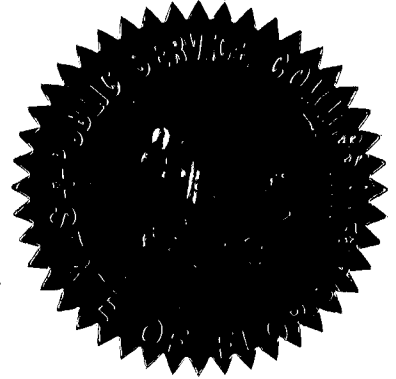


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060368-WS

In the Matter of:

APPLICATION FOR INCREASE IN WATER AND  
WASTEWATER RATES IN ALACHUA, BREVARD,  
HIGHLANDS, LAKE, LEE, MARION, ORANGE,  
PALM BEACH, PASCO, POLK, PUTNAM,  
SEMINOLE, SUMTER, VOLUSIA, AND WASHINGTON  
COUNTIES BY AQUA UTILITIES FLORIDA, INC.



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PROCEEDINGS:           AGENDA CONFERENCE  
                              ITEM NO. 14

BEFORE:                   CHAIRMAN LISA POLAK EDGAR  
                              COMMISSIONER MATTHEW M. CARTER, II  
                              COMMISSIONER KATRINA J. McMURRIAN  
                              COMMISSIONER NANCY ARGENZIANO  
                              COMMISSIONER NATHAN A. SKOP

DATE:                     Tuesday, August 28, 2007

PLACE:                    Betty Easley Conference Center  
                              Room 148  
                              4075 Esplanade Way  
                              Tallahassee, Florida

REPORTED BY:            JANE FAUROT, RPR  
                              Official FPSC Reporter  
                              (850) 413-6732

DOCUMENT NUMBER-DATE

1 PARTICIPATING:

2 CHARLES BECK, INTERIM PUBLIC COUNSEL, STEPHEN C.  
3 REILLY, ESQUIRE, and STEPHEN C. BURGESS, ESQUIRE, representing  
4 the Office of Public Counsel.

5 CECILIA BRADLEY, ESQUIRE, representing the Office of  
6 the Attorney General.

7 KENNETH A. HOFFMAN, ESQUIRE, KIMBERLY A. JOYCE and  
8 CHRIS FRANKLIN, representing Aqua Utilities Florida, Inc.  
9 representing Aqua Utilities Florida, Inc.

10 KELLY SULLIVAN and Ron McKay representing customers  
11 of Aqua Utilities.

12 ROSANNE GERVASI, ESQUIRE, and MARSHALL WILLIS,  
13 representing the staff of the Florida Public Service Commission  
14 Staff.

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## P R O C E E D I N G S

CHAIRMAN EDGAR: Good afternoon.

We are back on the record for this agenda conference, and as we stated this morning, we had set 2:00 o'clock as the time to come back and hear Item 14 in order to give our staff and Commissioners a little additional time to look over the information that was filed in the docket yesterday, and to also accommodate the schedules of some customers who had requested the opportunity to speak. So we will begin our discussion by asking our staff to give us an overview of Item 14.

MS. GERVASI: Thank you.

Rosanne Gervasi with the Commission legal staff.

Item 14 is staff's recommendation in Issue 2 to grant the Office of Public Counsel and the Office of the Attorney General's joint motion to dismiss Aqua Utilities Florida, Inc.'s rate case filed in Docket Number 060368-WS for the reasons stated in the joint motion and for additional reasons as set forth in the staff recommendation.

Issue 1 is a recommendation to grant the parties' request for oral argument on the joint motion. Issues 3 and 4 concern the appropriate rates for Aqua going forward and the refund of interim rates. Issues 5 through 7 are show cause issues.

Issue 5 concerns Aqua's apparent violation of Rule 25-30.261(1), which requires the utility to read its service

1 meters at regular intervals. Issue 6 concerns Aqua's apparent  
2 violation of Rule 25-22.032, which requires the utility to  
3 respond to customer complaints within 15 working days.

4 Issue 7 concerns Aqua's apparent failure to comply  
5 with an order compelling discovery, and staff will recommend  
6 that that issue need not be ruled upon. In the recommendation  
7 we recommend that the issue not be ruled upon if the motion to  
8 dismiss is granted since the discovery process will cease in  
9 that event. And Issue 8 is staff's recommendation to keep the  
10 docket open.

