

1 BEFORE THE  
2 FLORIDA PUBLIC SERVICE COMMISSION

3 In the Matter of :  
4 Application for rate increase : DOCKET NO. 920199-WS  
5 in Brevard, Charlotte/Lee, :  
6 Citrus, Clay, Duval, :  
7 Highlands, Lake, Marion, :  
8 Martin, Nassau, Orange, :  
9 Pasco, Putnam, Seminole, :  
10 Volusia, and Washington :  
11 Counties by SOUTHERN STATES :  
UTILITIES, INC.; Collier :  
County by MARCO SHORES :  
UTILITIES (Deltona); :  
Hernando County by SPRING :  
12 HILL UTILITIES (Deltona); :  
and Volusia County by DELTONA :  
13 LAKES UTILITIES (Deltona) :  
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CLEARING HOUSE  
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13 PROCEEDINGS: SUNNY HILLS SERVICE HEARING

14 BEFORE: **RECEIVED** COMMISSIONER BETTY EASLEY  
15 Division of Records & Reporting COMMISSIONER SUSAN F. CLARK

16 DATE: **OCT 8 1992** Monday, September 28, 1992

17 TIME: **Florida Public Service Commission** Commenced at 6:30 p.m.  
18 Concluded at 8:15 p.m.

19 PLACE: Sunny Hills Community Center  
20 Harbour Place  
21 Sunny Hills, Florida

22 REPORTED BY: JOY KELLY, CSR, RPR  
23 Official Commission Reporter

24  
25

1 APPEARANCES:

2 FLOYD SELF, Messer, Vickers, Caparello,  
 3 Madsen, Lewis, Goldman, & Metz, Suite 701, First  
 4 Florida Bank Building, 215 South Monroe Street,  
 5 Tallahassee, Florida 32303, Telephone No. (904)  
 6 224-4359, appearing on behalf of Southern States  
 7 Utilities, Inc.

8 JACK SHREVE, Public Counsel, Office of the  
 9 Public Counsel, Claude Pepper Building, Room 812, 111  
 10 West Madison Street, Tallahassee, Florida 32399-1400,  
 11 Telephone No. (904) 488-9330, appearing on behalf of  
 12 the Citizens of the State of Florida.

13 SUZANNE SUMMERLIN and DANIEL VILLAZON, FPSC  
 14 Division of Legal Services, 101 East Gaines Street,  
 15 Tallahassee, Florida 32301, Telephone No. (904)  
 16 487-2740, on behalf of the Commission Staff.

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OPENING STATEMENT BY MR. SHREVE

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JOHN McCORMACK

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OSCAR LERNER

Adopts Testimony of Previous Speakers

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IDENTIFIED

ADMITTED

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P R O C E E D I N G S

(Hearing commenced at 6:30 p.m.)

1  
2  
3 COMMISSIONER EASLEY: Call the hearing to  
4 order. Before we get into the formal part of the  
5 hearing, let me ask you a question: The people that  
6 are sitting on the aisle on both sides, we've moved  
7 that back to see if it's easier for you all to see up  
8 here. Is it easier or did it make it worse?

9 UNIDENTIFIED SPEAKER: Why don't you take a  
10 little table back there and put up there, instead of  
11 that high thing, where we can look over.

12 COMMISSIONER EASLEY: Well --

13 MR. SHREVE: We could just move that  
14 completely and let them speak into the microphone.

15 COMMISSIONER CLARK: Some people want a table.

16 COMMISSIONER EASLEY: If we could do it to  
17 the side, even.

18 (Simultaneous conversation.)

19 COMMISSIONER EASLEY: I'll tell you what  
20 we'll do. We'll get started with it this way; if it  
21 becomes a problem, we'll move it how's that? We want  
22 to be sure that --

23 UNIDENTIFIED SPEAKER: We can just use the  
24 microphone, if they want to move the podium out of the  
25 way altogether.

1           COMMISSIONER EASLEY: Okay, we can do that,  
2 too.

3           My name is Betty Easley. I'm a member of the  
4 Florida Public Service Commission. With me tonight is  
5 Commissioner Susan Clark. By reason of seniority, and  
6 it has nothing to do with age, I'll be chairing the  
7 hearing tonight.

8           In a few minutes, what we're going to do is  
9 have the notice of the hearing read and then the  
10 attorneys will make an appearance; that is, they will  
11 give their names and who they're representing. Then  
12 the Company and Public Counsel will make opening  
13 statements. After that is done, I'll ask those of you  
14 who have signed up to speak to rise and I'll swear you  
15 all in at one time.

16           Now, let me explain that the reason for  
17 swearing you in is so that comments you make tonight  
18 can be put on the official record. It's not meant to  
19 intimidate you by any stretch of the imagination, it's  
20 just a requirement.

21           If you'll notice, on the back of this yellow  
22 handout that you got, there is a self-mailing sheet.  
23 If you don't wish to testify, or even after you've  
24 testified and you go home tonight and you think, "Oh,  
25 Lord, I should have said," go ahead and write down what

1 it is you want us to hear. If you write it before you  
2 leave, you can give it to the same young lady you got  
3 it from, back there in the samon-colored suit, or you  
4 can mail it to us. It will go on what we call the  
5 correspondence side of the record, and it still counts.  
6 So if you don't want to stand up in front of people and  
7 talk tonight, you don't have to and you can still have  
8 your voice heard.

9           People who won't introduce themselves tonight  
10 -- well, I guess everybody will, except us, come to  
11 think of it. This is our Staff, the first two people  
12 over here are our Staff. And then the attorney for the  
13 Company, who will introduce himself. Over on this side  
14 is Jack Shreve, Public Counsel, who will introduce  
15 himself. And our court reporter.

16           I have to ask you to speak one at a time, the  
17 court reporter has to take everything down. So, making  
18 comments from the audience doesn't go on the record and  
19 it makes it very difficult for her to transcribe the  
20 things that the people who are at the microphone are  
21 saying. So I'm going to ask for your cooperation on  
22 that, as well as to allow other people to hear.

23           We will break about every hour and a half if  
24 it's comfortable to do so, because we have only one  
25 court reporter and it's kind of hard on her to go

1 straight through.

2 I think that's all the preliminary things.  
3 Would you read the notice, please?

4 MS. SUMMERLIN: Pursuant to notice, this time  
5 and place has been set for customer service hearing in  
6 Docket No. 920199-WS, application for rate increase in  
7 Brevard, Charlotte/Lee, Citrus, Clay, Duval, Highlands,  
8 Lake Marion, Martin, Nassau, Orange, Osceola, Pasco,  
9 Putnam, Seminole, Volusia and Washington Counties by  
10 Southern States Utilities, Inc.; Collier County by  
11 Marco Shores Utilities; Hernando County by Spring Hill  
12 Utilities; and Volusia County by Deltona Lakes  
13 Utilities.

14 COMMISSIONER EASLEY: Thank you. Take  
15 appearances of counsel, please.

16 MR. SELF: My name is Floyd Self. I'm an  
17 attorney with the Messer Vickers law firm in  
18 Tallahassee, Florida, P. O. Box 1876. I'm here  
19 appearing on behalf of Southern States Utilities, Inc.

20 MR. SHREVE: Jack Shreve, Public Counsel,  
21 Claude Pepper Building, Tallahassee, Florida, appearing  
22 on behalf of the Citizens of the State of Florida in  
23 opposition to the rate increase.

24 MS. SUMMERLIN: Susan Summerlin and Daniel  
25 Villason, on behalf of the Staff of the Public Service

1 Commission, 101 East Gaines Street, Tallahassee,  
2 Florida.

3 COMMISSIONER EASLEY: Thank you. And I  
4 believe you have an opening statement, Mr. Self.

5 MR. SELF: Yes, Commissioner. Thank you.

6 This is a case which stems from an  
7 application filed by Southern States with the Public  
8 Service Commission to increase water and wastewater  
9 rates. The application is extremely comprehensive and  
10 covers virtually all of the water and sewer systems  
11 operated by Southern States which are regulated by the  
12 Commission. Specifically, the application encompasses  
13 127 systems spread throughout 19 counties in the state.

14 Based on its present rates, investors in  
15 Southern States are currently experiencing a negative  
16 overall return on common equity of 8.32%. In fact, for  
17 each of the last three years Southern States has not  
18 been able to recover through its present rates  
19 sufficient revenues to cover the interest that the  
20 Company owes to its lenders.

21 The purpose of Southern States' application  
22 is to bring the rates to a level so that the Company  
23 will be able to have the opportunity to earn a fair and  
24 reasonable rate of return on its investment in water  
25 and sewer facilities and will, once again, be able to

1 attract the necessary investment to meet customer  
2 growth and increased regulatory requirements.

3 In addition, Southern States has incurred  
4 significant increases in operating expenses and has  
5 constructed additional water and sewer plant to meet  
6 such needs as customer growth and environmental  
7 regulations imposed on the Company by state and federal  
8 governments.

9 The final hearing on the Company's request  
10 will take place in Tallahassee in November of this  
11 year. At that time, the Commission will hear evidence  
12 on many technical issues concerning the Utility's  
13 request, such as, the amount of the Utility's  
14 investment in facilities and the amount of operating  
15 expenses incurred for each of the systems that are at  
16 issue in this case. Southern States will be prepared  
17 to prove to the Commission and justify at that time  
18 that it is entitled to the requested increase in rates.

19 The purpose of tonight's meeting, as  
20 Commissioner Easley said, is to hear the comments of  
21 the customers. We welcome this opportunity to be here.  
22 And, Commissioner Easley, I've already passed around  
23 the Customer Notice and Prove of Publication, which I  
24 believe will be Composite Exhibit 10.

25 COMMISSIONER EASLEY: Composite Exhibit 10?

1 MR. SELF: Yes, ma'am.

2 COMMISSIONER EASLEY: Is that the next  
3 number? Thank you.

4 MR. SELF: Thank you, Commissioner.

5 COMMISSIONER EASLEY: Will be so identified.

6 (Composite Exhibit No. 10 marked for  
7 identification.)

8 COMMISSIONER EASLEY: Mr. Shreve.

9 MR. SHREVE: Thank you, Madam Chairman.

10 We're happy to be here with you tonight; and  
11 this is your night, so I'll be very brief. I do want  
12 to say that I think there is quite a few very important  
13 and very large holes in Southern States' case, just  
14 like in the last one that they filed.

15 One, they are asking for 12.85% return on  
16 equity or profit, and that's after taxes. That's going  
17 to mean that the ratepayers are paying close to 19% to  
18 support that size profit. This is in a day and age  
19 when the economy is down, when the inflation is down  
20 and interest rates are down. I'm sure all of you who  
21 have CDs or any type of savings are not getting  
22 anywhere close to that, and that should be adjusted  
23 definitely downward.

