONER PATRONIS:** Just a second.

11 **CHAIRMAN BROWN:** Commissioner Patronis, we're
12 going to go ahead and mark that petition from Harbor
13 Shores as Exhibit 101. I just want to make it clear for
14 the record. And we'll address entering it into the
15 record at the conclusion of the service hearing.

16 (Exhibit 101 marked for identification.)

17 **MS. WOLFE:** And if it's all right, at our
18 general meeting in December we can have all the
19 homeowners sign another petition and send it in as
20 correspondence, if that's possible. Can it be admitted?

21 **CHAIRMAN BROWN:** Staff.

22 **MS. WOLFE:** Because we've got another -- we've
23 got another, like, 40 people who didn't have the
24 opportunity to sign this.

25 **CHAIRMAN BROWN:** Staff.

1 **MS. HELTON:** I think the record will be closed
2 by then, Madam Chairman, so --

3 **CHAIRMAN BROWN:** Yeah.

4 **MS. WOLFE:** Okay. Well, thank you very much.

5 **COMMISSIONER PATRONIS:** Thank you.

6 **MR. SAYLER:** Excuse me. Ms. Wolfe, you can
7 still send in these blue sheets, even though it'll be a
8 little bit different part of the record. So take some
9 of those and share them and have people comment.

10 Ms. Sharon, if you'll come to the stand,
11 followed by Paulette Barrett.

12 **COMMISSIONER PATRONIS:** Welcome.

13 **MS. STOETZER:** Hi, guys. My name is Sharon
14 Stoetzer. I live at 50 Merganser at the Key West Golf
15 Course. I found out about this rate increase, of
16 course, when the big increase happened. I saw a
17 notification before, but I thought it was going to be a
18 minor thing because things increase.

19 I called up the Resort Utilities and talked to
20 them for a while. I was very upset about it because I
21 cannot understand by any kind of the means that they
22 could double our rates in one blow, and then they told
23 me they were going to raise them again. I mean, this is
24 ridiculous. I have never heard of a company leveraging
25 their customers instead of their own company to build

1 their own plant. This is sick. And it's put on all of
2 our backs, and I'm very upset about it.

3 I called up today to find out my Aqua
4 Utilities, and actually my wastewater is double my Aqua
5 Utilities bill and it's supposedly supposed to go up.
6 My water bill, yes. So I just find this atrocious.

7 And I called up the Key West Golf Club
8 Association. I talked to Vicki over there. I told her
9 that we needed a pamphlet passed to people because
10 people didn't really know what was going on. She told
11 me she would do an email, but she said that if we did a
12 pamphlet, it wouldn't go to the owners. Well, I think
13 this is bigger than the owners over there. I think this
14 is -- a lot of the people in the community over there
15 are not owners and they're paying these rates, you know.
16 And I feel that the Key West Golf Course -- the Key West
17 Resort Utilities ought to be ashamed of themselves for
18 such a thing as this.

19 **COMMISSIONER PATRONIS:** Any questions?

20 No questions. Thank you.

21 **MR. SAYLER:** Thank you, ma'am.

22 Paulette Barrett, followed by Brent
23 Montgomery.

24 **COMMISSIONER PATRONIS:** Good evening.
25 Welcome.

1 **MS. BARRETT:** Good evening. I'll try to be
2 real brief. I just want to reiterate -- my name is
3 Paulette Barrett. I'm from Harbor Shores, 6800 Maloney,
4 No. 35. I want to reiterate and agree with what
5 previous residents have indicated. I'm relatively new
6 to the community, and it -- the increase that has
7 gone in -- that is going into effect will definitely
8 affect my ability to stay in the area. I work two jobs
9 currently, I work from home as well as fishing, and it's
10 just excessive. So I do ask that you -- I guess the
11 terminology would be to deny the increase that they're
12 trying to show.

13 I did also want to point out, moving recently,
14 relatively recently to the area, the portion that
15 they -- that we pay through Harbor Shores for just the
16 wastewater is, I would say, I would estimate roughly
17 about three times what I've previously paid in other
18 areas for both water and sewer. So it just seems
19 extremely excessive, and I ask that you deny the
20 increase. Thank you.

21 **COMMISSIONER PATRONIS:** Questions?

22 Thank you, ma'am.

23 **MR. SAYLER:** Thank you, Ms. Barrett.