11 However, since the filing of the staff  
12 recommendation, the parties to this docket, meaning Aqua  
13 Utilities, the Office of Public Counsel, and the Office of the  
14 Attorney General, have met in an effort to resolve this case.  
15 Just yesterday the parties reached an agreement and submitted a  
16 proposed resolution and disposition of the issues contained in  
17 the staff recommendation. Additionally, yesterday Aqua filed a  
18 notice of voluntary dismissal of the rate case without  
19 prejudice, including its application for interim and final  
20 rates, increased service availability charges, and approval of  
21 AFPI charges.

22 In light of this new information, staff recommends  
23 the following: With respect to Issue 1, the parties agree that  
24 oral argument should be granted consistent with the staff  
25 recommendation. However, since the joint motion to dismiss

1 need not be ruled upon, there is no need for oral argument on  
2 the joint motion, and instead we recommend that pursuant to  
3 Rule 25-22.0021, that parties and interested persons should be  
4 allowed an opportunity to address the Commission informally on  
5 this item.

6           Regarding Issue 2, the parties agree that Aqua's  
7 notice of voluntary dismissal renders the joint motion to  
8 dismiss moot. So Issue 2 of the recommendation need not be  
9 ruled upon. Staff recommends that instead of voting on Issue  
10 2 as contained in the recommendation, that the Commission  
11 should acknowledge Aqua's notice of voluntary dismissal in this  
12 case.

13           Issues 3 and 4 concerning the appropriate rates for  
14 Aqua and the refund of interim rates, staff recommends that  
15 those issues should be approved as contained in the staff  
16 recommendation, which is consistent with the parties agreement.

17           Marshall Willis will discuss what Aqua has agreed to  
18 do to resolve Issues 5 through 7, as well as an additional  
19 matter raised by Aqua to resolve this case.

20           MR. WILLIS: Commissioners, with respect to Show  
21 Cause Issues 5 and 6, the parties have proposed these issues be  
22 resolved as follows:

23           One, Aqua will make a voluntary credit to account  
24 contributions-in-aid-of-construction for the amount of \$50,000,  
25 which will reduce Aqua's investment to the Florida Public

1 Service Commission regulated jurisdictional systems.

2 Two, the company commits to complying with the meter  
3 reading frequency requirements of Rule 25-30.261(1), Florida  
4 Administrative Code, and on customers' bills to accurately  
5 state whether the bills are actual or estimated.

6 Third, the company will work with staff to establish  
7 a single channel of communication for the sole purpose of  
8 responding to customer complaints filed with the Commission  
9 within the required 15-day deadline. Monthly meetings will  
10 also be held between the parties and staff for the period of  
11 six months to monitor Aqua's performance.

12 Fourth, the company commits to ensuring that its  
13 customer service representatives are courteous, properly  
14 trained, and responsive to all customer inquiries. Call center  
15 activities will be monitored and will also be discussed with  
16 parties and staff at those monthly meetings.

17 Last, the company will hold a series of town hall  
18 meetings in its service areas to communicate with its  
19 customers, provide education on current and future  
20 improvements, and address any water quality issues raised. The  
21 company also commits to following up promptly on all customer  
22 complaints raised during these town hall meetings.

23 The parties have also included an additional matter  
24 which was not addressed in the staff recommendation. The  
25 agreement states that the parties will not object when Aqua

1 requests that the Commission hold a Commission workshop on the  
2 issue of rate structure consolidation prior to the end of this  
3 year.

4 Also in Issue 7, which is the show cause issue  
5 related to the late filing of discovery, with the company's  
6 withdrawal yesterday of its request for a rate case or a rate  
7 increase, this issue is now moot and does not require a  
8 Commission vote.

9 Commissioners, after our review, staff believes that  
10 the customers are better served by the adoption of the parties'  
11 proposed resolution, and we would, therefore, recommend  
12 approval of the agreement.

13 With that, I will turn it back over to Ms. Gervasi.

14 MS. GERVASI: Commissioners, all parties are  
15 represented today and wish to address the Commission on this  
16 item, including Mr. Ken Hoffman for Aqua, Mr. Charlie Beck with  
17 the OPC, Ms. Cecilia Bradley with the Attorney General's  
18 Office. There is also an interested person, Ms. Kelly  
19 Sullivan, who is a customer of Aqua who wishes to address the  
20 Commission on this item. There may be other Aqua  
21 representatives who may wish to speak, as well. Again, we  
22 recommend that the parties and interested persons be allowed to  
23 speak informally on this item.