24 They have filed 127 systems. You have two  
25 systems here, one water and one sewer; they have 127

1 systems in this case. A lot of them only have water.  
2 That is impossible to handle. There has been no  
3 additional time given, no consideration for the  
4 presentation of the customers' case in this. We're  
5 doing the same timeframe that we were -- in any case,  
6 if we had a case just here where all we were looking at  
7 was your situation, your investment, your expenses,  
8 that's the only amount of time we have. There's been  
9 no change in that and it's going to be an impossible  
10 case to handle. And I think you're going to see that  
11 there are very little answers, very few answers, and  
12 very little information that's out there at this point.  
13 We're developing as much as we can.

14 One of the things that we're trying to get to  
15 the bottom of -- and it was mentioned that they're  
16 making a very low return on Southern States' or Topeka  
17 Group's investment. How much do they have invested in  
18 Sunny Hills? I'll bet you their calculation is based  
19 on an amount that is much more than their actual  
20 investment. What did they pay for Sunny Hills and what  
21 are their calculations? If it was recalculated with an  
22 accurate amount of their investment, I don't even think  
23 you would need a rate increase.

24 The last time Deltona came in here, they got  
25 every penny they asked for because they took it to the

1 courts and got every penny, so they weren't denied  
2 anything. You would think that that would be enough to  
3 hold them for a while. But then Southern States and  
4 Topeka Group took it over and came in last time asking  
5 for on water a 346% increase and on sewer a 269%  
6 increase. Now, that was in the last case that we got  
7 dismissed and you should be getting an interim rate  
8 refund on that; that was ordered by the Public Service  
9 Commission after we had that case dismissed, quite a  
10 while back. We have won that in the courts now and  
11 sooner or later you're going to get your money back.  
12 They have asked for \$1.7 million to be paid for by you  
13 for them to put on their case. \$1.7 million.

14 Another thing that I consider very misleading  
15 is the notice that was sent to you. They left the  
16 interim money in the rates. By doing that, it would  
17 lead you to believe that the rate increase that they're  
18 asking for is much smaller. The rate increase that  
19 they are actually asking for for the sewer rates is  
20 72%, where on the notice they sent out, I think around  
21 14% -- when, in fact, it's 72% increase they are asking  
22 for.

23 On the water, where they have asked for an  
24 increase of approximately 121% is what they say, the  
25 actual increase that they're asking for is 228%. I

1 think that's misleading. I think you'd have a much  
2 better turn out. I think the people would be much more  
3 interested and much more opposed if they knew what the  
4 fact were instead of being misled by information like  
5 that.

6           There are many things that we're not going to  
7 be able to develop in this case, just by lack of time.  
8 I hope you'll ask your questions, I hope you get some  
9 answers. But we're going to pursue this case just as  
10 hard as we can, just as hard as we did the last time.  
11 But I just want you to know how difficult it is going  
12 to be with the number of systems that we're having to  
13 look into and try and develop the information on.

14           They file their case, they take as much time  
15 as they want in filing it. They put it together; then  
16 they have all of the information and we have to get it  
17 from them, and we're under the same time restrictions  
18 as before.

19           But just to show you how dependable their  
20 last case was, when they came in -- and a lot of you  
21 last time asked for a lot of information and the  
22 reasons that your rates were going to be raised that  
23 much, when they came in in that last case.

24           For their expenses, their operation and  
25 maintenance expenses, they said in their 1991 projected

1 test year that they needed \$106,000 in expense money  
2 from you for water alone. But when the 1991 actual  
3 figures came in, they've only spent \$73,000; so they  
4 would have picked up \$33,000 extra, right on that one  
5 item.

6 For the sewer side of it, they said in the  
7 last case that their projections for 1991 -- we're  
8 talking apples and apples here, same year -- \$100,000  
9 was what they had needed and projected that they would  
10 use for expenses in 1991. When 1991 expenses are in,  
11 they only spent \$52,000, so you would have had almost  
12 100% paid in more than was necessary.

13 That's how dependable their last rate case  
14 was. We hope we can find out how dependable this is,  
15 and we think it should be denied.

16 Thank you very much. (Applause)

17 COMMISSIONER EASLEY: Thank you.

18 Now if all of you who have signed up with Mr.  
19 Shreve, and for those of you who have come in a few  
20 minutes late or want to sign up and haven't done so  
21 yet, we will take a break and allow you to sign up, you  
22 know, so that we can do this. If you haven't signed up  
23 already, don't worry about it, you will get another  
24 opportunity.

25 So those of you who have signed up, if you

1 would please rise, I'll swear you in all in at one  
2 time, it'll save us a little time and trouble.

3 - - - - -

4 (Witnesses collectively sworn.)

5 Now, Mr. Shreve, if you'd call your first  
6 witness.

7 MR. SHREVE: Yes, ma'am. Mr. Spiker

8 COMMISSIONER EASLEY: And when you come up,  
9 if you'd give us your name and address for the record,  
10 please, sir.

11 DONALD SPIKER

12 was called as a witness on behalf of the Citizens of  
13 the State of Florida and, having been duly sworn,  
14 testified as follows:

15 WITNESS SPIKER: My name as Donald Spiker. I  
16 live at 808 Quintara Court. I've lived at this address  
17 going on 21 years, so I've been here for the whole  
18 outfit that's going on.

19 Now, Ms. Easley, I saw you here at the last  
20 meeting, and also in Tallahassee.

21 COMMISSIONER EASLEY: Right.

22 WITNESS SPIKER: I asked many questions then  
23 and I still do not have an answer for them. But in any  
24 rate, I cannot see how you can possibly take on a task  
25 of 127 plants at one time. Now, in looking at this

1 fabulous three boxes of books that they sent up here  
2 for us to look at, a lot of people didn't bother to  
3 look at them but I did. I spent a good many days going  
4 through them. You know what I found? Not one, not  
5 even one of those sheets was prepared by an officer of  
6 the Company. Every one of them was prepared by a  
7 typing clerk, every one of them.

8 In addition, there is not one cost analysis  
9 sheet, not one. I ask you, how can they possibly tell  
10 you how much they need for 1,000 gallons of water when  
11 they don't even have cost analysis with them? It's  
12 impossible. How can they file their taxes, if they do  
13 pay any taxes, how can they file them without cost  
14 analysis sheets? Is anybody even aware that cost  
15 analysis sheets exist? Now to me, it's a basis for  
16 anything that you do. Repair parts, maintenance and  
17 common business practice. Now I want to go over what I  
18 think 1,000 gallons of water cost, starting with an  
19 example of a 80-horsepower pump. This pump's cost, per  
20 one hour, would be 51.6 kWh and would cost you \$9.80.  
21 Now this same pump will delivery 70,000 gallons of  
22 water during that one hour; divide this out and you'll  
23 find out that it costs 14 cents a 1,000 to pump water.  
24 Now that's not the end of it.

25 After the pumping, they put in chlorine,

1 which runs about 6 cents a 1,000. At the deionization  
2 plant, that costs about 5 cents; overhead runs about 15  
3 cents a 1,000; maintenance, which is very little, if  
4 any, 20 cents a 1,000. And cost of return on  
5 investment would be 60 cents. Giving them a total of  
6 \$1.20 per thousand gallons. That way, 5,000 gallons of  
7 water should cost you \$6. Under the interim rates,  
8 5,000 gallons would cost us \$12.68 plus \$2.31 a 1,000,  
9 for a total of \$24.23.

10 Now a little added thing that they did here  
11 to disguise the total facts. They are trying to take  
12 our 2,000 gallons of free water away from us.

13 Now when we first agreed, years ago, for them  
14 to put a service fee on the water, they agreed to give  
15 us 2,000 gallons of water free in exchange for this.  
16 Now, maybe you don't know what that 2,000 gallons of  
17 water is worth to us, but it comes out that it's \$4.62  
18 in water and it's \$8.04 on the sewer. Meaning that  
19 they're getting a rate increase for \$12.68 a month  
20 right off the top. Just a hidden little thing they  
21 threw in, hoping nobody would know that.

22 COMMISSIONER EASLEY: Could I ask you a  
23 question about that?

24 WITNESS SPIKER: Yes.

25 COMMISSIONER EASLEY: Those figures you just

1 gave me would be the additional -- when you add in the  
2 2,000 gallons --

3 WITNESS SPIKES: That's right.

4 COMMISSIONER EASLEY: For both the effect on  
5 water and the effect on sewer?

6 WITNESS SPIKER: That's right.

7 COMMISSIONER EASLEY: Okay. Thanks.

8 WITNESS SPIKER: Now, we started out years  
9 ago with 60 cents a 1,000 on water, flat 60 cents a  
10 1,000, and \$7.50 on sewer.

11 All right, now I'd like to give you rates of  
12 some of the areas around us. Take Chipley, I'll give  
13 you water first, and then sewer. Chipley is \$9, and  
14 sewer is \$11 based on 6,000 gallons. And I'm going to  
15 give you the figures all on 6,000 gallons of water.  
16 Panama City is \$10.78 water, \$11.18 on sewer; Parker is  
17 \$7.99 on water, \$15.30 on sewer; Callaway is \$8.55 on  
18 water, \$19.61 on sewer; Panama City Beach, \$7.86 for  
19 water, \$7.25 for sewer; Ft. Walton Beach, \$12.20 on  
20 water, \$13.40 on sewer.

21 All right, now I'm going into a little bit on  
22 profit, as far as I'm concerned.

23 I gave you a cost of \$1.20 a 1,000, which  
24 includes treatment, the maintenance, the overhead and  
25 return on investment. Now if they are selling water at

1 \$2.31, that gives them an out-and-out profit of 95%;  
2 we're not even talking about the fee that they just put  
3 on there just because, 95% increase right there. The  
4 sewer profits come out to 87%.

5 Now there's a few things we need done in the  
6 way of improvements. If any of you try to drink water  
7 after it has set all night here -- you get up, say,  
8 5:00 in the morning and tries to drink a glass of water  
9 -- I defy you to try to drink it until you've run that  
10 water for about five minutes. The reason being is that  
11 we have automatic a chlorinization system; when the  
12 water is not being used, chlorine settles. All of us  
13 down here close to the plant get more chlorine than you  
14 can use, while the ones out at the far extreme end only  
15 get the minimum amount.

16 Now a minimum amount required at any location  
17 on a water line is .1 parts per million. Now here we  
18 will always have .5 or better.

19 And I'm telling you another thing: Chlorine  
20 is a known cancer causing agent. Many of your bigger  
21 plants no longer use automatic chlorinization.

22 Now, I can see why they do it here, you only  
23 have three people here. You've got a manager that is  
24 qualified in wastewater treatment and water, he's the  
25 only man they have. That man has to come in every day,

1 seven day days a week, he can never be sick, can never  
2 be gone, nothing, he has to be here. Any day he don't  
3 show up at that plant, they're in violation. He has  
4 one laborer to work for him and one office girl. They  
5 do not have enough help to run this plant; they need to  
6 hire at least one more man qualified in water and  
7 wastewater treatment and do away with automatic  
8 chlorinization.