24 Mr. Montgomery, followed by Henry Hamilton.

25 And remember to give your name, address, and phone

1 number for the record.

2 **COMMISSIONER PATRONIS:** Welcome.

3 **MR. MONTGOMERY:** Hello. It works. Yeah.

4 Brent Montgomery. I'm representing Key West Health and
5 Rehab, senior care services, and we're at 5860 College
6 Road, Key West, Florida 33040. Phone number (305)
7 296-4888. Did I cover all the --

8 **COMMISSIONER PATRONIS:** Yes, sir.

9 **MR. MONTGOMERY:** Okay. So, of course, we're
10 an employer in the area, so we're looking to save
11 wherever we can, cut expenses. This will be an
12 additional increase in our bottom line, so we would
13 encourage you to look elsewhere for funding. I
14 understand that there's a compromise on the table that
15 perhaps could be considered, maybe a bond issue. I
16 don't know if that's even a possibility. But obviously
17 we use a lot of water for drinking, cooking, bathing,
18 cleaning, laundry, et cetera, so it's going to impact us
19 to some degree, not to mention those CNAs and
20 housekeepers and other staff that live, you know, in the
21 county. As Mayor Carruthers was pointing out, it will
22 be a burden to them.

23 So I would encourage you to try to find some
24 other type of funding rather than choosing a path of
25 least resistance, which is to hit up the customer.

1 They're an easy target because they have nowhere else to
2 go. So I'd say just try to think outside the box, you
3 know, in this instance, as I do every day. I have to
4 look to cut expenses. I can't get more money from
5 somewhere else. I have to cut expenses if I don't have
6 the revenue. So, anyway, do you have any questions?

7 **COMMISSIONER PATRONIS:** Questions, folks?

8 Thank you. Thank you for your testimony.

9 **MR. SAYLER:** Public Counsel had one question.

10 **COMMISSIONER PATRONIS:** Just a second, sir.

11 **MR. SAYLER:** You had mentioned a compromise on
12 the table. Do you mean the alternate -- alternative
13 rate that Public Counsel's office is recommending?

14 **MR. MONTGOMERY:** That was the one that was
15 mentioned about the Office of Public Counsel. Uh-huh.

16 **MR. SAYLER:** Okay. Thank you.

17 **COMMISSIONER PATRONIS:** Thank you.

18 **MR. SAYLER:** Next, Mr. Henry Hamilton,
19 followed by Daniel Hamilton.

20 **COMMISSIONER PATRONIS:** Welcome.

21 **MR. HENRY HAMILTON:** Welcome to Key West.

22 **COMMISSIONER PATRONIS:** Thank you.

23 **MR. HENRY HAMILTON:** Good evening. Thank you
24 very much for hearing us. I would like to put one
25 document into the record, if I may approach the bench or

1 --

2 **COMMISSIONER PATRONIS:** She'll take it right
3 there.

4 **MR. HAMILTON:** And I have extra copies, one
5 for each of the board members.

6 **COMMISSIONER PATRONIS:** This will be 102.

7 **MR. HENRY HAMILTON:** Sometimes it is a lot
8 easier to visualize it when someone is talking about it
9 than it is just to talk about it in general. And I also
10 brought a couple more for the other attorneys in the
11 group or whoever likes to collect paperwork.

12 **COMMISSIONER PATRONIS:** Thank you for the
13 extra copies.

14 **MR. HENRY HAMILTON:** I am a Key West resident,
15 born and raised here in Key West on Stock Island, and I
16 feel for the customers' concerns and hardships. I've
17 also been a neighbor with KWR and worked with them over
18 the past years.

19 My concern is on the pricing that has gone on
20 in June. In our situation, it went up on an average of
21 236 percent. I do understand the rate increase. What I
22 was hoping for is a clarification from the PSC in
23 reference to we have an effluent meter that monitors
24 every gallon that goes into their sewer plant. Since
25 June, they advised us that you are mandating that we no

1 longer can use our effluent meter, which gives the exact
2 amount of gallons on what we're paying for, and now we
3 must use the water meters in reference to a larger
4 volume of which we are now being charged. Does that
5 make sense?

6 **COMMISSIONER PATRONIS:** So you're saying that
7 you're being charged for every gallon that comes into
8 the property as opposed -- because you have evaporation
9 or what have you.

10 **MR. HENRY HAMILTON:** Correct.