24 CHAIRMAN EDGAR: Thank you, Ms. Gervasi and  
25 Mr. Willis.

1           Commissioners, I think in keeping with Ms. Gervasi's  
2 overview for us that what I would like to do is first hear from  
3 all of those that are here to address us and would like to make  
4 comments, and then kind of work our way through the issues as  
5 they are identified in the staff recommendation. And I think  
6 that can get us to where we need to be to address issues and  
7 then, hopefully, also have an orderly vote and motions when we  
8 are at that point and ready to.

9           So I think I would like to suggest Issue 1 as Ms.  
10 Gervasi has shared with us was initially for oral argument. In  
11 lieu of oral argument, we can hear informal discussion from the  
12 parties and the customers if that meets with your approval.

13           And so, Mr. Beck, we will begin with you.

14           MR. BECK: Thank you, Madam Chairman, and good  
15 afternoon, Commissioners.

16           My name is Charlie Beck with the Office of Public  
17 Counsel, and with me today is also Steve Reilly and Steve  
18 Burgess with the office.

19           Commissioners, there has been a lot of activity over  
20 the past few days. We have been working very hard with the  
21 company to try to bring a resolution of the case and at the  
22 same time set a framework for addressing pending important  
23 issues concerning customer service, billing, water quality,  
24 water safety, and affordability of rates.

25           As a result of our discussions, we have been able to



1 reach an agreement with the company, and yesterday, in  
2 accordance with the agreement we reached, the company filed a  
3 voluntary dismissal of the rate case. There are a few  
4 important points in the agreement I would just like to mention  
5 briefly.

6           The first thing and very important is that it  
7 terminates the rate case. This was a case in which the company  
8 was seeking to raise rates by over \$7 million per year, almost  
9 double on average for customers. If you are a customer that is  
10 unlucky enough to be in one that is above the average, some of  
11 the rates were simply astronomical. A 726 percent increase in  
12 Sebring Lakes for water in Highlands County; 588 percent,  
13 Wootens, in Putnam County; 468 percent in Lake Gibson Estates  
14 for wastewater in Polk County, and so on. There were over 49  
15 systems where the proposal was to raise rates by more than  
16 doubling them.

17           By the resolution of the case, this cloud that has  
18 been over customers is now lifted, and they are not subject to  
19 that request. At the same time there are also over a million  
20 dollars in interim rates that will be refunded to customers  
21 that has been collected to date. And on top of that for future  
22 impact, the \$50,000 contribution to CIAC, we think will benefit  
23 customers by reducing the impact of any future rate requests  
24 that the company might make.

25           With regard to customer service, you know, once

1 resolving the important issue of the pending rate case, we have  
2 tried to look forward, and we know there are very important  
3 issues still pending by the company.

4           They have committed to a series of town meetings to  
5 address service quality and address issues raised by customers  
6 at those town meetings. There will be monthly meetings by the  
7 parties to review the complaint process and, again, address  
8 service quality issues.

9           Finally, with respect to rates, the company is going  
10 to request a workshop to discuss rate consolidation. We  
11 believe the agreement we have had with the company has an  
12 immediate financial benefit for customers, and we think it is  
13 in their interest. And we hope we have set forth the framework  
14 to continue to address any of the pending issues that have been  
15 raised by customers.

16           There is a lot of people I need to thank, because  
17 there has been -- there has been a lot of work that is probably  
18 not visible to make this happen. First of all, to the  
19 customers. I mean, we have quite a few customers who have  
20 traveled a long distance to be here today, and they have taken  
21 time out in numerous meetings, taken time out of their  
22 schedules to attend and testify to the Commission. It's  
23 extremely important. I hope -- sometimes I don't think they  
24 realize how important it is to the process, and we certainly  
25 appreciate it.

1           In the Chuluota area, Representative Sandy Adams has  
2 worked tirelessly on behalf of customers there. Attorney  
3 General Bill McCollum and Cecilia Bradley, who is here today,  
4 for their involvement and participation in the case. It's been  
5 invaluable. In our office, Steve Reilly and Steve Burgess.  
6 There is a tremendous amount of work that goes on early in a  
7 case in discovery, reviewing it and preparing the case, and  
8 they have just been superb. And also the staff of the  
9 Commission, Rosanne, Marshall Willis, everyone else on staff  
10 has been just terrific to work with to bring this resolution,  
11 and it took everybody to bring it. And then, lastly, the  
12 company for agreeing to dismiss the case. We are hopeful that  
13 we can address some of the issues that have been raised by the  
14 customers.