9 One other item that I noticed. No longer  
10 can we pay a bill here, locally, with this Utility.  
11 And effective, as I understand, as soon as the lease  
12 runs out, they won't even have an office here. Okay.  
13 I maintain we should be able to pay our bills locally  
14 here. I can pay my telephone bill, I can pay my  
15 electric bill, why can't I pay my utility bill here?

16 Another item. In the past five or six  
17 months, on Quintara Court alone, five homes have been  
18 sold for from \$10,000 to \$15,000 below market value  
19 solely because of these rates. People coming in here  
20 find out what the rates are and they won't buy unless  
21 they've got a terrific incentive to do so. If you  
22 don't believe me, ask any one of the real estate people  
23 that sells real estate in here.

24 It should be the other way around. If you  
25 live on a sewer area in a comparable house, it should

1 be worth more than one on a septic tank, but not so  
2 here in Sunny Hills.

3 We have at the present time 24% of the Sunny  
4 Hills people on the sewer line, 76% are on septics.  
5 76%. Now, when you go back to the sewer customers, 40%  
6 of these people are single member households, one  
7 person in a household. And I consider this sewer rate  
8 as being one hell of a price to pay for the privilege  
9 of potty. (Applause)

10 COMMISSIONER EASLEY: I wish you'd say what  
11 you mean, Mr. Spiker. (Laughter)

12 WITNESS SPIKER: Deed restrictions that we  
13 have -- I brought a copy of them with me -- prohibit  
14 the use of a private well for water; and this will be  
15 in effect until April 30th of the year 2,000. Now, I  
16 have a deep well, and I would like to use my own well  
17 but I cannot do it because of the deed restrictions.  
18 Now this is one thing that I intend to fight because I  
19 maintained that SSU has an absolute monopoly on  
20 independent wells in the state of Florida. And I  
21 firmly believe that they are in violation of antitrust  
22 laws, and I really think that the Attorney General  
23 should step in and investigate this. How can any one  
24 company control every community across the state? This  
25 is a monopoly.

1           Now, just a little further information.  
2 We've got about a total of 565 supposedly customers in  
3 Sunny Hills. Now, if you looked at that at about 250  
4 gallons daily, that would be 141,250 gallons pumped,  
5 and this would come out to \$326 a day that they get for  
6 water. At the same time, about 200 and they are using  
7 250, and they pump out 50,000 gallons of water for  
8 those.

9           Now I can understand why they got the sewer  
10 plant set up for use and useful of 50,000. Very  
11 simple: 50,000 is a minimum size plant that you can  
12 set up by the regulatory people; the plant can exceed  
13 that, but they went out and got a permit for 50,000  
14 gallons. Big deal. That way, they can confirm that  
15 they have use and useful. They're at 100% capacity, so  
16 they say.

17           But at the same time, you could build about  
18 200 homes at a minimum in the housing area that's on  
19 the sewer lines, and I'll guarantee you that they could  
20 use that plant and never have to do anything to the  
21 sewer plant, merely by applying for an additional  
22 permit.

23           That's all I have at this time. Thank you.

24           COMMISSIONER EASLEY: Thank you, sir,  
25 appreciate you being here. (Applause)

1 I think you did good, Mr. Spiker.

2 UNIDENTIFIED SPEAKER: That's my neighbor.

3 (Witness Spiker excused.)

4

5 COMMISSIONER EASLEY: Call your next witness,  
6 Mr. Shreve.

7 MR. SHREVE: Mr. Beleckas.

8 VIC BELECKAS

9 was called as a witness on behalf of the Citizens of  
10 the State of Florida and, having been duly sworn,  
11 testified as follows:

12 WITNESS BELECKAS: My name is Vic Beleckas.  
13 I live at 540 Ambassador Court. I'm a resident of 15  
14 years in Sunny Hills, and participated two years before  
15 that in marketing Sunny Hills. I worked for the first  
16 ten years here in Sunny Hills with the Deltona  
17 Corporation as a sales associate to the corporation.  
18 And through those years I think I brought over 50%  
19 residents to Sunny Hills. I was lucky I didn't sell  
20 one home or lot in a housing area that they're being  
21 punished now for sewage.

22 I want to make a statement to back up Mr.  
23 Spiker. When I started with Deltona, they stated to us  
24 that they had 2,000 units that could be connected to  
25 the sewage plant. Six years ago, I worked on a project

1 to put in 180 units, adult living facilities, in Unit  
2 17 here close to the sewage plant. And Deltona  
3 Utilities agreed to supply, connect sewage, for those  
4 units between four and six months time; they never  
5 stated that there was a shortage of the capacity or  
6 anything.

7 Now, if we dealt that way, that means we  
8 misrepresented Deltona.

9 In my opinion, the fault is laying not at the  
10 new company that took over, that was strictly Deltona's  
11 fault that they installed 19 miles of roads in Sunny  
12 Hills and that they have to run the lines maybe for  
13 two, three miles before they connect water line to that  
14 home. I don't care who would run the utilities,  
15 doesn't matter what they we pay them, they're never  
16 going to show the profits if they have to recover their  
17 investment. It's something wrong. And that company  
18 that took over Deltona Utilities, maybe they didn't  
19 look into it, to those things; and I don't think so  
20 they paid anything for it. I think the whole Sunny  
21 Hills project could be sold to \$1, and if somebody  
22 would come up and give a guarantee that they're  
23 fulfill Deltona's obligation. And I know that would be  
24 losing 30 or more million dollars.

25 Now we're being punished by utilities for no

1 reason because Deltona failed their project. I  
2 subdivided two of my private corporations, I'm a  
3 president, 104 lots, and they installed it -- lines and  
4 we paid it to Deltona Utilities. Of course, there,  
5 they making money because they don't put a penny in  
6 investment. And now my residents in subdivision has to  
7 pay increases really not justified, because Deltona  
8 Corporation didn't spend a dime and now SS Utilities  
9 didn't spend not even penny to install the lines. We  
10 paid for it.

11           And I don't think it's fair to punish the  
12 people that moved in the housing area. Mr. Spiker  
13 stated that the real estate people -- and I'm a real  
14 estate broker associate, and I'm the one maybe sold it,  
15 like he says, majority of the sales of those homes, and  
16 we can misrepresent them, the out-of-state buyer, that  
17 he will be paying \$34 minimum on his sewage and water.  
18 And the devaluation maybe not as big as Mr. Spiker  
19 stated, but I would say at least 10% is devalued in the  
20 housing area.

21           I'm not a legal person or technical person  
22 for what they are supposed to charge and how much it  
23 costs, but common sense says only two things could be  
24 done: Either close the, if it's possible, sewage plant  
25 and allow people to use the septic tanks so that they

1 got the best percolation in the country here. And I'm  
2 sure that water increases wouldn't be so bad if we go  
3 over the statewide utilities scale; and they would be,  
4 you know, put in a pool. Because our system is spread  
5 out so much, it takes some many years to develop it.  
6 And special when utilities is hurting themselves, we  
7 can't bring the people in to build when we scare them  
8 with utilities cost. Thank you.

9 COMMISSIONER EASLEY: Thank you, sir.  
10 Appreciate it. (Applause)

11 (Witness Spiker excused.)

12

13 MR. SHREVE: Anne Cosma.

14 ANNE COSMA

15 was called as a witness on behalf of the Citizens of  
16 the State of Florida and, having been duly sworn,  
17 testified as follows:

18 WITNESS COSMA: I just have a few questions  
19 I'd like to ask. If I'm not in my home for four  
20 months, why do I have to pay \$8.82 for my water? Can  
21 anybody answer that? No water is turned on in my house  
22 for four months, and yet I've got to pay for the water.

23 COMMISSIONER EASLEY: Do you want to respond?

24 COMMISSIONER CLARK: Let me ask a question of  
25 Staff -- I believe I can answer that -- is that what

1 base facility charge is?

2           There is an ongoing charge that doesn't vary  
3 with the amount of water you use. And the Utility  
4 needs to recover that based on its investment that it  
5 has in the facilities to provide you the service  
6 whether or not you take water. And that's why we put  
7 it in the base facility charge because it is a cost  
8 that doesn't vary with usage.

9           WITNESS COSMA: Well, I still have to pay for  
10 the sewer --

11           COMMISSIONER CLARK: That would be correct.

12           WITNESS COSMA: -- and I'm not using it and  
13 I'm paying the full price. I am on a minimum amount of  
14 an income, and I'm having a very difficult time.

15           COMMISSIONER CLARK: I was just trying to  
16 explain to you why we have to have a base facilities  
17 charge. Because it is a necessity.

18           WITNESS COSMA: And that's your answer. In  
19 other words, if I'm not there for four months, I've  
20 still got to pay for it?

21           COMMISSIONER CLARK: There are pipes in the  
22 ground and facilities that have to be there so that,  
23 when you do come back, you can get your service.

24           COMMISSIONER EASLEY: Was that all you have,  
25 Ms. Cosma?

1 WITNESS COSMA: Yes, ma'am.

2 (Witness Cosma excused.)

3 - - - - -

4 COMMISSIONER EASLEY: Call your next witness,  
5 Mr. Shreve.

6 MR. SHREVE: Mr. McCormack

7 JOHN McCORMACK

8 was called as a witness on behalf of the Citizens of  
9 the State of Florida and, having been duly  
10 sworn, testified as follows:

11 WITNESS McCORMACK: My name is John  
12 McCormack. I'm located at 848 South Salem Drive, and  
13 I have been a resident here for 17 years. And I'd just  
14 like to say to Anne Cosma, in case she didn't know,  
15 that when you do leave here and if you shut off your  
16 water, they will reduce the rate halfway. They will do  
17 that. They did it for me last year.

18 COMMISSIONER EASLEY: It doesn't completely  
19 go away, but you can minimize it.

20 WITNESS McCORMACK: That's right. You can  
21 minimize it.

22 UNIDENTIFIED SPEAKER: Raise the mike a  
23 little bit.

24 COMMISSIONER EASLEY: They are asking you to  
25 talk into the mike a little bit more, Mr. McCormack.

1 They are having trouble hearing you.

2 WITNESS McCORMACK: First of all, I'd like to  
3 thank you, the Commission and Public Counsel, for the  
4 job you did for us last time. We were threatened with  
5 a big increase, and the Commission turned it down and  
6 was upheld in court. And I want to thank you very much  
7 for that, and we hope you'll do the same thing this  
8 time. (Applause)

9 I have the proposed SSU interim final rates  
10 along with the letter informing us of the meeting here  
11 and the purpose and the location. And I think the  
12 attorney gave you a copy of the notice, and on the back  
13 -- he made it Exhibit 10. If you look on the back  
14 there's a map that shows Tallahassee to be to the west  
15 of Sunny Hills. Tallahassee is not to the west of  
16 Sunny Hills, it's to the east of Sunny Hills.

