

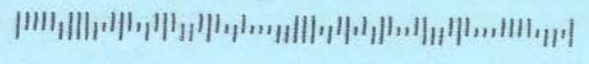
FL 320
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PM 1 L

R Robert Vergnolle
3724 Harbor Dr.
Saint Augustine, FL 32084



Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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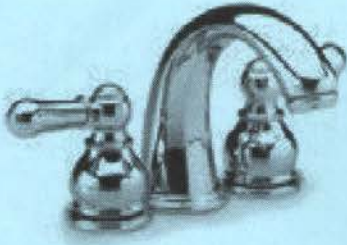
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Florida Public Service Commission

SPECIAL REPORT

OCTOBER 2016

Application for increase in water rates in St. Johns County by
**Camachee Island Company, Inc. d/b/a
Camachee Cove Yacht Harbor Utility**

DOCKET NO. 160145-WU

On June 7, 2016, Camachee Island Company, Inc. d/b/a Camachee Cove Yacht Harbor Utility (Camachee Cove) filed an application with the Florida Public Service Commission (PSC or Commission) for an increase in water rates. Camachee Cove provides water service to approximately 100 water customers in St. Johns County.

QUESTIONS & ANSWERS

1 Is there an opportunity for public input on this rate case?

Yes. As part of the evaluation process for Camachee Cove's rate request, the Commission staff will conduct customer meetings to allow customer feedback about Camachee Cove and the rate-setting process. Customer comments, written and oral, will be taken into consideration when the Commission reaches a decision. One or more Commissioners may attend and participate during the customer meetings.

2 Why is Camachee Cove requesting a rate increase?

Camachee Cove is requesting a rate increase in order to recover the cost of operating the utility and allow the company the opportunity to earn a fair rate of return on its investment.

3 When was Camachee Cove's last approved rate increase?

The last PSC staff-assisted rate case for this system occurred in 2010.

4 How much is the average monthly water bill for a residential customer using 3,000 gallons?

The average monthly water bill for a residential customer using 3,000 gallons is ~~\$20.69~~.

5 Using Camachee Cove's requested final rates, how much would the average monthly water bill be for a residential customer using 3,000 gallons?

The average monthly water bill for a residential customer using 3,000 gallons would be ~~\$34.41~~.

20.82
6.76

27.60

34.66
11.28

45.94

CUSTOMER MEETING

**Monday, October 17, 2016
6:00 P.M.**

Camachee Cove Yacht Harbor
252 Yacht Club Drive
St. Augustine, FL 32084

If cancelled, notice of meeting cancellation will be provided on the Commission's website (www.floridapsc.com) under Hot Topics found on the home page. Cancellation can also be confirmed by contacting the Office of General Counsel at (850) 413-6199.

Continued on back

6 What if I cannot attend the customer meeting or prefer not to speak? Are there other ways to comment on this case?

Any person who wants to comment or provide information to the Commission regarding this matter may do so orally at the meeting or in writing.* Written comments should be mailed to:

Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

The PSC will also accept emailed comments at: clerk@psc.state.fl.us

Please be sure to include the docket number, **160145-WU**.

Customer comments are placed on the correspondence side of the docket file and are taken into consideration by the Commissioners in reaching their decision. In accordance with Florida Statutes, the PSC will also consider Camachee Cove's quality of service and other matters. If you have questions, contact the PSC's Office of Consumer Assistance & Outreach at 1-800-342-3552.

7 Who can answer technical or legal questions?

For technical questions, contact:

Charles Johnson
(850) 413-6676

Moni Mtenga
(850) 413-6586

Martha Golden
(850) 413-7015

For legal questions, contact:

Walter Trierweiler
(850) 413-6584

8 Where on the Internet can I obtain more detailed information?

Detailed docket information is available on the PSC website at www.FloridaPSC.com. Click on **Clerk's Office** then **Dockets**. Type in the docket number **160145**.

9 When will the PSC make a decision?

The PSC staff is tentatively scheduled to file a recommendation with the Commission on December 21, 2016. The Commissioners are tentatively expected to vote on this matter at the January 5, 2017 Commission Conference.

** Any email or other correspondence sent to a Florida Public Service Commissioner, or any other public official and/or employee of the PSC, in the transaction of public business is considered a public record and is subject to Florida's Public Records Law. This means that Florida law generally requires the PSC to provide a copy of any such email or correspondence, upon request, for inspection and copying to any Florida citizen or to any member of the media.*

PSC Commissioners



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Ronald A. Brisé



COMMISSIONER
Lisa Polak Edgar



CHAIRMAN
Julie I. Brown



COMMISSIONER
Art Graham



COMMISSIONER
Jimmy Patronis

Camachee Cove Monthly Water Rates

	Rates at Time of Filing	Utility Requested Rates
<u>Residential and General Service</u>		
Base Facility Charge by Meter Size		
5/8" x 3/4"	\$13.91	\$23.13
3/4"	\$20.84	\$34.66
1"	\$34.74	\$57.79
1 1/2"	\$69.49	\$115.56
2"	\$111.21	\$184.94
3"	\$222.41	\$369.87
4"	\$347.48	\$577.86
6"	\$694.99	\$1,155.77
Charge per 1,000 gallons - Residential		
0-3,000 gallons	\$2.26	\$3.76
3,000-6,000 gallons	\$6.75	\$11.23
6,000-12,000 gallons	\$10.14	\$16.86
Over 12,000 gallons	\$13.51	\$22.47
Charge per 1,000 gallons - General Service	\$9.04	\$15.03
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
3,000 Gallons	\$20.69	\$34.41
6,000 Gallons	\$40.94	\$68.10
12,000 Gallons	\$101.78	\$169.26