15           With that, I would like to pass it to Cecilia  
16 Bradley.

17           CHAIRMAN EDGAR: Thank you, Mr. Beck.

18           Ms. Bradley.

19           MS. BRADLEY: Thank you.

20           Representative Adams brought this to our attention,  
21 and we had a staff member that attended the Chuluota hearing.  
22 And we started reading some of the transcripts and looking at  
23 all the concerns that were coming forth. And the Attorney  
24 General was particularly concerned about the exorbitant rates  
25 combined with the health concerns that a lot of people had. So

1 that's why we intervened in support of Public Counsel in this  
2 case.

3 I know that a lot of people saw comments that were  
4 made on MSNBC in Chuluota, and I think that had to be a very  
5 embarrassing time for the company and probably a low point for  
6 them. So we appreciate that Mr. Franklin and Ms. Joyce and  
7 some of the new people that have come on and their commitment  
8 to making improvements for their customers, and we think this  
9 is very important. They have agreed to do town meetings and to  
10 respond promptly to concerns. Some of the concerns that we  
11 brought to them they have taken care of and indicated that they  
12 will in the future. And we appreciate that.

13 I am old-fashioned enough to believe that if you have  
14 happy customers, then you are going to have strong companies,  
15 and, you know, that's important. And they are increasing the  
16 confidence of their customers, and what they are doing is one  
17 of the most important things we feel like.

18 The customers are some of the most involved,  
19 educated, dedicated customers we have ever come across. We  
20 have people all over their territory that are taking pictures  
21 of their meter every night, you know, and they have sent me  
22 their meter readings. And a lot of times they don't compare  
23 very well to the bills that they are getting. And we  
24 understand that the company is going to work on that so that  
25 they can know what they are getting billed for.

1           These customers are also very good about conserving  
2 water. They probably are an example for the rest of the state  
3 to that extent. I think some of them may have had to go way  
4 too far. There were various people -- I know in Chipley there  
5 was a Mr. Bouchard that had his son on a ten-minute timer. In  
6 Oviedo, Mr. Grotkoph, and I apologize for mispronouncing, had  
7 family on timers. In Mount Dora, the Kent's poor son was on a  
8 three-minute timer for showers. And, you know, most of us  
9 would have a hard time with that.

10           You know, we try to be conservative with our water  
11 usage, but these people are really going to extremes to do  
12 that. You know, they are decreasing the amount of wash that  
13 they do, trying to not wash any more than they just have to.  
14 They are trying to -- I mean, I read one person's testimony  
15 that they are trying not even to flush the toilet every time.

16           And while we appreciate the water conservation,  
17 people shouldn't have to go that far. You know, by statute  
18 people have a right to clean water at reasonable rates, and  
19 that is a very, very important thing. And I think probably --  
20 oh, actually they brought me -- for those of you who were not  
21 at the hearings, they brought me some clean towels that were  
22 washed. And as you can see, they are kind of gray-looking.  
23 This is what they are dealing with. And they complain about,  
24 they say they smell like mildew as soon as you take them out  
25 of the washer. This is what they are dealing with, you know,

1 constantly in that area. And we are prepared to support the  
2 company in their efforts to get things cleaned up and get good  
3 water for these people.

4 I think one of the most important things is the  
5 quality of water and the health concerns. I know DEP, they  
6 have said, has fined the company or cited them 24 times in the  
7 last period, and we think this is a very important area that  
8 they need to improve on. We talked about they need to improve  
9 the confidence of their customers. And one of the ladies,  
10 Ms. Evans, brought me what is of most concern. This is  
11 pictures of Ms. Evans' son, Aiden (phonetic), and their dog,  
12 Maggie. They were both healthy and happy when they moved to  
13 this area.

14 You know, we can't prove that they got sick and that  
15 Maggie died because of the water, but the customers feel like  
16 they got sick because of the water. And there are other  
17 customers that had that same feeling. You know, Maggie  
18 suffered quite a bit and died from liver toxins, and that was  
19 an important member of their family, and people shouldn't have  
20 to be afraid to drink the water. They shouldn't have to feel  
21 guilty about moving to an area and concerned that maybe they  
22 have caused some problem for their family because they gave  
23 them water to drink.