11 **COMMISSIONER PATRONIS:** So you have a meter
12 that is actually measuring what is actually going into
13 the treatment process and you were -- only have the
14 difference.

15 **MR. HENRY HAMILTON:** Right. That way we
16 didn't need an irrigation meter or anything else and
17 subtract it out. This situation is unique because many
18 of the other customers do not have that. In talking
19 with KWRU, they advised you're mandating it, and they
20 needed clarification that PSC staff is saying that's the
21 only way that they can do it in reference to it. I was
22 hoping you'd be able to clarify it at this meeting.

23 **COMMISSIONER PATRONIS:** Can we get technical
24 staff to address that?

25 **MR. HENRY HAMILTON:** It would save filing a

1 formal complaint later on, if that was possible.

2 **CHAIRMAN BROWN:** And while technical staff is
3 coming up, we're going to go ahead and mark as Exhibit
4 102 Mr. Hamilton's KWRU billing for Boyd's Key West
5 Campground. So we're marking that right now, and we'll
6 get to moving it at the end of the service hearing.

7 (Exhibit 102 marked for identification.)

8 Ms. Daniel.

9 **MS. DANIEL:** Good evening. I'm Patti Daniel,
10 and I'm with Commission staff. I'll give it a shot.

11 When we set rates for this wastewater utility,
12 as we do for any wastewater utility, the information
13 that we have is the water demand. I'm not sure what KW
14 was using when they were billing this gentleman,
15 Mr. Hamilton, in the past based on an effluent meter
16 because there was no tariff for that. There was no rate
17 set by this Commission for demand based on an effluent
18 meter. I can appreciate that that would be certainly a
19 more economical way for -- I'm sorry, economical isn't
20 the right word. It would make more sense to you to be
21 billed on effluent. But if we billed on effluent, we
22 would have to recognize that not all of your water is
23 returned to the wastewater system, and there would be a
24 separate tariff that the rate would actually wind up
25 being higher if it's based on effluent than it is based

1 on water.

2 So the company -- I'm not aware of -- had a
3 tariff to base you -- to bill you based on your
4 effluent. All of their tariffs are based on water
5 demand, and that is why the company is telling you that
6 on a going-forward basis the Commission is requiring
7 them to bill based on water demand.

8 **COMMISSIONER PATRONIS:** Mr. Hamilton, if you
9 want, you can meet with staff in the back of the room to
10 get more of your questions addressed on that issue.

11 **MR. HENRY HAMILTON:** Okay. Thank you very
12 much. I just wanted to show in the documents that the
13 price increase is far greater than what the other
14 customers are doing because I think you approved about a
15 40 percent in June. Now it's a 236 percent, and those
16 are arguable numbers one way or another. Thank you.

17 **COMMISSIONER PATRONIS:** Thank you for your
18 testimony.

19 Questions? Okay.

20 **MR. SAYLER:** Thank you, Mr. Hamilton.

21 Next is Daniel Hamilton, followed by Robert
22 Jones. And just an announcement, if anybody else would
23 like to sign up to speak tonight, to testify, please go
24 to the back of the room so you can sign-up.

25 **MR. DANIEL HAMILTON:** Good evening,

1 Commissioners.

2 **COMMISSIONER PATRONIS:** Please step close to
3 that microphone. We won't bite you.

4 **MR. DANIEL HAMILTON:** Thank you for coming
5 down here to listen to our concerns and our issues. My
6 name is Daniel Hamilton. That was my brother. We have
7 a family-owned campground that my father started in
8 1963. We've been on Stock Island. I was born and
9 raised there. It's always been a bedroom community for
10 Key West. That was where the working people of Key West
11 lived and raised their families. I'm one of them.

12 We do have a specific issue. My brother
13 already kind of addressed it. I'd like to go into a
14 little bit more detail. We have a campground that up
15 until 13 years ago we had our own wastewater treatment
16 plant. We connected, as a mandate from the county, to
17 the local utility because they needed more ratepayers,
18 and we went through that process. We paid our capacity
19 reservation fees. We tightened up our collection system
20 in our part to make sure there was no saltwater
21 intrusion. We dismantled our treatment plant. We ran a
22 lateral to the property line. We also installed a force
23 main system, a pump, an effluent meter, and over
24 800 feet of force main on county right-of-way off of our
25 property because there wasn't a force main line near

1 ours. In order to access it, that's what we had to do.
2 You know, it cost a quarter of a million dollars.

