

**Collin Roehner**

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**From:** Office of Commissioner Brown  
**Sent:** Monday, November 21, 2016 8:21 AM  
**To:** Commissioner Correspondence  
**Subject:** FW: Docket 150010-WS Aquarina Utilities Management Audit--Customer Request  
**Attachments:** Carl Vinson Letter.docx; Carl Vinson Letter.pdf

Please place in Docket Correspondence, Consumers and their Representatives, in Docket No. 150010-WS.  
Thank you.  
Joann

-----Original Message-----

From: Don Schwinn [<mailto:donschwinn@comcast.net>]  
Sent: Sunday, November 20, 2016 7:14 PM  
To: Carl Vinson  
Cc: Office of Commissioner Brisé; Office Of Commissioner Edgar; Office of Commissioner Brown; Office Of Commissioner Graham; Office of Commissioner Patronis; Braulio Baez; Sayler, Erik; Jerry Hallenstein; Vic Cordiano; David Rich; Patrick Pollock; Jim Royer; Bob Dragoon; Dick Omrod; Greg Shafer  
Subject: Docket 150010-WS Aquarina Utilities Management Audit--Customer Request

Dear Mr Vinson,

Attached is our response to your November 17 request of our Mr. James Royer for input on the Management Audit recently authorized by the Commission.  
Two versions of our response are attached to facilitate reading: one in .docx format; the other in .pdf format.

Thank you in advance for your perusal of this document and your team's efforts to perform a thorough Management Audit.

Donald E Schwinn, Member  
Water Utility Committee  
Aquarina Community Service Association

**Aquarina Community Services Association  
Water Utility Committee  
450 Aquarina Blvd  
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Mr. Carl Vinson, Supervisor  
Performance Analysis Section  
Office of Auditing and Performance Analysis  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RE: Docket No. 150010-WS  
Aquarina Utilities Inc. Rate Case  
Management Audit

November 20, 2016

Dear Mr. Vinson,

We are writing you in response to your email request of November 17, 2016 to Mr. James Royer asking for input on the Management Audit you are conducting of the above referenced utility. He and I are both members of the Water Utility Committee appointed by the Board of Directors of the Aquarina Community. Our Committee has met and agreed upon the issues to be conveyed to you. I volunteered to prepare this response on the Committee's behalf because of my background in water and wastewater engineering and familiarity with applicable FLPSC and FLDEP Rules.

Before describing in detail these issues, we request that you and your staff review in detail the many complaints from consumers listed in the Docket. In particular we refer you to Docket Item 02845-16 and its attachments that describe the many failings of the utility causing our request for a complete Management Audit.

We have divided our response below into three categories. First, compliance with PSC Rules; second, compliance with FLDEP Rules; third, other issues we believe need to be addressed and/or corrected.

With regard to PSC rules we presume that your audit will cover compliance with all applicable PSC Rules, in particular those that pertain to the following topics:

Customer Complaints. As described in detail in Docket Number 02845-16 we believe the utility has been in substantial violation of Rules 52-22.032 and 25-30.130. Their attitude towards complaints is generally negative and often disrespectful.

Plant and Facilities. We believe that the utility is not in compliance with Rule 25-30.225. Based on the number of frequent plant and system failures, equipment is not kept in proper condition. Records of major components need auditing including size, location, and character, as well as their serial numbers and condition. This must include the two main wells and their pumps. The utility has claimed that a reverse osmosis unit has disappeared. This needs to be checked. An audit of meter records should be performed to ascertain if their condition has been determined and a replacement schedule developed.

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Service Interruptions. Under Rule 25-30.250 the utility should reestablish service with a short delay. Docket Number 02845-16 contains a number of instances where avoidable major delays occurred, particularly to repair water services to individual homes. This Rule also requires the utility to notify the responsible Fire Chief that an interruption to fire water service has occurred. This has not happened on several occasions. The utility has denied the Fire Marshall's inspection of the utility's fire system components.

System Maps and Records. Having witnessed the utility hunting for buried valves and pipes we believe that the utility is not in compliance with Rule 25-30.125. They should be forced to have the system mapped.

Records and Reports. We recommend that your audit staff look carefully at claimed employee attendance. Payroll checks and W-2 statements should be audited to support the labor costs contained in the utility's Annual Reports. Is the utility in compliance with the Uniform System of Accounts as prescribed by Rule 25-30.115, F.A.C.? We question whether the utilities Annual Report and the PSC Staff's September 29, 2016 report fairly report the utilities management costs which seem exorbitant to us.