24 One of the most important things is for people to  
25 have plenty of water and clean water at reasonable rates. And

1 we commend the company's efforts, and we will work with them to  
2 make sure that these things are corrected. And we think the  
3 public meetings are very important so that the customers can  
4 come and talk to them, not have to go through some receptionist  
5 somewhere that's answering the phone, but actually talk to, you  
6 know, some of the management and tell them what their concerns  
7 are and know that they are going to address those concerns,  
8 because they are very important to people. And so we are  
9 prepared to go forward with this recommended solution, and we  
10 hope you support it.

11 We appreciate the efforts of staff and the Commission  
12 in working with us on this, and seeing that the customers get a  
13 good result, and certainly the customers, a number of them are  
14 here today to let you know that they are committed to this.  
15 They are interested in this, and they appreciate your efforts  
16 on their behalf. You know, more than one person said we are  
17 just happy somebody is listening to us because they felt like  
18 they hadn't been listened to.

19 And so, Commission, we thank you for that and we hope  
20 to go forward with making this work and making sure these  
21 customers have what they deserve and that's the right to clean  
22 water at reasonable rates.

23 Thank you.

24 CHAIRMAN EDGAR: Thank you, Ms. Bradley.

25 Mr. Hoffman, we do have a number of customers that I

1 know have come to join us this afternoon. I know that  
2 Ms. Sullivan had asked to speak, so I think what I would like  
3 to do is afford her that opportunity, and then we certainly  
4 would like to hear from the company, as well.

5 Ms. Sullivan, welcome. Welcome to Tallahassee.

6 MS. SULLIVAN: Thank you. And it's good to see the  
7 three of you that I met in Oviedo, and it is very good to meet  
8 you, Commissioner Edgar, and Commissioner Carter. And I  
9 appreciate this time, you know, in your agenda conference, and  
10 I appreciate all the courtesies that have been extended to us  
11 in order to have folks come today.

12 When we learned about the settlement agreement  
13 yesterday, Ron McKay and I -- Ron is here with me -- had a  
14 tough decision to make. We had actually gone to the  
15 extraordinary effort of reading the transcripts from all over  
16 the state in order to reach out to customers throughout the  
17 whole service area. And we had quite a crowd of people that  
18 were going to be here today. I'm not sure in this large of a  
19 room if it would have been quite as packed as we were in  
20 Oviedo, and I'm not sure if we would have to be kicked out at  
21 the end of the evening without everybody having the opportunity  
22 to speak, but we certainly had a large crowd that was coming.

23 But because Ron and I are reasonable customers, when  
24 we learned of the settlement agreement and its imminent filing,  
25 we reached out to our neighbors and the folks across the state



1 and said, you know, come if you want to, but we think that this  
2 settlement agreement is a good thing, and that we will be there  
3 to represent you, to speak for you, because we know  
4 everybody -- I mean, this is a vacation day for me and my  
5 husband, and so we're enjoying Tallahassee. But we understand  
6 that this is a burden for a lot of people to have to travel to  
7 Tallahassee.

8           So we left the decision to them, and there are quite  
9 a number of people here from all across the state. But the  
10 point I want to make is not nearly as many people as would have  
11 been here had we not put the word out yesterday that, you know,  
12 perhaps you don't need to make that trip today. Gas is  
13 expensive, and time is important to all of us.

14           But that being said, I do have with me today that I  
15 will leave with whoever the appropriate person, a letter from  
16 our local County Commissioner, Bob Dallari. He couldn't be  
17 here today. He wanted to be, but they had their regularly  
18 scheduled commission meeting, so I have a letter from him for  
19 you all.

20           And I also -- in the last, gosh, ten days, I think,  
21 we have collected this many signatures on a very similar  
22 petition to what you saw in Oviedo that I am also going to  
23 leave with you today. For those of you that were in Oviedo,  
24 you will recall that I said that I have my network behind me as  
25 in the Verizon telephone commercial. And I have no stock in

1 Verizon. I'm not even a Verizon customer, but this is my  
2 network.

3 So I have had folks that have signed on to a little  
4 paragraph in support of the dismissal of the joint motion to  
5 dismiss and have asked me to speak on their behalf. I'm not  
6 representing them as legal counsel, but I am speaking on their  
7 behalf as citizens. And so, you know, all of these folks who  
8 would have loved to be here today, couldn't be or elected not  
9 to come at my suggestion. So I will leave this, as well.