17 COMMISSIONER EASLEY: Oh, they have a mirror  
18 image printed on this thing.

19 WITNESS McCORMACK: They did something.  
20 (Laughter)

21 COMMISSIONER EASLEY: I've got to interrupt  
22 you to tell that you we went to, I'm thinking it's the  
23 Panama City Chamber of Commerce. We went to Panama  
24 City not too long ago and came out of the airport with  
25 a map the Chamber of Commerce printed to find the City

1 Hall or a civic center or something in downtown Panama  
2 City. And they had us going east when we should have  
3 been going west because the map was printed just like  
4 this. So you have got a lot of company. I don't why,  
5 but it --

6 MR. SHREVE: It wasn't very many years ago  
7 that the State put out a map having the Capital in  
8 Tallahassee in the wrong spot, if you remember that.

9 COMMISSIONER EASLEY: Oh, I forgot about  
10 that. You're right.

11 MR. SHREVE: That's right. So they even had  
12 the Capital in the wrong spot.

13 COMMISSIONER EASLEY: Well, we know where it  
14 is. Mr. McCormack, where are we?

15 WITNESS McCORMACK: Well, I know you were  
16 here the last time, we spoke before you last time, and  
17 I knew you would make it. So that's why we weren't  
18 that concerned.

19 But I have -- the purpose of the meeting, as  
20 they say on here, is to, "The purpose of the service  
21 hearing is to allow customers an opportunity to present  
22 comments and information to the Commission about the  
23 Utility's quality of service, the proposed rate  
24 increase and other matters relating to the rate case of  
25 the Utility."

1 COMMISSIONER EASLEY: Yes, sir.

2 WITNESS McCORMACK: Now, as far as the water  
3 quality is concerned and so forth, I have no complaints  
4 about that. There may be some but I don't have any.

5 But as far as improvements that they have  
6 made, they haven't made any improvements to the system  
7 in the 17 years that I have been here. And, in fact,  
8 they had an office in here up until 1992 and they  
9 closed the office; they cut it down to half a day in  
10 1991, and then they closed the office completely in  
11 1992.

12 Now, it was staffed only by a couple of  
13 people, I believe; but since they don't have a office  
14 here at all, why, that expense should be completely  
15 taken out of their figures.

16 I have also the order granting them an  
17 interim increase. That's this -- I couldn't quite  
18 figure out everything on there, but I did make up some  
19 charts; and maybe if you'll follow me on them, why,  
20 maybe we can straighten out some of the things.

21 COMMISSIONER EASLEY: If you have an extra  
22 copy for the court reporter, please, sir, so she can  
23 follow it, too.

24 MR. SHREVE: Thanks.

25 COMMISSIONER EASLEY: Thank you, sir.

1 I don't think I have ever been anyplace where we  
2 have more retired engineers than we do over here. You all  
3 do a good job with this, I remember. Go ahead.

4 WITNESS McCORMACK: Let me get mine.

5 On the first page of the notice here, they  
6 talk about an annual revenue in 1991 for water for  
7 \$12,319,321. That's up in the left-hand corner.

8 Now, on the second page, they talk about a  
9 requested interim revenue and a requested final  
10 revenue. As you can see those figures, one is  
11 \$16,806,594 and the other is \$17,998,776. And they say  
12 that's an increase, on the second column, of \$3,981,192  
13 and the next column \$5,064,353. They say it's 31% on  
14 the interim and \$40.16% on the revenue.

15 Well, I add these up and they don't come out  
16 the same thing, the same way, to me. One is 36% and  
17 one is 46%. Now, this is a small thing, but where did  
18 the figures come from?

19 COMMISSIONER EASLEY: I'm not sure,  
20 Mr. McCormack, and I'd have to go back to the order and  
21 get the Staff who prepared it to find out why the  
22 difference in the calculation. I can't tell you right  
23 off the top.

24 WITNESS McCORMACK: I understand. That's why  
25 I gave you the sheet. Maybe somebody could take a look

1 at it and figure it out.

2 COMMISSIONER EASLEY: Yes, we will do that.

3 WITNESS McCORMACK: As far as wastewater is  
4 concerned, they say that their revenue was \$6,669,468;  
5 and those figures don't add up, either. In fact, when  
6 they talk about a requested final revenue, which is  
7 they are asking for \$10,872,112, they say it's 49% and  
8 my figures show its 63%.

9 COMMISSIONER EASLEY: Let me be sure, now, so  
10 that when we go back to Staff with this, I can get the  
11 right answer. That 63% is the percentage of increase  
12 over what you're showing as the 1991 annual revenue.

13 WITNESS McCORMACK: That's right.

14 COMMISSIONER EASLEY: Okay.

15 WITNESS McCORMACK: That's right.

16 COMMISSIONER EASLEY: I just want to be sure.

17 WITNESS McCORMACK: Okay. So much for that.  
18 I just couldn't figure out those numbers, they didn't  
19 seem to add up to me. Okay.

20 Now, on Page 6 under "Interim Rates," you say  
21 these rates are fair, just and reasonable. Well, they  
22 may be fair, just and reasonable in some instances, but  
23 I don't think they are fair, just and reasonable in  
24 Sunny Hills. I really don't think so. I have another  
25 chart here which I'll give you.

1           COMMISSIONER EASLEY: I'm going to quit  
2 giving you guys this much notice on these hearings.  
3 You're doing entirely too much xeroxing and calculator  
4 work here. (Laughter)

5           WITNESS McCORMACK: You must remember  
6 something. We are all retired, but we'd much rather be  
7 playing golf than doing this, believe me.

8           COMMISSIONER EASLEY: I understand that one.

9           WITNESS McCORMACK: All right. On this chart  
10 here, now, now this is a history going back to 1984.  
11 Now that was the rate, the \$8 rate was the rate ever  
12 since it opened up here in 1971; it goes from '71 to  
13 '84, \$8 for water a month.

14                   In 1985, it went to \$10.41, 30% increase;  
15 that's on the next line. In 1986, it went 14.15, a 36%  
16 increase; and in 1989, it went to 15.44, a 9% increase.

17                   Below that, circled, is the aggregate increase  
18 of 93%. Our annual water rates went from \$96 to \$185 in  
19 that period of time.

20                   The proposed interim rates -- well, I won't  
21 even talk about the proposed interim rates, because  
22 they have been given an interim rate. So we'll talk  
23 about the final rates. They are looking for \$38.28,  
24 according to their figures on this chart that I have,  
25 which is 148% increase over our present rate, which is

1 a 378% increase over 1984 rates. That's not fair,  
2 reasonable or just, I don't think.

3 Now, down below in the sewer rates, the  
4 monthly flat rate was \$7.50 back in 1984; it went to  
5 \$10.50 in 1985; 100% increase in 1986 to \$21; and then  
6 another 9% increase in 1989 to \$22.98. That's the  
7 present rate now. Although we have been paying \$34 and  
8 the Company owes us that money back, I haven't heard  
9 anything about that, when we're going to get that back,  
10 but it's \$300, it comes to, from me.

11 COMMISSIONER EASLEY: You're going to be  
12 hearing about it.

13 WITNESS McCORMACK: Okay. That's fine, I  
14 believe you.

15 Now, the proposed rates, their proposed rates  
16 for sewer, \$65 a month for the sewer. That's all based  
17 on 10,000 gallons. \$65.01, 184% increase over our  
18 present rate and a 766% increase over 1984. And our  
19 total, our total of both rates, water and sewer, which  
20 were \$186 in 1984, would now be, if they got their  
21 proposed rate and we used the 10,000 gallons,  
22 \$1,239.48. And, as I said, I don't think that's  
23 reasonable, fair and so forth.

24 Now, I just was handed this a few minutes  
25 ago, and the rates on here do not correspond with the

1 rates that were on that sheet. And I just want to ask  
2 a question here. It says here, if you look up under  
3 water for Sunny Hills, it says a \$7.11 charge.

4 COMMISSIONER EASLEY: That's the approved  
5 interim, yeah.

6 WITNESS McCORMACK: That's the approved one?

7 COMMISSIONER EASLEY: That's the approved  
8 interim rate.

9 WITNESS McCORMACK: That's the approved  
10 interim rate.

11 COMMISSIONER EASLEY: Yeah.

12 WITNESS McCORMACK: That's not the one that's  
13 in this in here.

14 COMMISSIONER EASLEY: Well, it should be. I  
15 don't know, again, trying to compare your calculations  
16 to what Staff has done, I don't know. Theoretically,  
17 the interim approved should be the same thing.

18 WITNESS McCORMACK: Right. I know. But they  
19 also have in here that they have no per-gallon charge  
20 on the yellow sheet. They have a Footnote 1.

21 COMMISSIONER EASLEY: Yeah.

22 WITNESS McCORMACK: Footnote 1 says, "First  
23 block rates indicate a level of minimum gallons  
24 included in the bass facility charge. Example, 4,000,  
25 5,000 or 7,000 gallons are included in the base

1 facility charge." But we don't know according to this  
2 what our gallonage charge is.

3 COMMISSIONER EASLEY: No. And, obviously,  
4 when you've got this many on a sheet of paper it's kind  
5 of hard to go through and footnote each one with the  
6 specifics. However, I tell you what: where's Staff?  
7 Somebody hold up a hand back there. Technical Staff,  
8 the gentleman in the back standing in that dark gray  
9 suit, can give you that specific information. I just  
10 don't know what it is, Mr. McCormack, but he can tell  
11 you.

12 WITNESS McCORMACK: All right. Also, on that  
13 sheet, there was a question that I had, and I'll  
14 probably have to ask him later. On Page No. 7 of that  
15 order, it says, it talks about the increase. You know,  
16 a lot of people here don't even know that the interim  
17 increase has been already given. I mean, a lot of them  
18 are finding out tonight. What it basically says here  
19 is that \$1.23 per ERC and the gallonage charge by 30  
20 cents per 1,000 gallons will be given all over the  
21 state of Florida to everybody, is that right?

22 COMMISSIONER EASLEY: On the interim?

23 WITNESS McCORMACK: \$1.23, yeah, on the  
24 interim.

25 COMMISSIONER EASLEY: I don't know. Was that

1 an average figure or was that a flat figure?

2 MR. SHREVE: That calculation was put  
3 together, divided up, and then put on every bill in the  
4 state of Florida in the same amount.

5 COMMISSIONER EASLEY: But, now, remember the  
6 interim rate is something that is allowed and required  
7 by law.

8 WITNESS McCORMACK: I understand that.

9 COMMISSIONER EASLEY: Okay.

10 WITNESS McCORMACK: I understand that.

11 COMMISSIONER EASLEY: That's not something  
12 there's a choice on.

13 WITNESS McCORMACK: No. One of the questions,  
14 though, is when they talk about the increase on the flat  
15 rate, which is half way down on the second paragraph,  
16 there, it says, "The increase to flat rate wastewater  
17 customers is developed by calculating the average usage  
18 for metered customers, multiplied by the gallonage  
19 increase, and added to the flat per ERC increase amount."  
20 I just don't understand that.

21 COMMISSIONER EASLEY: I'm going to really ask  
22 you to get with Staff afterwards, Mr. McCormack.

23 WITNESS McCORMACK: All right.

24 COMMISSIONER EASLEY: So that we don't --

25 WITNESS McCORMACK: I understand.

1           COMMISSIONER EASLEY: -- and I hate to not  
2 answer you, but we're going to start getting into a  
3 time problem if we do too much.