3 And once we completed that and we connected,
4 we turned that over to the utility so that they then
5 owned it. As part of that agreement that we have with
6 them, the reason for us paying and installing that
7 effluent meter was so that we could use that. We have a
8 swimming pool, we have two large decorative fountains,
9 we have a couple of thousand feet of landscaping
10 irrigation, we have a marina with a fish cleaning
11 station, people wash their boats, and we're an RV park
12 where we have people wash their RVs periodically.
13 There's a significant amount of water that does not
14 enter the wastewater system. And I would ask that if a
15 new tariff or an addition to the tariff would be
16 required, that that be done, because we certainly don't
17 feel that it's fair. It wasn't our agreement. Until
18 four months ago, I'm not a numbers guy, a 236 percent
19 increase is enough to catch my attention, and that's
20 just for the last four months.

21 So we understand that there is probably going
22 to be an increase in rate required, but when you combine
23 that with the measurement that is being used for the
24 flow aspect of the meter, it's extremely burdensome.
25 And I would ask that the Commission provide some other

1 method of addressing that rather than just saying that
2 there's a certain percentage that's assumed that
3 evaporates or that's not going into the wastewater
4 system.

5 **COMMISSIONER PATRONIS:** Just a second,
6 Mr. Hamilton. Questions?

7 **CHAIRMAN BROWN:** Mr. Hamilton, thank you for
8 your testimony and for your brother's testimony too.
9 Your situation sounds very, very unique with regard to
10 being required -- was that by county ordinance to
11 interconnect with KW?

12 **MR. DANIEL HAMILTON:** Yeah. It was a mandate
13 from the County that we had to connect to the local
14 utility.

15 **CHAIRMAN BROWN:** When did that occur?

16 **MR. DANIEL HAMILTON:** 2000 -- we finally, I
17 think, got on in 2003.

18 **CHAIRMAN BROWN:** 2003? And you said that you
19 paid approximately -- to comply with that ordinance or
20 that law, you had to pay out-of-pocket costs?

21 **MR. DANIEL HAMILTON:** Oh, absolutely. I mean,
22 we had to -- before we were allowed to connect, our
23 collection system had to be tested. And one of the
24 rationale for setting it up this way was because they
25 were concerned because we're a campground. It was --

1 you know, we're over 50 years old. They were concerned
2 about saltwater intrusion in our collection system.
3 They didn't want to take that risk that we would have
4 saltwater coming into their system. We didn't want to
5 pay for more water that was being allowed into the
6 system. It was fair, it was what was agreed upon at the
7 time, and until now we thought it was still part of our
8 agreement.

9 There were costs involved not just in
10 tightening up our system, having it tested. The County
11 had to test it. Their engineers had to test it and sign
12 off on it. But in addition, in order to get it -- our
13 options were at the time a vacuum system with -- at the
14 time it was the most fair thing that we could do.

15 **CHAIRMAN BROWN:** Fair enough.

16 **MR. DANIEL HAMILTON:** And, like I said, it was
17 an agreement that we had with the utility. If it's not
18 a part of the tariff or if it runs afoul -- I wasn't
19 aware that it would run afoul of the tariff.

20 **CHAIRMAN BROWN:** How were you classified as a
21 customer? How is the campground classified?

22 **MR. DANIEL HAMILTON:** General service.

23 **CHAIRMAN BROWN:** General service? Thank you.

24 **MR. SAYLER:** I do have one question for
25 Mr. Hamilton.

1 **MR. FRIEDMAN:** I don't have any questions.

2 **MR. SAYLER:** Do you have a copy of that
3 agreement between you and the utility that you can
4 provide to the Commission?

5 **MR. DANIEL HAMILTON:** Yes, I do.

6 **MR. SAYLER:** Do you have it with you tonight?

7 **MR. DANIEL HAMILTON:** I don't.

8 **MR. SAYLER:** Would it be possible for
9 Mr. Hamilton to be able to provide that to staff for
10 their consideration in whether or not they're going to
11 do a different tariff rate for them?

12 **CHAIRMAN BROWN:** We can entertain that
13 tomorrow. We will be doing the technical hearing. We
14 would have to defer entering into evidence possibly all
15 of the service exhibits until the end of -- the
16 conclusion of the technical hearing if he could get it
17 in in time. Staff, do you think that would be amenable?

