

E S A D Enterprises, Inc.
DBA Beaches Sewer System
P O Box 503
Port St Joe, FL 32457

November 20, 2018

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

RE: Guarantee Revenue

Dear Commissioners:

On October 10, 2018 our service territory was hit by Hurricane Michael. The storm was very damaging to our area and our plant and lift stations. I drove by each house in our territory making notes of the livability of each house. Some were oblivious they were completely destroyed, other's had severe damage and in my eyes not able to be lived in. The number of customers was 76 out of the 334 we have. This amounts to \$ 3,270.28 of lost revenue each month.

According to our tariff, we have two types of customers, a residential service charge of \$ 43.03 per month which is for wastewater service in residences and a guaranteed revenue charge of \$ 11.79 per month for customers who have paid a service availability charge. Our customers who residences have been destroyed by this horrible hurricane received a bill in November for the guaranteed revenue charge, just like customers that have not yet built on their property.

The first part of November I mailed to each customers that have a destroyed house on their lot a letter (copy enclosed) and a bill for the guarantee revenue. I have received to date payment on some of these invoices without questions, I have received three to four phone calls about it, with all saying they understand and were sending us a check.

Right after the storm, a customer called to say to cancel their services and not to send any more bills. I told the person that we would be sending a bill for the guarantee revenue. The person got very upset, cussing me out, and saying they would not pay. A complaint was sent to the PSC, and I did receive a call about it. I informed the caller what happened. A few days later I received a phone call from an attorney saying someone had complained to a state senator, who asked him for his opinion on the matter. He sent me a copy of his reply to the senator and said I was correct in sending bills for that.

Our tariff allows us to pay for the operation on the utility. The hurricane caused damage to our infrastructure, it cost of a lot to run the plant and lift stations for both gasoline and

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diesel fuel. We had to go to each lift station and the plant three to four times a day until power got restored in the area (about three to four weeks). It has not been fun to see the effects of this storm. We were up and running two days after the storm, even before the city of Port St Joe and the city of Mexico Beach were. They were weeks after us. I'm proud of the service we provide and just want to have the revenue needed to continue to operate.

It is our opinion that the guarantee revenue should be charged to all customers that have paid for service in our territory.

Sincerely,

Frank J Seifert
President

ESAD Enterprises, Inc.

Beaches Sewer System

509 4th Street

850-227-9875

Port St Joe, FL 32456

Dear Customer:

Enclosed you find a statement of your account and an invoice. The damages all of us have had is heartbreaking. Our system was fully operating the second day after the storm. We had no power but was able to operate with generators using 40 to 50 gallons of gas every day, plus diesel fuel for one of the generators.

The invoice that you have received is what are our tariff, which was approved by the Florida Public Service Commission, says we shall bill. This small invoice is to provide revenue to maintain our plant and infrastructure. We have lost many sewer customers, but our cost to operate remains the same. Our damages were by no means as much as you have lost, but is a lot for us. We can't get insurance to cover our losses, and we have had to put funds in to keep everything running.

The invoice, per our tariff, is to be charged once a customer pays the initial service availability charge. Someone or you paid this to the system at one time. It will be needed once you or someone decides to rebuilt or repair your structure.

Some of you now have a new mailing address, we ask that you provide it to us. When your structure is repaired please notify us so that we can make sure you are attached to our collection lines correctly.

If you have any questions please feel free to call us. Because of the damages we have had, we may not be in the office all of each day, we have major work to do and it takes time for us to do it.

Sincerely,

Frank J Seifert

President

Ps we will waive the late charges for these invoices because of the delay in sending them

Minimum fees for sewer charges

Gene Adams <gene@penningtonlaw.com>

Wed 10/24/2018, 12:00 PM

To: Taylor Peck <peck.taylor@flsenate.gov>

Cc: Frank Seifert <seifert13@msn.com>

 2 attachments (6 MB)

SEast Copy 18072316010.pdf; SEast Copy 18072316011.pdf;

Taylor --

I am glad to try and help you understand the issue of a base or minimum fee. Florida Statutes grant the private utilities in the state the authority to set utility rates and charges with approval of the PSC, levy special assessments and issue debt to finance the acquisition and improvements to utility systems. Cities and counties also have this authority but generally without PSC oversight. Many utilities have adopted in addition to the rates for actual usage of water and wastewater utilities, a charge that goes by several names. The name may be a "base facilities fee" while other utilities or governments call this a "readiness to serve fee", a "minimum monthly fee", a "service availability fee", "inactive account fee", or other names. Also, it varies among utilities and governments as to whether this fee is charged or not. As an example, Citrus and Marion Counties have such a fee for utility services, while the City of Lakeland and Polk County do not charge a base minimum fee.