4           WITNESS McCORMACK: I'll try and get through.  
5 I've given you most of the information that I have, and  
6 just one other thing that I wanted to add in closing.

7           We have to rely on the Office of the Public  
8 Counsel, and the Staff, to pursue the following  
9 questions:

10           One, the financial rate and the engineering  
11 information -- which we just couldn't even get into. I  
12 don't think they can get into it either. It's tough.  
13 I mean, it's going to be very difficult -- concerning  
14 the capitalized organization costs, the proper level of  
15 accumulated depreciation, the amount of used and useful  
16 plant. Questions that they are going to have to  
17 answer; it's going to be a tough job, I think.

18           And last but not least, should the Commission  
19 proposed rates which are 300, to 7% higher, than they  
20 were in 1984, I think they should consider them  
21 excessive and deserving of close scrutiny and a  
22 separation investigation of these charges.

23           Thank you very much. (Applause)

24           COMMISSIONER EASLEY: Thank you, Mr. McCormack.  
25 I appreciate it.

1           And for those of you who did not come over to  
2 Tallahassee during the last rate case, let me assure  
3 you a lot of the questions that you raised tonight are  
4 raised at the technical hearing in Tallahassee. And  
5 the Company is required to answer and to justify the  
6 requests that they make, so that, you know, if the  
7 answers are not given there, then it's too bad for  
8 them. So they'll be required to answer.

9           WITNESS McCORMACK: Just like I say, I was at  
10 Tallahassee the last time, and I really appreciate the  
11 way they treated us. We were allowed to speak first,  
12 and they gave us all the information that we wanted, so  
13 thank you very much.

14           COMMISSIONER EASLEY: Good. You're quite  
15 welcome. (Applause)

16           Thank you sir.

17           (Witness McCormack excused.)

18           - - - - -

19           COMMISSIONER EASLEY: Call your next witness.

20           MR. SHREVE: Thank you, Mr. McCormack.

21           Mr. Lerner.

22           MR. LERNER: No. Most of the things I wanted  
23 to bring up, the other gentlemen testified to.

24           MR. SHREVE: All right, sir, thank you.

25           COMMISSIONER EASLEY: Thank you, sir.

1 MR. SHREVE: Mr. Savaitis.

2 JURGIS SAVAITIS

3 was called as a witness on behalf of the Citizens of  
4 the State of Florida and, having been duly sworn,  
5 testified as follows:

6 WITNESS SAVAITIS: My name is Jurgis  
7 Savaitis. I live at 408 Preston Circle.

8 Just briefly, we took possession of our house  
9 in February of '81. At that time, the basic facility  
10 charge was \$2.75 for 2,000 gallons. For the past two  
11 years we have been paying \$8.82, which I understand  
12 part of it will be refunded.

13 However, the Utility requests an increase to  
14 \$13.58 from the \$2.75, plus we'll have to pay \$2.47 for  
15 each 1,000 gallons, which means that the actual  
16 increase is not the \$13.58 but to 18.52 for the first  
17 2,000 gallons. That's an increase of 574% in 11 years.  
18 574% for the first 2,000 gallons.

19 I looked at the Social Security payments,  
20 Social Security, since 1975, I think, it's based on the  
21 cost of living increase. During the same period of 11  
22 years, factoring in the most likely increase of 2.9%  
23 this year, increase by 53.5%. I simply don't  
24 understand this. Even the Post Office did not increase  
25 the postage fees that much.

1 COMMISSIONER EASLEY: Well --

2 WITNESS SAVAITIS: Not 600%. I think that  
3 this is unreasonable, excessive, and totally uncalled  
4 for.

5 Thank you. (Applause)

6 COMMISSIONER EASLEY: Thank you, sir.

7 MR. SHREVE: Thank you, sir.

8 Witness Savaitis excused.)

9 - - - - -

10 MR. SHREVE: Mr. Sudzius.

11 JOSEPH SUDZIUS

12 was called as a witness on behalf of the Citizens of  
13 the State of Florida and, having been duly sworn,  
14 testified as follows:

15 WITNESS SUDZIUS: My name is Joseph Sudzius.  
16 I live in 583 Quintara Court. I have been living here  
17 in Sunny Hills for six years.

18 My first question would be in that yellow  
19 sheet that we got right now, they said "Commission-  
20 approved interim rates for Sunny Hills."

21 COMMISSIONER EASLEY: Mr. Sudzius, could you  
22 get a little closer to the microphone. They're having  
23 trouble hearing you.

24 UNIDENTIFIED SPEAKER: Talk louder, sir.

25 WITNESS SUDZIUS: Commission-approved interim

1 rates, Sunny Hills Utilities, \$7.11. Since when?

2 COMMISSIONER EASLEY: I beg your pardon?

3 WITNESS SUDZIUS: Since when, when was it  
4 approved and since when is it effective?

5 UNIDENTIFIED SPEAKER: August 18th.

6 WITNESS SUDZIUS: There is nothing said about  
7 that.

8 COMMISSIONER EASLEY: August 18th.

9 WITNESS SUDZIUS: August 18th, it was  
10 approved and effective?

11 COMMISSIONER EASLEY: Yes. It's on the front  
12 page of the yellow sheet. It was approved and will be  
13 effective in October.

14 WITNESS SUDZIUS: Will be effective in  
15 October?

16 COMMISSIONER EASLEY: Yes, sir.

17 WITNESS SUDZIUS: And I can see here  
18 "Utility-proposed final rates." Those are not the ones  
19 that are in the Appellate Court, First District.

20 COMMISSIONER EASLEY: No.

21 WITNESS SUDZIUS: What happened to that in  
22 the Appellate Court, First District, is it still  
23 pending?

24 COMMISSIONER EASLEY: No, sir. That has been  
25 settled. The court upheld the Commission's decision.

1 Those rates do not go into effect.

2 WITNESS SUDZIUS: That's news to us.

3 COMMISSIONER EASLEY: And you will be getting  
4 a refund of those interim rates from that other case.

5 This is a separate case and separate interim rates.

6 WITNESS SUDZIUS: That means from the time  
7 that it was approved interim rates, November 28th,  
8 1990, this was effective.

9 COMMISSIONER EASLEY: Yes.

10 WITNESS SUDZIUS: Approved and effective  
11 November 28th, 1990.

12 COMMISSIONER EASLEY: Yes, sir. And we're  
13 going to be dealing with that, I believe it's tomorrow,  
14 at the Agenda. So that item of those interim rates  
15 will be settled tomorrow, or at least voted on  
16 tomorrow, settled -- does that go out as a PAA?

17 MR. SHREVE: No.

18 COMMISSIONER EASLEY: No. Okay. So it will  
19 be settled tomorrow.

20 WITNESS SUDZIUS: That means the new  
21 application by Southern States Utilities will be  
22 considered some time within the next eight months?

23 COMMISSIONER EASLEY: In November. The full  
24 hearing, which is like what we had the last time, the  
25 full hearing will be in Tallahassee in November. In

1 fact, I think it's set for about two weeks.

2 WITNESS SUDZIUS: And I just wanted probably  
3 a repetition of my calculation, the cost of 10,000  
4 gallons of water and wastewater, because I got both of  
5 them.

6 Per month, according to the rates that were  
7 denied originally by Florida Public Service Commission  
8 in 1991, would be \$83.42. The interim rates that we  
9 pay now are \$57.67. And final rates applied by  
10 Southern States Utilities June 17, 1992, if approved, I  
11 would be paying \$103.29 a month.

12 You can figure out that comes into \$1,240 a  
13 year. Southern States is asking an increase of 469% of  
14 what we should be paying now according to the Florida  
15 Public Service Commission decision. Southern States is  
16 asking an increase of 79% of interim rates that we are  
17 paying now.

18 Ladies and gentlemen, the conduct of business  
19 by Southern States Utilities doesn't make sense. 3,000  
20 gallons in Wausau, our next-door neighbor, costs \$6 a  
21 month. Now we are paying \$10.88 for 3,000 gallons of  
22 water.

23 Final, if approved, would be \$20.99. That  
24 means we are paying about 3.5 times more than that our  
25 -- would be paying 3.5 times more than our next-door

1 neighbor.

2 Thank you. (Applause)

3 COMMISSIONER EASLEY: Thank you, sir.

4 MR. SHREVE: Thank you, sir.

5 (Witness Sudzius excused.)

6 - - - - -

7 MR. SHREVE: Mr. Cohen.

8 MORTON COHEN

9 was called as a witness on behalf of the Citizens of  
10 the State of Florida and, having been duly sworn,  
11 testified as follows:

12 WITNESS COHEN: My name is Martin Cohen. I  
13 live at 631 Linwood Drive, and I have been living here  
14 for probably 11 years.

15 I don't have much to say. But in view of the  
16 fact that what everything else has gone before this, I  
17 hearby petition the Public Service Commission, in my  
18 name and everybody else's name, for a 40% interim  
19 decrease in the water and sewer rates. (Applause)

20 And also, for a 50% final decrease in our  
21 rates. It's perfectly obvious to anybody that we're  
22 paying an obnoxious amount of water for a thing that is  
23 required for life.

24 Thank you. (Applause)

25 COMMISSIONER EASLEY: Thank you, sir.

1 MR. SHREVE: Thank you, sir.

2 (Witness Cohen excused.)

3 - - - - -

4 MR. SHREVE: Mr. Downing.

5 GARY DOWNING

6 was called as a witness on behalf of the Citizens of  
7 the State of Florida and, having been duly sworn,  
8 testified as follows:

9 WITNESS G. DOWING: My name is Gary Downing.  
10 I live at 807 Sunny Hills Boulevard. I'm a resident of  
11 4-1/2 years.

12 COMMISSIONER EASLEY: Get a little bit  
13 closer, Mr. Downing.

14 WITNESS G. DOWING: My wife tells me that,  
15 anyway.

16 COMMISSIONER EASLEY: I meant the microphone,  
17 Mr. Downing. (Laughter)

18 WITNESS G. DOWING: That, too.

19 Now, everybody knows what I was going to say.  
20 I'm on medication. If I shake and stutter and fall  
21 down, you know, anything like that, don't worry, just  
22 throw a little money on me and I'll be revived.

23 (Laughter)

24 All of the smart people that know the numbers  
25 have spoken. Now, you're going to hear it from the

1 dumb guy who thinks he's a philosopher. Would it be  
2 all right with the Commission if I asked for a show of  
3 hands among my neighbors?

4 COMMISSIONER EASLEY: Sure.

5 WITNESS G. DOWING: Okay. How many people  
6 here are on a fixed income?

7 (Audience response.)

8 WITNESS G. DOWING: Geez!

9 COMMISSIONER EASLEY: Did that surprise you,  
10 Mr. Downing?

11 WITNESS G. DOWING: Yeah. I thought there'd  
12 be one or two, you know. No. No. Okay.

13 Fixed income. I'd like to repeat that  
14 phrase, "fixed income." "Fixed." Is that fixed in  
15 everyone's mind? Because "fixed" means the end. When  
16 you're "fixed" you don't make any more.