18 **MR. SMITH:** For the record, it's already --
19 it's already been produced in discovery when they
20 requested all the service agreements.

21 **CHAIRMAN BROWN:** Can you speak into the
22 microphone?

23 **MR. SMITH:** I apologize. It's part of the
24 discovery, the quite extensive discovery. There was a
25 request for all of the service agreements for the area

1 since 2003.

2 **CHAIRMAN BROWN:** Okay.

3 **MR. SMITH:** And that would have included their
4 agreement, and so I do believe that's already been
5 produced. If not, we do have a copy of it because we
6 have been communicating with Mr. Hamilton regarding this
7 issue, and so I can provide it to everyone.

8 **CHAIRMAN BROWN:** Mr. Sayler, are you okay with
9 that?

10 **MR. SAYLER:** Certainly. Do you know which
11 discovery response? Was it to Harbor Shores or to
12 Public Counsel?

13 **CHAIRMAN BROWN:** Let's talk about this
14 tomorrow.

15 **MR. SAYLER:** Okay.

16 **MR. SMITH:** I'm being put on the spot for that
17 detail.

18 **CHAIRMAN BROWN:** We don't want to waste the
19 customers' time here.

20 **MR. DANIEL HAMILTON:** And as I understand it,
21 Mr. Johnson indicated that they don't have an objection
22 to using the effluent meter provided. They just don't
23 want to be caught in the middle between us and the
24 Public Service Commission.

25 **CHAIRMAN BROWN:** Thank you, Commissioner

1 Patronis.

2 **COMMISSIONER PATRONIS:** Thank you. Thank you.

3 **MR. SAYLER:** The next witness tonight is
4 Mr. Robert Jones, followed by David Villone. And
5 Mr. Villone is the last person to sign up, unless
6 there's anybody else who signs up in the next few
7 minutes.

8 **COMMISSIONER PATRONIS:** Good evening.

9 **MR. JONES:** Robert Jones. I live at 24 Bamboo
10 Terrace in Key West, Florida. I am also affiliated with
11 Boyd's Key West Campground.

12 I just wanted to add, I 'don't want to make a
13 long deal out of this because I think it's been covered
14 pretty, pretty well, but we took 7,000 linear feet of
15 sewer line and made sure it was nice and tight for both
16 our best interests and the KWR's. Because I understand
17 from running the treatment plant at our facility that
18 saltwater intrusion is a big problem for a wastewater
19 treatment plant. So this assured Key West Resort
20 Utility that they were getting effluent that was based
21 on what they should be treating opposed to saltwater.
22 We did spend a lot of money. We enlarged our diameter
23 of our sewer lines. We had them tested. They all
24 passed. And we intend on keeping it that way because
25 it's -- with this kind of an agreement, it encourages us

1 not to have those kind of problems because it just
2 raises our utility rate. If we have saltwater
3 intrusion, it raises our bill. And we spent -- we had a
4 lift station. We opted to go with a force main opposed
5 to the vacuum system that the majority of the people on
6 Stock Island hooked up to with a lot of additional
7 expense. And this also included our impact fees that we
8 had to pay to hook up to the utility, which was
9 considerable, because we opted out of the vacuum. And
10 we weren't upset about this. We opted out of the vacuum
11 system. We didn't get a 20-year option to pay that. We
12 to pay it up front. So I just wanted to add that to the
13 record.

14 **COMMISSIONER PATRONIS:** Questions?

15 Okay. Thank you.

16 **MR. SAYLER:** All right. Mr. David Villone.

17 **COMMISSIONER PATRONIS:** Good evening.

18 **MR. VILLONE:** Good evening. My name is David
19 Villone. I live at 6800 Maloney Avenue, No. 10, Harbor
20 Shores. And let me say this is the first time I've ever
21 spoke in public in my life.

22 **COMMISSIONER PATRONIS:** That's awesome.
23 There's a first for everybody.

24 **MR. VILLONE:** Well, first, I agree with what
25 everybody here has said here today, tonight. And first

1 of all, I'd like to admit this evidence into Harbor
2 Shores -- it's our agreement with KW Resort Utilities,
3 our bill that emphasizes we should consider general
4 services, if that could be done. I guess I want to say
5 a couple of things here.

6 **COMMISSIONER PATRONIS:** 103.