Generally a utility collects base fees or inactive account charges from all property owners as a minimum charge for having service available to the property. If a property has not used any water or sewer for the month, a base fee is charged and no gallon usage fee is charged. The charges cover the fixed costs to the utility such as line maintenance, plant operations, equipment acquisition, capital improvements and debt service. These costs remain each month for the utility to pay regardless of whether customer usage occurs. Many utilities charge the base fee based on the size of the water line and the rate schedule will normally include different rates for residential and commercial customers.

Due to bond covenants and financing agreements which require charging all customers for service, prohibit providing free service, and require treating all customers equally, most utilities cannot waive the charges. Unfortunately, these charges generally cannot be waived even in an emergency such as the hurricane. Some utilities will waive the fee if the building is non-habitable, a well or other source of potable water is available, and no structure of any type is on the property. This may allow all service to be discontinued. However, if any habitable structure is there, the health department may require hookup again depending on local laws. Generally however, these charges must be collected. If not paid, these charges will continue to accrue and eventually become a lien on the property. I have included two Florida court cases which confirm that utilities in Florida may charge a base fee.

Note however, in many counties and cities, if the property is disconnected based on the criteria above and the meter is removed, any subsequent restoration of service will require payment of fees for replacing the meter, an impact fee, and other service charges. Any new and potential owner will also need to be advised of the fact that the service has been totally discontinued and these additional charges may result.

The utility address and phone do come up when you do a search. They are also regulated by the PSC and you can see the latest report filed with the PSC at this internet address:

<http://floridapsc.com/library/financials/SU848-DOCS/ANNUAL-REPORTS/SU848-17-AR.pdf>

Beaches Sewer System,
509 E 4th St
Port Saint Joe, Florida 32456
850-227-9875

I called the number and have talked to Mr. Frank Seifert who is the President of the company and returned the call. He was very helpful in explaining the fees charged and as I explained above, does have a "guaranteed availability fee" which customers pay as noted above to maintain the system. I told him to expect a call from you regarding a constituent problem and he will be happy to talk to you. I am also copying him with a copy of this email. Please let me know if you or the Senator have further questions or if I can assist you further in this regard. Gene.

Howard E. (Gene) Adams

Attorney At Law



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RESIDENTIAL SERVICE

RATE SCHEDULE (RS)

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For wastewater service for all purposes in private residences with unmetered wastewater.
- LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -
Flat Rate \$43.03
- MINIMUM CHARGE - Flat Rate
- TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

- EFFECTIVE DATE - November 1, 2017
- TYPE OF FILING - Staff-Assisted Rate Case

WS-17-0103

FRANK SEIFERT
ISSUING OFFICER

PRESIDENT
TITLE

SERVICE AVAILABILITY POLICY

The Company requires the payment of Contributions-In-Aid-Of-Construction (CIAC). The Company presently imposes a plant capacity charge, a main extension charge, and a customer connection charge for the purpose of defraying a portion of the cost of construction of sewer treatment plant, collection and effluent disposal facilities. Cash contributions by Applicant to the Company shall be a condition precedent to the rendering of service by Company

The Company shall collect a guaranteed revenue charge for all proposed connections to its system. This charge will begin on the date the Applicant applies for service or otherwise pays to the Company any appropriate service availability charges, and will cease upon such time as the proposed connection becomes an active connection. This charge will be collected on a monthly basis in accordance with the amounts indicated on Sheet No. 18.0.

SERVICE AVAILABILITY CHARGES

<u>Description</u>	<u>Amount</u>
<u>Customer Connection (Tap-in) Charge</u>	
5/8" x 3/4" metered service – residential	\$100.00
<u>Guaranteed Revenue Charge</u>	
With Prepayment of Service Availability Charges:	
Residential-per ERC/month (240 GPD).....	\$ 11.79
All others-per gallon/month.....	\$ 0.05
<u>Main Extension Charge</u>	
Residential per ERC (240 GPD).....	\$375.00
All others-per gallon.....	\$ 1.56
<u>Plant Capacity Charge</u>	
Residential per ERC (240 GPD).....	\$300.00
All others-per gallon.....	\$ 1.25

EFFECTIVE DATE - November 1, 2017

TYPE OF FILING - Staff-Assisted Rate Case

WS-17-0103

FRANK SEIFERT
ISSUING OFFICER

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