The Burge family, owner-operators of Aquarina Utilities, also own and or operate several other water and wastewater facilities. PSC Staff should review the financial statements of these other facilities to see if the sum of the combined management time and fees for all of these facilities is excessive. The same review should be done of the combined test equipment rentals the Burges provide to all of their owned or operated facilities.

With regard to FLDEP compliance, we believe a number of Rules are being violated, as follows:

Rule 62-555.530 Operation and Maintenance of Public Water Systems. Compliance with all of the provisions of this rule should be audited. In particular:

- Exercising of auxiliary power. The standby generator is rarely heard operating.
- Adequacy of standby generator fuel reserve.
- Exercising of isolation valves is also not occurring. A critical valve controlling the golf course water supply is inoperable.
- Quarterly flushing of all dead end water mains is not happening.
- Calibration of meters at the water plant needs verification.
- Checking of tank conditions also needs verification.
- Monthly operating reports—do they describe equipment breakdowns, service interruptions, boil water notices?
- On-site records of operator daily attendance should be audited, including sign-in and sign out logs.
- Written emergency response plan should exist and be in accordance with current county and state procedures.

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Rule 62-602. This Rule covers the licensing of water and wastewater facility operators. With regard to 62-602.800 and .850, we believe that unlicensed operators are performing daily duties specified to be performed by licensees. The audit should investigate and interrogate all non-licensed staff as to what tasks they have been directed to perform and determine if disciplinary action need be taken with the owner-operators. In particular, one unlicensed person, Mr James Sullivan, has been noticed visiting the plant frequently and tending to system piping and pumping problems. He should be questioned by PSC Staff.

Rule 62-699. This rule requires a licensed water operator to visit the site ½ hour daily plus one weekend visit, and a licensed wastewater operator to visit one hour daily plus one weekend visit. Our observations of the comings and goings of the licensed operators indicate that this is not happening. Our community entrance system records all visits made by guests, contractors and residents using in-car transponders and license plate videos. PSC Staff should audit these records to determine whether the visits made using Aquarina Utilities only transponder correspond with the vehicles driven by the licensed operators.

Rule 62-555.900. This is a form for the submission of monthly reports. Our review of the utility's recent submittals shows that page 2 of this form which would show the daily attendance by a licensed operator is not being submitted.. The utility should be forced to submit the fully completed form.

FLDEP Wastewater Permit Number FLA010352-005. Compliance with the operating and record keeping requirements of the permit should be audited. These include:

- Biosolids generation and hauling records for 5 years
- Staffing requirements being met
- Calibration and maintenance records
- Under paragraph C.1(i) equipment maintenance logs, operators attendance logs including time-in and time-out, maintenance repair, sampling and testing.

Because of the many deficiencies noted earlier and in accordance with FLDEP policy <http://www.dep.state.fl.us/water/wastewater/wce/complain.htm> we believe that Compliance and Performance Audit Evaluations should be conducted. Alternatively an independent nationally-recognized operations firm should be retained to evaluate compliance and performance.

In addition to the above we request the following:

1. That our Association and its qualified operations and management residents be included in the PSC Staff's inspection of the facilities.
2. That the local Fire Marshall also be included in this inspection.
3. That the utility be required to conduct a SCADA telemetering evaluation so that critical equipment failures, storage tank levels, water pressures at critical points in the potable,

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non-potable and fire systems will be reported directly to the utility's lead operators' mobile phones.

4. That the utility has up-to-date contact information for its users in the event of a boil water notice or loss of pressure.

We believe that a contributing cause of the utility's unsatisfactory service has been the distance that the two licensed owner-operators live from the facility (about 27 miles) and their contractual obligations with several other facilities. In addition, as you may see from Docket Number 02845-16, the utility owners responses and attitudes towards their customers' complaints are quite negative. Hopefully the PSC Staff can make recommendations to improve this situation.

We also request that the Commission not act on the proposed rates until the Management Audit has been completed.

Very truly yours,

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

CC: Commissioners Brise, Edgar, Brown, Graham, Patronis  
Executive Director Baez  
Erik Sayler, J. Hallenstein, V. Cordiano, D.Rich, G. Shafer  
P. Pollock, J. Royer, R. Dragoon, R. Omrod