10 And I want to thank everyone for their patience. We,  
11 as citizens, often found ourselves walking in a room, a dark  
12 room, looking for the light switch. A couple of times we hit  
13 the fire alarm, I think, unintentionally, but we have done the  
14 best we can to educate ourselves to meet with representatives  
15 from a variety of regulatory bodies. We've made phone calls;  
16 we've have done the best we can. And perhaps sometimes we have  
17 made some missteps along the way, but always with good  
18 intentions.

19 I want to personally thank the PSC staff who have  
20 been very patient, and in particular I know Cheryl Banks has  
21 been very patient with me, and I'm sure Ron has his list. But  
22 we appreciate their courtesies and their assistance. The  
23 Office of Public Counsel, in particular Steve Reilly for my  
24 purposes, and I know Charlie Beck, they have all been great,  
25 but they have been very responsive. They have called me at

1 hours of the evening that I would not have otherwise expected a  
2 call, particularly for someone who is not on an hourly time  
3 clock. And I also have appreciated my conversations with  
4 Cecilia Bradley and others.

5           And I don't want to waste your time. I just want to  
6 sincerely let you know how grateful I am for the effort, and  
7 that we citizens are grateful for the effort that has been put  
8 forth in this case. Not only has this been a large and complex  
9 case for you, but for us as citizens who are paying the monthly  
10 bills, with the poor quality water, it has been quite the  
11 challenge. And so I even want to go so far as to -- and I'm  
12 not sure if congratulate is the correct word, but I appreciate  
13 Aqua Utilities coming to this realization that a voluntary  
14 dismissal is in the best interest of its company, and in the  
15 best interest of the state and the taxpayers who have been  
16 supporting this effort, and in the best interest of the  
17 citizens.

18           It's challenging to know what words to say next, and  
19 I have thought in the last 24 hours about exactly what I would  
20 say next, because I appreciate the company's efforts. We, the  
21 citizens, the consumers, however, have -- we believe Aqua  
22 Utilities has a credibility problem, a serious credibility  
23 problem. And, you know, I could do a parade of horrors for  
24 you. I could talk about the misstatements or  
25 misrepresentations, whatever, the inaccuracies to the

1 variety -- not only to your staff, but to the other regulatory  
2 agencies.

3           But just yesterday, as luck would have it, I received  
4 a letter from Aqua Utilities. And as I was reading it, and  
5 they are telling me, you know, the things they are doing,  
6 investing in the system, and I am pleased to know that they are  
7 doing that. I know that the new chloramine system that is now  
8 under construction was supposed to be completed by June 10th,  
9 and that construction didn't begin until June 24th. And so it  
10 will at least be later in the year, November or December  
11 perhaps if construction goes as planned, that, hopefully, now  
12 after many, many years of the disinfectant by-products of being  
13 at levels that exceed EPA standards, which these standards have  
14 been in place since December of 2002. So here it is August of  
15 2007, maybe by December of 2007 they can meet the EPA  
16 guidelines.

17           So as luck would have it, this letter came in just  
18 yesterday, and it further supports why we, as citizens, believe  
19 that Aqua has a credibility problem. And, honestly, among  
20 ourselves, we don't know if it is an incompetence problem or if  
21 it is an intentional misrepresentation problem. And without  
22 going through, because I will respond to the letter, I will set  
23 the record straight here. But just by way of example, they say  
24 here that on July 10th an Aqua representative spoke with you  
25 regarding your recent high bill of 73,000 gallons.

1           You would think that if they were going to send a  
2 letter to one of the most vocal residents in this case that  
3 they would get the number right. The highest that my bill has  
4 ever been was 30,000 gallons. And, yes, I questioned that and  
5 they had my meter sent out and had it tested and they say it's  
6 running fine. But the point is, that I'm trying to make, is  
7 here they have stated that I had a 73,000-gallon. In other  
8 words, the number is wrong. And so, you know, this is just one  
9 number, but when you are auditing this company, you feel like  
10 you have to look at every single detail because this is a  
11 consistent theme with this company. They just can't seem to  
12 get right.