7 **MR. VILLONE:** You know, we had a wonderful
8 working sewer plant right in our own property. The
9 byproduct, you could almost drink it, it looked so good.
10 We had to tear it down. We had a fight. We had a
11 battle. We had to pay. We had a wonderful working
12 marina, fishing marina. I used to stare at the sign, a
13 big shell sign there. It was an old shell sign and it
14 would just sway, and at night I enjoyed sitting out
15 there looking at it through my -- through -- across the
16 water. And I enjoyed going over there and sitting
17 around with all the old fishermen and watching them.
18 And that's gone. So now my enjoyment is am I going to
19 get hit by a car when I pull out of the driveway because
20 there's going to be a whole lot of traffic going down
21 that road, and I've got to pay more for it. So consider
22 what everybody has said here tonight.

23 And, you know, I bought my home. I was in Key
24 West -- I've been here for 16 years. At first I looked
25 at the value -- the properties and I said, "Man, I'm not

1 going to pay that kind of money for this." You know,
2 they want 175,000 for that trailer. And I had this
3 wonderful log home that I custom built and designed
4 myself and raised my kids in, and I couldn't see selling
5 that log home to buy a trailer. But then I said, "Well,
6 you know, Key West is really nice." So by the time I
7 decided to buy, I said, "Yeah, I got to get in on this.
8 I need one of these." So I bought my very own
9 doublewide for \$450,000. The next year Wilma came in,
10 tore it apart. So here I come, fixing my new, wonderful
11 home up.

12 Shortly after everything falls apart. My
13 house is worth \$200,000 maybe, if I was lucky, maybe
14 \$150,000. The government didn't give me nothing.
15 Nobody gave me nothing. I'm still here. You know what?
16 My house ain't worth \$450,000 today yet. Thank you very
17 much.

18 **CHAIRMAN BROWN:** Just -- we need to mark the
19 exhibit. It's 103. What's the title, please?

20 **MS. THOMPSON:** Utility agreement.

21 **CHAIRMAN BROWN:** Thank you. We're marking it
22 as such.

23 (Exhibit 103 marked for identification.)

24 **MR. SAYLER:** I did have one question for
25 Mr. Villone. You talked about increased traffic going

1 somewhere. What are you talking about?

2 **MR. VILLONE:** To the Oceanside Marina now that
3 it's been tore down and we have a beautiful new place
4 built there, which might increase the values of our
5 properties. I don't know. But I do know pulling out of
6 our driveway before, it was a challenge, and it's going
7 to be more of a challenge now with the extra traffic
8 there. And basically what I'm saying is I think this
9 might have something to do with the increase in the
10 usage of the water and sewer on the island, so we're
11 paying for it in more ways than one.

12 **MR. SAYLER:** Thank you, sir. I don't have any
13 additional names. And, Madam Chair, it's at your
14 discretion if you want to give anyone an opportunity to
15 volunteer to speak. Otherwise, I want to say thank you
16 to all the customers for coming out tonight.

17 **CHAIRMAN BROWN:** Thank you. And Commissioner
18 Patronis will give the closing remarks on behalf of
19 Commissioners.

20 **COMMISSIONER PATRONIS:** Sure. So I've got
21 Exhibits 99 through 103. If there's not any objection
22 by the parties, I was going to go ahead and enter those
23 in. Okay.

24 **CHAIRMAN BROWN:** Seeing none.

25 **COMMISSIONER PATRONIS:** Okay. Seeing none,

1 those will be entered in.

2 (Exhibits 99 through 103 admitted into the
3 record.)

4 Thank you for participating in tonight's
5 hearing. This process does not move forward without
6 public participation and helping for all the facts to be
7 brought into -- to the surface of this process for us to
8 go through our deliberations and hear all parties and
9 hear the considerations heard out.

10 Thank you again to Monroe County, and, Kevin,
11 thank you and your team for allowing us to use this
12 wonderful facility tonight. And with that, tonight's
13 meeting is adjourned. Thank you thank you.

14 (Service hearing adjourned at 7:06 p.m.)
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1 STATE OF FLORIDA)
2 : CERTIFICATE OF REPORTER
3 COUNTY OF LEON)

4 I, LINDA BOLES, CRR, RPR, Official Commission
5 Reporter, do hereby certify that the foregoing
6 proceeding was heard at the time and place herein
7 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,
15 nor 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 November, 2016.

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LINDA BOLES

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