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Refer to: Fl. Public Service Commission SPECIAL REPORT dated October, 2016 –DOCKET No. 160145-WK

The subject reference publishes 4 pages with 9 questions and answers that were distributed to all Camachee Cove Yacht Harbor (CCYH) Utility customers.

Regarding Question #4: The answer given is that a monthly bill for a residential customer that uses 3000 gal. of water is \$20.69. WRONG! This is the monthly meter charge only. The 3000 gal. of water usage at current rates is: $\$2.26/1000 \text{ gal.} \times 3 = \6.76 additional. Therefore, $20.69 + 6.76 = \$27.60$ per month (+33% from what's shown)

The same goes for Question #5. Using the same calculation as above will yield: $\$34.41 + 11.28 = \45.94 per month for 3000 gal. use (also 33% more than shown on publication.)

Questions #4 and #5 are presented in a wrong and misleading from the start.

Refer to: Letter from Peter Sabo to Mr. Todd M. Brown dated June 3, 2016 with 7 pgs. of attachments requesting a limited revenue proceeding.

QUESTIONS:

1. Who/What is SARC?
2. How did SARC determine a not-to-exceed 9.67% rate of return? Any determined rate of return needs to be earned through accurate projections followed by efficient, progressive (on-going) operations: not assume that they will just happen.
3. States the test year was 2008. This was a good year, pre-recession, which should have been a high water usage year along with the buildup of previous good years. Mr.Sabo states that the water usage for 2008 was 9,142,000 gals. Starting with the recession, generally accepted as 2Q – 2008, through 2010 with slow improvement since.. Has the average usage stated in the letter of 7,505,000 gals. from 2008-2015 been verified and to what area: residential, commercial, marina or other do they apply? How has each of these categories trended (up, down or same) over the past 6+ years?
4. Shouldn't the 18% less usage from 2008 to 2015 result in some reduction in expenses? To do this would require a full analysis of all fixed and variable expenses, their trends and any adjustments made over time. None of this information was made available.
5. Hasn't it been known for over 25+ years, since Camachee is a PUD, that there would be "no further growth to the customer base"? It has been fixed, therefore predictable at least the residential portion. The commercial/marina is where the usage growth would be and also quite variable as pointed out by Bill Coleman (See his comments from the transcript, pgs. 26 and 27, of the October 17, 2016 meeting).

Refer to: Transcript of customer meeting on Monday, 17 October, 2016 before Fl. PSC staff.

1. Ms. Daniel refers to annual rate increases (Pg. 11) saying: " they're small cost of living increases that the legislature allows utilities to have. They're usually 1 percent, some modest increase." On pg. 12 she refers to these increases as "little 1 percent a year." These annual increases of about 1 percent are presented as being insignificant, modest and little: NOT TRUE. The actual index rate increases total approximately 14 percent over the 6 years (with 2 increases in 2011) for a 3/4" meter and 3000 gallon per month usage. This comes to 2-1/4 per cent (annually) worth of index increases over the 6+ years which is more than DOUBLE what Ms. Daniel states.
2. Ms. Daniel mentions that the utility was "entitled" to generate the revenue approved in 2010 which was based on 2008 data. This would be a high, pre-recession usage rate and disregards any irregularities in overall management styles, administrative procedures, the consideration for cutting expenses where possible, the change/transition in corporate heads (from Sean McKenna to Peter Sabo in 2014) and the factors mentioned by Mr. Subin (pg. 19 of transcript) and others throughout the meeting.

To conclude, compare the requested rates with the rates that were approved in April 15, 2010:

3/4 "meter charge being requested - \$ 34.66

3/4" meter charge in April 2010 - \$ 18.35

Difference - \$ 16.31

This is an 89 per cent increase over the past 6+ years.

For 3000 Gals/1000 per month usage requested - \$ 3.76/1000

In April 2010 - \$ 1.98/1000

Difference - \$ 1.78/1000

This is a 90 per cent increase over the past 6+ years: ALMOST DOUBLE.

This type of miss in any business venture, in this case a water utility, is the cause for major concern and should raise "red flags" that something is seriously wrong with operations which affect all users/consumers. Serious questions need to be answered and fully investigated by comparisons of all of the factors pointed out in this narrative and others providing input to water utility companies of similar size in the local area, Florida and even the Southeast. i.e. find out reasons for this performance?.

Therefore, this limited revenue request by CCYH should be TABLED until all concerns are analyzed by conducting a full and complete AUDIT illustrating PROJECTIONS versus ACTUAL of revenue and expenses for all categories of water -use in the Camachee Cove Community.

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12/5/2014