13           I will be happy to leave a copy of the letter with  
14 you. I do intend to respond to it, because the other problem  
15 with this letter is it's inaccurate and it is misleading. And  
16 so if you, as the PSC, accept a paper trail from Aqua Utilities  
17 that looks like this letter looks, then you are getting not a  
18 clear picture of the situation. You would be left to think  
19 that I had a leaky toilet that ran so long that I ran up 73,000  
20 gallons. That's what this letter would lead you to believe, if  
21 you were reading it.

22           So what I encourage you in your process and in your  
23 proceedings is every time -- we, as citizens, we have quite the  
24 network now, and we are meeting people from all across the  
25 state, and we want to participate. We want to provide some

1 oversight from the citizens. We want -- you know, when you get  
2 something that has data, ask us. You know, ask us if this is  
3 consistent with our experience. Ask us if we have information  
4 that is contradictory. Because if you just had this letter,  
5 you are not getting the whole -- not only are you not getting  
6 the whole picture, you are not getting an accurate picture. So  
7 I will leave my bill so that you can see that I have never had  
8 a 73,000 gallon. It shows the history. I think I gave you a  
9 bill in June.

10 Oh, one of the other things in here. I just love  
11 this line. We did review your account and believe you will be  
12 happy to know that an Aqua meter reader actually read your  
13 account from at least March through July of this year. Well,  
14 every bill I have ever received showed actual reading, not  
15 estimated. And if you see the pattern of the usage where it  
16 goes up, up, up, down, up, up, up. And so my point is that,  
17 you know, just reading this it says to me that this is an  
18 admission that anything before March may or may not have been  
19 actually read, even though the bill said it was.

20 And I think -- and I have heard conversation where  
21 Aqua Utilities, I think the light has finally come on. This  
22 letter was dated August 22nd. So giving them the benefit of  
23 the doubt, I assume this letter was written, proofed, and sent  
24 out prior to their decision to agree to the settlement  
25 agreement.

1           So in all good faith, I want to hope that as we move  
2 forward, that you, as the PSC, will continue to allow us our  
3 voice, not just me, not just Ron McKay, but all of the citizens  
4 are prepared to respond. And, you know, we have put in  
5 countless hours. I haven't kept up with them. We have  
6 dedicated ourselves to this process so that we can get exactly  
7 what Cecilia Bradley says we're entitled to. We believe  
8 quality water at reasonable prices is not an unreasonable  
9 demand. And so thank you for your time, and I will be happy to  
10 respond to any questions.

11           CHAIRMAN EDGAR: Thank you, Ms. Sullivan.

12           I have said at many of our meetings before on a  
13 variety of issues that our processes work best with full and  
14 diverse participation. And so I know that we all thank you and  
15 all the customers and all the parties and the company for  
16 participating in all of the discussions and the analysis that  
17 have gone on and that will continue to go on.

18           I would like to give the company an opportunity to  
19 speak, and then, Commissioners, we can open it up.

20           Mr. Hoffman.

21           MR. HOFFMAN: Thank you, Madam Chairman.

22           Commissioners, my name is Ken Hoffman. I represent  
23 Aqua Utilities Florida. To my right is Chris Franklin. Chris  
24 is the president of Aqua America's south region, which includes  
25 Aqua's Florida operations. Also with me today seated behind me

1 and to my right is Kimberly Joyce. Ms. Joyce is an attorney  
2 with Aqua America and Aqua's manager of regulatory affairs, and  
3 Jack Lihvarcik, who is the Chief Operating Officer for Aqua  
4 Utilities Florida.

5           Commissioners, this rate case has been a very  
6 difficult undertaking for everyone who has had any involvement  
7 in this process, not the least of whom include our customers.  
8 The company has incurred enormous time and expense in preparing  
9 this filing, in responding to staff audit requests, in  
10 responding to the discovery requests of staff, and in  
11 responding to the discovery requests of the Office of Public  
12 Counsel.

13           As you know, in view of the totality of the  
14 circumstances that have come to surround this case, the company  
15 has made the decision, we think a wise decision, to pull back  
16 from this pursuit of increased rates and take a voluntary  
17 dismissal of our case. We recognize that there have been  
18 missteps in dealing with our customers. There have been  
19 missteps in providing customers with consistent meter reads,  
20 and I'm talking about the terms of the intervals of the billing  
21 periods. There have been missteps in responding in a timely  
22 manner to this Commission and to the complaints of our  
23 individual customers.