17 I'd like to ask for a show of hands, again.  
18 How many people have been on a fixed income for a  
19 considerable period of time, let's say ten years or  
20 better?

21 (Audience response.)

22 Okay. That means that these people all  
23 retired on money that was worth what it was worth ten  
24 years ago. It isn't worth that now, is it?

25 THE AUDIENCE: No.

1                   WITNESS G. DOWING: Okay. That's the whole  
2 gist -- that's why I'm at this podium right now.  
3 Because, to tell you the truth, I think that the  
4 Utility Company is doing something that some people  
5 might say is greedy, like me, and I would also say I  
6 don't think it's very smart. Because we've all heard,  
7 I'm pretty sure, the cliché about killing the goose  
8 that laid the golden egg. We're the geese.

9                   Now, if you want to have us for supper,  
10 you're going to have a nice meal; but after that, you  
11 ain't going to have squat. I'm not even mad at their  
12 attorney or the Company; I would rather that he went  
13 back and tell them, "You know, you can't get any more  
14 out of these people."

15                   Because if you saw what went on in my house  
16 to save water and sewer, it would be embarrassing to  
17 you. Maybe it wouldn't be. I don't know. I drive the  
18 smallest car that gets the most gas mileage, everything  
19 I do is to save every penny. When it comes to the  
20 belt-tightening that I hear our politicians like George  
21 Bush talking about, well, I'm in the last hole in my  
22 belt. Now, the Utility Company's saying, "Tighten it  
23 another notch." There isn't any other notch and I  
24 think I'm speaking for everybody.

25                   THE AUDIENCE: Yes. (Applause)



1 about saving water and stuff on our toilets, we use the  
2 toilets over about three or four times until it starts  
3 to smell -- this isn't No. 2, it's No. 1 -- and then we  
4 flush. So we're saving water there.

5 We do our laundry, usually one load a week;  
6 that's a full load. We do have a dishwasher. We use  
7 the economical cycle on it and we only wash dishes once  
8 or else twice a day -- I mean two days, it depends on  
9 how much dishes we go through, we stack them. We water  
10 our grass when it needs it and down here it needs it at  
11 times. Other than that, that's how much water we use.  
12 We use a total of 2,740 gallons of water. (Pause) And  
13 we have already been cutting, so an increase is bad  
14 news for us.

15 COMMISSIONER EASLEY: That 2740 gallons, is  
16 that per month?

17 WITNESS K. DOWING: That's for last month.

18 COMMISSIONER EASLEY: That's last month?

19 WITNESS K. DOWING: Yes, it is. I think the  
20 most it's ever went to is 3,000.

21 COMMISSIONER EASLEY: Okay.

22 WITNESS K. DOWING: We are being charged for  
23 sewer service on all the water we use. We are not  
24 using all that water that's going into the sewer. As I  
25 said, we are watering grass and stuff, too; and then we

1 do drink water and have coffee and all of that. So it  
2 doesn't seem fair.

3 Okay. You already answered my question on  
4 Docket 00329-WS, that it has been approved in our case.

5 COMMISSIONER EASLEY: Yes.

6 WITNESS K. DOWING: Okay. My question is: If  
7 it has been approved in our favor, it doesn't seem fair  
8 to me that they should receive even an interim rate  
9 until we receive our money back.

10 THE AUDIENCE: Right. Right. (Applause)

11 COMMISSIONER EASLEY: Now, he's taking credit  
12 for it. (Laughter)

13 WITNESS K. DOWING: If something isn't  
14 brought up tonight that has to do with any of it, is it  
15 allowed to be brought up in Tallahassee at a later  
16 time?

17 COMMISSIONER EASLEY: Say that again, I'm  
18 sorry.

19 WITNESS K. DOWING: If we bring up something  
20 new that we have found out?

21 COMMISSIONER EASLEY: Oh, yes.

22 WITNESS K. DOWING: Okay.

23 COMMISSIONER CLARK: Send the sheet in or she  
24 can contact Public Counsel.

25 WITNESS K. DOWING: Okay. And I think

1 somebody already covered this, too, the fact that they  
2 have closed down their shop there. They cut employee  
3 hours, they did cut employees, and all of this, so I  
4 don't see how they can even be given an increase.

5 They haven't improved. I know we've had  
6 broken pipes out front, not in our yard, out front, at  
7 least three times in the last seven months, the pipes  
8 are old. (Pause)

9 I had a question. The question the other  
10 lady had asked about if she's not there and she's being  
11 charged a rate for that, and you're saying that's for  
12 the pipes and everything, which I could understand, why  
13 is it that the electric and phone services don't have  
14 to pay out this fee? If you're not there, they just  
15 don't charge you anything.

16 COMMISSIONER EASLEY: Some do have a base  
17 charge. You have to get -- I said some do; but you  
18 have to get a vacation rate or a go-away rate, or  
19 whatever, you have to apply for it. So it varies, but,  
20 essentially, for most of it, there is, on a statewide  
21 basis; not just this company, but most companies have a  
22 minimal charge of some sort.

23 WITNESS K. DOWING: Okay. The paperwork that  
24 we were sent, which I'm not even certain who sent it  
25 out to us -- I'm certain it says on there. This one

1 right here, (Indicating) I think everybody in Sunny  
2 Hills was mailed one.

3 COMMISSIONER EASLEY: I think the Company  
4 sent that one. I can't tell if --

5 WITNESS K. DOWING: That's what I'm thinking.  
6 It has their symbol on it. Yes. Okay.

7 To me that was misleading. I'm certain it  
8 was misleading to lots of other people, because it was  
9 saying the present rate was \$8.50, which it wasn't,  
10 because it should have been 5.22. Now, if that was  
11 that misleading to the people that are not here  
12 tonight, they don't have this, they haven't even seen  
13 this. So will one of these be mailed to every person  
14 that's needing it?

15 COMMISSIONER EASLEY: No. I'm afraid that's  
16 -- we'll leave some extra ones here, but it would be  
17 almost impossible for us to do that.

18 WITNESS K. DOWING: Okay. Because I was  
19 thinking in a way that's misleading; and then with  
20 having another deal in Tallahassee in November that's  
21 going to decide, people don't even realize how much  
22 they are being goofed up. Okay.

23 Our August bill, which I have here, still has  
24 the old interim rate on it. Do we have to pay the  
25 interim rate?

1                   COMMISSIONER EASLEY: Yes, ma'am. Until the  
2 vote is made tomorrow, I'm afraid so.

3                   WITNESS K. DOWING: Is there someone we can  
4 call tomorrow to find out how that goes?

5                   COMMISSIONER EASLEY: Sure. As a matter of  
6 fact, you can talk to "the lady in the salmon suit."  
7 By the way, her name is Bev DeMello. I keep talking  
8 about the lady in the salmon suit; she knows  
9 everything. That will cost me. You watch.  
10 (Laughter)

11                   But yes, she'll give you the phone number and  
12 yes, you can check tomorrow.

13                   WITNESS K. DOWING: Okay. And then I wanted  
14 to thank all the other people that have got up here and  
15 spoke and tried to help everybody in Sunny Hills, and  
16 we thank you for taking the time to listen to all of  
17 us, and thank you. And thank you for being here, too.  
18 (Applause)

19                   COMMISSIONER EASLEY: Thank you, Ms. Downing.  
20 (Applause)

21                   MR. SHREVE: Maybe we ought to --

22                   COMMISSIONER EASLEY: Hold on just a minute,  
23 Ms. Downing. Your lawyer has a question.

24                   MR. SHREVE: Maybe we ought clear up  
25 something about the decision that is to be made

1 tomorrow on this interim.

2           There really is no decision to be made on  
3 whether or not the money will come back. There's an  
4 order that's been put out by the Commission some time  
5 ago when we were able to dismiss the case, and that was  
6 what was appealed. So that order is final, and I think  
7 probably the only decision is timing and how it's to go  
8 back to the customers at this point. So, really, the  
9 fact that it is coming back to you one way or another  
10 has already been decided.

11           WITNESS K. DOWING: I have one question on  
12 that.

13           COMMISSIONER EASLEY: If I left a different  
14 impression, I'm sorry.

15           WITNESS K. DOWING: Will we get interest on  
16 that?

17           COMMISSIONER EASLEY: Yes.

18           COMMISSIONER CLARK: Yes. You do.

19           MR. SHREVE: Thank you.

20           (Witness Downing excused.)

21           - - - - -

22           COMMISSIONER EASLEY: How many more do you  
23 have, Mr. Shreve?

24           MR. SHREVE: Three.

25           COMMISSIONER EASLEY: Three?

1 MR. SHREVE: Mr. Mantyk, Mantyk?

2 FRANK MANTYK

3 was called as a witness on behalf of the Citizens of  
4 the State of Florida and, having been duly sworn,  
5 testified as follows:

6 COMMISSIONER EASLEY: You're going to have to  
7 say your name again, please.

8 WITNESS MANTYK: I'm not going to take a lot  
9 of time. I know everybody wants to go home and be  
10 happy. Now --

11 MR. SHREVE: His name is -- I believe it's  
12 M-a-n-t-y-k, is that correct?

13 WITNESS MANTYK: M-a-n-t-y-k.

14 COMMISSIONER EASLEY: Thank you.

15 MR. SHREVE: All right, sir, if you would go  
16 ahead and say whatever you'd like to say.

17 WITNESS MANTYK: Okay. We had a house built  
18 on Quintara in 1980. We moved here --

19 COMMISSIONER EASLEY: The microphone, Mr.  
20 Mantyk, use the microphone.

21 WITNESS MANTYK: I'm sorry.

22 COMMISSIONER EASLEY: That's all right. They  
23 just can't hear you in the back. They don't want to  
24 miss a single word.

25 WITNESS MANTYK: Okay.

1 COMMISSIONER EASLEY: Okay.

2 WITNESS MANTYK: Okay. I had a house built  
3 on Quintara in 1980; moved here four years permanent.

4 COMMISSIONER EASLEY: Get a little closer and  
5 then we'll leave you alone. All right. Now, try it.

6 WITNESS MANTYK: Now, I haven't got too many  
7 complaints. I love it here. But I do like a good  
8 Polish shot of whiskey and a beer, which you can't buy  
9 a shot of whiskey in Washington County, that we knew.  
10 That's fine. I can go out of town and get it. But so  
11 help me God, I love to drink water, too, but not  
12 chlorine. I don't believe anybody ever mentioned  
13 chlorine. But when I go back and water my garden and I  
14 wash my hands, and I walk in the house, quite a ways  
15 out, I says to my wife, "Smell it." She says, "What in  
16 the -- what did you use on your hands?" Now, this is a  
17 fact. I don't know, nobody ever mentioned -- Spiker,  
18 didn't you complain about chlorine? No?

19 How many people got objections from drinking  
20 water? (Pause)

21 What's your first name?

22 (Simultaneous conversation.)

23 COMMISSIONER EASLEY: Mr. Mantyk, hold on a  
24 minute.

25 Please remember what I told you all about the

1 court reporter trying to take this down. And if  
2 everybody is talk at once, this poor child has only two  
3 hands and ten fingers and she's going to kill all of  
4 us.

5 WITNESS MANTYK: Oh, poor thing.

6 COMMISSIONER EASLEY: That's right. That's  
7 right.

8 WITNESS MANTYK: Okay. Seriously, this is my  
9 biggest complaint: chlorine.

10 I don't give a hoot about paying for water,  
11 but I do not like to drink poison. And I believe  
12 there's a lot of people here, I wish they would speak  
13 up.

14 Thank you.

15 COMMISSIONER EASLEY: Thank you, sir. I  
16 appreciate it.

17 MR. SHREVE: Thank you, sir.

18 (Witness Mantyk excused.)

19 MR. SHREVE: Mr. Fred Smith.

20 - - - - -

21

22

23

24

25

1 FRED SMITH

2 was called as a witness on behalf of the Citizens of  
3 the State of Florida and, having been duly sworn,  
4 testified as follows:

5 WITNESS SMITH: My name is Fred Smith, 670  
6 Gates Avenue, Sunny Hills. I have been a resident for  
7 14 years.

8 A good many of the things I was going to say  
9 have already been said so I'll skip over them. I might  
10 have a couple of things that are a little different.

11 I was going to ask the -- what the  
12 Utilities', Southern States Utilities', percent of  
13 return on invested capital was and this gentleman over  
14 here answered that. He said it was a negative value.

15 Now, the Minnesota -- the parent company,  
16 Minnesota Power and Light, is doing real well. They  
17 have a rate of return for a recent 12 months of 10.7%,  
18 and that is among the very highest in 90 of the large  
19 electric utility companies.

20 Unless this Utility has grown considerably in  
21 recent years through acquisition of other utilities,  
22 the rapid acquisition of the new units and improvements  
23 thereof could be a contributing factor behind the many  
24 service rate increases.

25 If this statement was true, it would

1 constitute a form of financing through rate increases.  
2 Since we are captive customers, I don't think this  
3 practice should be permitted. Since the parent company  
4 is doing so well, I think they should pick up the tab.  
5 If there's extra expenses due to these new  
6 acquisitions, I think the parent company should be  
7 picking up some of these costs instead of passing it on  
8 to captive customers.

9 I trust the Commission will thoroughly  
10 examine all the aspects of the financial statement,  
11 particularly operating expenses and return on invested  
12 capital.

13 That's all I had. (Applause)

14 COMMISSIONER EASLEY: Thank you.

15 WITNESS SMITH: I have a copy of my complete  
16 statement, if you would like a copy of it.

17 COMMISSIONER EASLEY: All right, sir. We'd  
18 be glad to put that in the record if you'd just give it  
19 to the court reporter right here, please, sir.

20 (Applause)

21 Thank you, Mr. Smith.

22 MR. SHREVE: Thank you, sir.

23 (Witness Smith excused.)

24 - - - - -

25 MR. SHREVE: Mrs. Wheaton.

1                   WITNESS WHEATON: Madam Chairman, the  
2 statement I would want to make would be made by Mr.  
3 McCormack and Spiker, and I'd like to relinquish my  
4 time to someone else.

5                   COMMISSIONER EASLEY: Thank you, ma'am.  
6 (Applause) And that counts just as much. Thank you.

7                   MR. SHREVE: That's all that have signed up  
8 at this point.

9                   COMMISSIONER EASLEY: All right. We're going  
10 to take a ten-minute break.

11                   For those of you who wish to sign up to speak  
12 who have not done so, this will give you an opportunity  
13 to do that, and you'll have some Staff people in the  
14 back who can answer questions for you. We'll be back  
15 in about ten minutes

16                   (Brief recess.)

17

- - - - -

18                   COMMISSIONER EASLEY: If we can come back to  
19 order, please. (Pause) If we could come back to  
20 order, please. (Pause)

21                   I've got my sergeants-at-arms up here. They  
22 are going to keep order for me.

23                   MR. SHREVE: We have two more, Madam  
24 Chairman.

25                   COMMISSIONER EASLEY: All right. It is my

1 understanding that we have two more people who wish to  
2 speak. I'm going to ask both of you to stand and we'll  
3 swear you in.

4 MS. DeMELLO: We have three, three people.

5 COMMISSIONER EASLEY: I beg your pardon.

6 Would all three of you please stand and we'll swear you  
7 in.

8 Would you raise your right hand?

9 I see four of them, Mr. Shreve.

10 (Witnesses collectively sworn.)

11 COMMISSIONER EASLEY: And if you'd call your  
12 first witness, please.

13 MR. SHREVE: Jeff Deshazer.

14 JEFF DESHAZER

15 was called as a witness on behalf of the Citizens of  
16 the State of Florida and, having been duly sworn,  
17 testified as follows:

18 WITNESS DESHAZER: My name is Jeff Deshazer,  
19 and I moved here -- I live at 524 Hancock -- and I  
20 moved here in January of this year.

21 COMMISSIONER EASLEY: Okay.

22 WITNESS DESHAZER: And since I moved, right  
23 by where I live there is a pump house there. And I  
24 haven't heard a lot of people say anything about the  
25 maintenance being done to these pump houses and things

1 around the community, but from what I have seen since  
2 January, it's very little.

3 The pump over by my house is excessively  
4 noisy. The grounds that the pump is on are not  
5 maintained. I do that myself. The walls around the  
6 pump house are rotting. They could use some work on  
7 those. And the pump itself is rusty; it has excessive  
8 rust.

9 COMMISSIONER EASLEY: Tell me the name of  
10 your street again, please, sir.

11 WITNESS DESHAZER: I live at 524 Hancock.

12 COMMISSIONER EASLEY: Hancock?

13 WITNESS DESHAZER: Uh-huh.

14 COMMISSIONER EASLEY: All right.

15 WITNESS DESHAZER: Now, if that's the kind of  
16 maintenance that Southern States does for their pump  
17 houses and all their equipment, then we're in big  
18 trouble here in a few years.

19 That's all I've got to say. Thank you.

20 COMMISSIONER EASLEY: Thank you, sir.

21 Mr. Self, I would like some information on  
22 that particular pump house, if you would furnish it.

23 MR. SELF: Yes, Commissioner.

24 COMMISSIONER EASLEY: Thank you.

25 MR. SELF: And for the record, all of these

1 types of comments, the Utility will be putting together  
2 a composite exhibit for the hearing, responding to all  
3 the comments made at the service hearings.

4 COMMISSIONER EASLEY: Well, I'm particularly  
5 interested in this one. Thank you.

6 MR. SELF: Yes, ma'am.

7 MR. SHREVE: Commissioner, if they're going  
8 to put that together for the hearing, if we could get a  
9 copy of that, both the Staff and us, ahead of time so  
10 we could check with the people on it.

11 COMMISSIONER EASLEY: As soon as possible.

12 Yes.

13 (Witness Deshazer excused.)

14 - - - - -

15 MR. SHREVE: Angela Shatas.

16 ANGELA SHATAS

17 was called as a witness on behalf of the Citizens of  
18 the State of Florida and, having been duly sworn,  
19 testified as follows:

20 WITNESS SHATAS: Okay. I'm Angela Shatas. I  
21 live at 553 Hancock Court.

22 I have a couple of questions plus I'd like to  
23 make a few comments.

24 My first question is: When was the last time  
25 the water was ever checked for contaminants?

1           COMMISSIONER EASLEY: I don't know the answer  
2 to that. Does anybody on Staff know? (Pause)

3           I do not know. That's going to be a  
4 Department of Environmental Regulation, and I really  
5 don't know. We can find out for you.

6           WITNESS SHATAS: Okay. I give you two  
7 reasons why I ask: One is the past two months -- I  
8 have been living on Hancock since back in May when I  
9 bought the house. My water for the past two months has  
10 had a loud smell; like everyone else complaining about  
11 the chlorine, I have a very loud chlorine smell.

12           Also I have had fish that I have had for over  
13 a year are all of a sudden starting with diseases, and  
14 I have not changed any of my routines with them.

15           Okay. And I have -- I would like to know  
16 when they come to let water run from the fire hydrants  
17 -- there is one across the street on Chapel from me  
18 that was turned on about a month ago and was let run  
19 for at least 15, if not, a half an hour -- I would like  
20 to know who pays for that water that comes out of that  
21 fire hydrant while you guys clean the piping?

22           THE AUDIENCE: We do.

23           WITNESS SHATAS: Because it flooded my  
24 neighbor's yard before -- I actually called Deltona up  
25 front. I wanted to know; I thought it was broken. And

1 then the guy finally come back around with his truck  
2 and turned it off. But he had turned it off and left  
3 and left it running.

4 COMMISSIONER EASLEY: We'll get a response.  
5 The only thing I can tell you is we'll get a response  
6 for that. I don't have it for you tonight.

7 WITNESS SHATAS: Another thing I'd say, if  
8 this thing, this rate increase, goes through, then I  
9 bet everybody in, you know, Sunny Hills might as well  
10 just sign their Social Security checks and their  
11 payment checks right over to SSU right now. So I'm  
12 praying it doesn't go through. We can't afford it.

13 (Applause)

14 COMMISSIONER EASLEY: Thank you, ma'am.

15 MR. SHREVE: Thank you.

16 (Witness Shatas excused.)

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1 MR. SHREVE: Mr. Grigoza?

2 VICTOR GRIGOZA

3 was called as a witness on behalf of the Citizens of  
4 the State of Florida and, having been duly sworn,  
5 testified as follows:

6 WITNESS GRIGOZA: My name is Victor Grigoza.  
7 I am at 209 Sunny Hills Boulevard. My comments will be  
8 by about a nature of concern.

9 It has been mentioned here of a possible  
10 refund for Sunny Hills customers. I would assume those  
11 monies are in trust. My question: Will SSU apply  
12 those refunds in the form of credit on future monthly  
13 payment statements? Is the attorney free to answer for  
14 his company?

15 COMMISSIONER EASLEY: That's the subject of  
16 the decision tomorrow is to how that refund will take  
17 place, so I'm going to beg off answering your question  
18 tonight. That is the decision -- Mr. Shreve may want  
19 to comment on that.

20 MR. SHREVE: The Commissioners cannot answer  
21 you on that because they will have to vote on it  
22 tomorrow.

23 The day after we won the appeal, I filed a  
24 motion asking that that money be refunded immediately  
25 and by check rather than a credit on the bill. And

1 that's what they will be taken up tomorrow.

2 WITNESS GRIGOZA: Thank you. (Applause)

3 COMMISSIONER EASLEY: Thank you, sir.

4 (Witness Grigoza excused.)

5 - - - - -

6 MR. SHREVE: I believe there was someone else  
7 that --

8 COMMISSIONER EASLEY: There were four people  
9 who stood up. Who was the other one? (Pause)

10 Yes, ma'am, come on up.

11 JANE McVEY

12 was called as a witness on behalf of the Citizens of  
13 the State of Florida and, having been duly sworn,  
14 testified as follows:

15 WITNESS McVEY: My name is Jane McVey. I  
16 live at 559 Chapel Avenue, Sunny Hills. I've owned our  
17 home for 15 years; we've lived in it full time for six.

18 I have just two questions concerning the  
19 purpose of the utilities: There were 127 utilities  
20 purchased as a package, I assume; you couldn't get one  
21 without the other. And I'm wondering, has there an  
22 allocation been made to represent the investment for  
23 each utility? Is there an allocation of that purchase  
24 price for the investment to acquire the Sunny Hills  
25 Utilities? And, if so, does the Commission, Public

1 Service Commission, consider any increases based on  
2 that allocated investment amount?

3 COMMISSIONER EASLEY: I'm going to ask Mr.  
4 Shreve to respond to that; because we're into an area  
5 now that will be covered in the hearing and I think it  
6 would be wrong for me to respond, to tell you the  
7 truth. We can't respond on things that we have to  
8 ultimately hear testimony on and vote on.

9 WITNESS McVEY: I understand.

10 MR. SHREVE: The Company may have to respond  
11 to part of this because they have the information and I  
12 don't have it.

13 I do not think the Company should be allowed  
14 an investment on money they do not have -- a return or  
15 interest or a profit on money they do not have  
16 invested. And we are trying as hard as we can to  
17 pursue that argument. And the Deltona purchase is a  
18 perfect example of it; although, quite a few of the  
19 systems were purchased individually at other times, but  
20 that is a perfect example of it.

21 The only information that we've been able to  
22 get up to this point is not an allocation for specific  
23 systems, although I think there must have been. What I  
24 think the Company is trying to do is take Deltona's  
25 book value and place that on, and I think that is

1 significantly more than the purchase price for each  
2 individual system.

3 Mr. Self might have some information beyond  
4 that.

5 WITNESS McVEY: I would assume for budgetary  
6 purposes they would have some kind of an allocation.

7 COMMISSIONER EASLEY: Mr. Self, did you wish  
8 to respond?

9 MR. SELF: I don't know any of the specifics  
10 about what is allocated or what not. But just to  
11 clarify: The 127 systems that are part of the rate  
12 case, not all of them were acquired at one time and  
13 some of them were acquired at different times, or built  
14 out, or that sort of thing.

15 WITNESS McVEY: Well, I'm specifically  
16 interested in our system. And I would be interested to  
17 know how that purchase went through and what others  
18 were included and what kind of investment allocations  
19 you made.

20 I would assume you would have to make  
21 individual investment allocations in order to draw any  
22 kind of a cogent budgetary system or operating system.

23 COMMISSIONER EASLEY: Ms. McVey, part of the  
24 difficulty is some of this will definitely be  
25 investigated during the hearing.

1           As Mr. Self said, not all of the systems were  
2 purchased at one time so there isn't a quick, easy  
3 answer to your question, but I assure you that --

4           COMMISSIONER CLARK: That's an issue in this  
5 case.

6           COMMISSIONER EASLEY: That's an issue, and it  
7 will certainly be looked at. The questions will be  
8 asked and the questions will be answered.

9           WITNESS McVEY: So this question could be  
10 asked again in Tallahassee if I felt it was necessary?

11           COMMISSIONER EASLEY: Yes, ma'am.

12           MR. SHREVE: And Mr. Self has not been  
13 involved that much in this case and handled it, so it's  
14 understandable that he would not have the information.

15           WITNESS McVEY: I understand that. Yeah. I  
16 understand that.

17           MR. SHREVE: We may or may not win on this  
18 issue. I do hope, whether or not we win, all of the  
19 information, investment costs information, is available  
20 to you and made available in the hearing in a accurate,  
21 forthright manner so that at least you will know what  
22 the situation is.

23           WITNESS McVEY: Well, I feel I could not make  
24 any proper analysis of the whole situation without the  
25 information.

1                   COMMISSIONER EASLEY: We understand.

2                   WITNESS McVEY: Thank you very much, ladies  
3 and gentlemen.

4                   COMMISSIONER EASLEY: Let me take this  
5 opportunity to tell you that, the gentlemen who were  
6 with us two years ago can verify, you are welcome to  
7 come to Tallahassee, if you wish to do so.

8                   This particular hearing will go on for  
9 probably two weeks, I believe, is the length of time  
10 that it has been scheduled.

11                   The proceeding in Tallahassee is very similar  
12 to a Circuit Court in terms of the formality, the  
13 witnesses being sworn, being subject to cross  
14 examination; the lawyers conduct their case just like  
15 you would see in court. So it's very similar, and you  
16 would not participate in that the way you do in this.  
17 It would be to merely come and listen and get the  
18 information on your own.

19                   But you are welcome to do so. In fact, if  
20 you can come over one day, just for the experience of  
21 being there, I think you would learn a great deal about  
22 the process and maybe even feel a little bit better  
23 about it. Maybe.

24                   (Witness McVey excused.)

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1 COMMISSIONER EASLEY: Anybody else, Mr.  
2 Shreve?

3 MR. SHREVE: Do I have to come?

4 COMMISSIONER EASLEY: Yes. (Laughter)  
5 Yeah, he has to be there, you see. So he's  
6 always looking for company.

7 MR. SHREVE: We'll be there.

8 We don't have anyone else that's signed up.  
9 Is there anyone else here that would like to make a  
10 statement tonight?

11 MR. SPIKER: I'd just like to make one more,  
12 Jack.

13 MR. SHREVE: All right, sir.

14 COMMISSIONER EASLEY: Come on, Mr. Spiker.  
15 Very briefly, Mr. Spiker.

16 DONALD SPIKER  
17 was recalled as a witness on behalf of the Citizens of  
18 the State of Florida and, having been previously sworn,  
19 testified as follows:

20 WITNESS SPIKER: I'd just like to make one  
21 more statement. When you were here before, Ms. Easley,  
22 and along with Mr. Beard, I asked you then and I asked  
23 you again in Tallahassee, what does it cost to pump,  
24 treat and deliver 1,000 gallons of water to my meter?  
25 And you told me, Mr. Beard told me, and I still have

1 not had an answer to this.

2           Could you please find out what it costs by a  
3 cost analysis sheet?

4           COMMISSIONER EASLEY: If you will give --  
5 this gentleman sitting right here is my Administrative  
6 Assistant. If you will give him your telephone number,  
7 the specific question, I will get you an answer. I  
8 ain't going to promise that tomorrow, but I will get  
9 you an answer.

10           WITNESS SPIKER: I appreciate it.

11           COMMISSIONER EASLEY: All right. (Pause)

12           I don't know tonight what's my basic answer  
13 to your question. I don't have the foggiest idea.

14           (Witness Spiker excused.)

15           - - - - -

16           MR. SHREVE: Anyone else?

17           COMMISSIONER EASLEY: Anybody else wish to be  
18 heard tonight?

19           COMMISSIONER EASLEY: I want to -- yes, sir?

20           Very quickly, Mr. Downing. We can't start  
21 back through the list now, guys. That football game is  
22 about on.

23                                   GARY DOWNING

24 was recalled as a witness on behalf of the Citizens of  
25 the State of Florida and, having been previously sworn,

1 testified as follows:

2 WITNESS G. DOWING: This is real short but  
3 it's something that seems to be hanging in the air  
4 here; people are muttering about it, and so I'm going  
5 to articulate it as best I can.

6 When it comes to someone taking your money  
7 and saying, "Now that I got your money can I have it?"  
8 And the authority who makes the decisions on whether  
9 they can or can't, like if somebody has a gun to your  
10 head, it would be the police; in this case, it's you  
11 folks. And you say, "No, you can't have that money."  
12 Well, they still have it for months and months and  
13 months and months. And now there seems to be a  
14 question as to just how we will get it back. I'd  
15 better get it back in a hurry.

16 COMMISSIONER EASLEY: Well, I understand, Mr.  
17 Downing.

18 WITNESS G. DOWING: Because it was my money,  
19 I was not allowed to make interest on that money. I  
20 can't buy a new motorcycle. I can't --

21 COMMISSIONER CLARK: It will come back to you  
22 with interest. And the reason it was held up is  
23 because it was in the court system. It was out of our  
24 hands.

25 UNIDENTIFIED SPEAKER: What percentage?

1 WITNESS G. DOWING: Granted.

2 COMMISSIONER CLARK: It's a statutory  
3 percentage, and I'm sure they know back there how much  
4 it is. But it's a pretty good percentage for these  
5 times.

6 COMMISSIONER EASLEY: It comes close to --

7 WITNESS G. DOWING: It was my understanding  
8 that there was, because I could hear, like I said,  
9 people talking back and forth in the room here, and I  
10 could hear. And there was a question as to just how  
11 that would happen.

12 But, to me, we have something here that may  
13 be legal to do, what the Utility Company did, but as  
14 far as I'm concerned, that's dad-gone unethical to take  
15 my money for one month, two months, six months,  
16 whatever, and then tell me when I'll get it back, how I  
17 will get it back, et cetera, et cetera. I should get  
18 it back by the most expeditious means, and that goes  
19 for everybody in the room. Thank you.

20 COMMISSIONER EASLEY: Thank you, sir.

21 MR. SHREVE: Thank you, sir.

22 (Witness Mr. Downing excused.)

23 - - - - -

24 COMMISSIONER EASLEY: I want to thank all of  
25 you for being here tonight, for your courtesy, for your

1 participation. I've seen some familiar faces. I hope  
2 we don't have to do this again anytime real soon.

3 Okay. Thank you all for coming. Good night.

4 MR. SHREVE: Thank you.

5 (Thereupon, hearing concluded at 8:15 p.m., CST.)

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1 F L O R I D A )  
2 :  
3 COUNTY OF LEON)

CERTIFICATE OF REPORTER

4 I, JOY KELLY, CSR, RPR, Commission Reporter,  
5 DO HEREBY CERTIFY that the Sunny Hills  
6 Service Hearing in this cause, Docket No. 920199-WS,  
7 was heard by the Florida Public Service Commission at  
8 the time and place herein stated; it is further

9 CERTIFIED that I reported in shorthand the  
10 said proceedings; that the same has been transcribed  
11 under my direct supervision, and that this transcript,  
12 consisting of 79 pages, constitutes a true and accurate  
13 transcription of my notes of said proceedings; it is  
14 further

15 CERTIFIED that I am neither of counsel nor  
16 related to the parties in said cause and have no  
17 interest, financial or otherwise, in the outcome of  
18 this docket.

19 IN WITNESS WHEREOF, I have hereunto set my  
20 hand at Tallahassee, Leon County, Florida, this 8th day  
21 of October, A. D., 1992

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JOY KELLY, CSR, RPR  
Chief, FPSC Bureau of Reporting  
(904) 488-5981

1 F L O R I D A )  
2 :  
3 COUNTY OF LEON)

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