24           But I can tell you this, this company has been  
25 working 24/7 on this case and has devoted substantial time and



1 resources that are focused, that have been and remain focused  
2 on tracking down and addressing each and every customer  
3 complaint, and in implementing sweeping changes in the various  
4 areas of customer service. There is a new regime in Florida.  
5 It is headed by Mr. Franklin. Now, although Mr. Franklin has  
6 been with Aqua America for some 15 years, he has only been  
7 directly and personally involved, and I'm talking about boots  
8 on the ground, if you will, in the southern region, including  
9 Florida, for about two months.

10 I am confident that under Mr. Franklin's leadership  
11 that this Commission, that each of you are going to see  
12 dramatic improvements in the way Aqua approaches its customers,  
13 treats its customers. I think that you are going to view Aqua  
14 as a model of diligence in the various aspects of customer  
15 service, given time to implement our commitments.

16 Before I turn it over to Mr. Franklin, I want to  
17 emphasize the desire of this company to be a part of Florida's  
18 landscape in the long-term. I would respectfully submit to  
19 each of you that a company like Aqua Utilities Florida can play  
20 a vital role in Florida by stepping up to the plate and taking  
21 on the acquisition of smaller systems or distressed systems  
22 that may have been abandoned by developers or that otherwise  
23 need or require central service, and Aqua can consolidate these  
24 systems into their Florida operations. And I think that all of  
25 that, all of that type of action furthers the public health and

1 safety and furthers the public interest.

2           We are currently operating 81 separate systems across  
3 15 counties of this state that are under your jurisdiction.  
4 And as Mr. Franklin will get into a little further, we feel  
5 that we need to move to some form of rate consolidation which  
6 is consistent with the advocacy of the staff witness, Mr.  
7 Stallcup, in this case. And that's why we are going to be  
8 asking you as part of our agreement and as part of your order  
9 to acknowledge the need to investigate alternative forms of  
10 rate consolidation for the company in a Commission workshop  
11 before the end of this year.

12           I want to just wrap up by saying that, you know, over  
13 the course of the last week the Commission staff, the Office of  
14 Public Counsel, the Attorney General's Office have worked very  
15 hard, have worked very diligently toward the agreement that is  
16 before you. And I want to say that on behalf of the company we  
17 appreciate the cooperative efforts of your staff and the Public  
18 Counsel and the Attorney General on working on this agreement  
19 through the weekend and in reaching an agreement.

20           So with that, I would like to introduce Mr. Franklin,  
21 again, who is president of the south region for Aqua America.

22           MR. FRANKLIN: Thank you, Ken.

23           Madam Chairman, Commissioners, thank you for the  
24 opportunity this afternoon to address you.

25           It was back in 1886, believe it or not, when several

1 college professors put together a small water utility in  
2 southeastern Pennsylvania. A hundred and twenty-one years  
3 later that company is Aqua America. We now operate in 13  
4 states. I raise that from the beginning just to let you know  
5 that we have always been a water company from the very  
6 beginning days, and no company that operates in a poor manner  
7 would last for 120 years. So during that period I know we have  
8 been doing some things right.

9           We are newcomers to Florida, arriving here first in  
10 2003 with the purchase of water utilities formerly owned by  
11 AquaSource, the subsidiary of Duquesne Power and Light. Then  
12 we grew a year later with the purchase of Florida Water, which  
13 I think it is important to mention we purchased at the PSC  
14 established rate base. We didn't pay a premium for those  
15 properties. As you are well aware, many of those systems  
16 needed significant capital improvements and attention. I think  
17 this was evidenced by the fact that no other utility bid for  
18 those properties. Although we didn't know it at the time, we  
19 were the only bidder in the process.

20           So some may ask why would we purchase utilities that  
21 need such desperate attention and such a great amount of  
22 capital. And, frankly, that's what we do. It's our specialty.  
23 We typically come in and we purchase systems that need  
24 improvement, and we invest the necessary capital to bring them  
25 up to our high standard.

1           Since arriving in Florida only four years ago, Aqua  
2 has spent now statewide, here and in the Sarasota area  
3 \$30,000,000, four times our depreciation rate, to begin fixing  
4 all of the issues we inherited. Let's remember that we only  
5 have 40,000 customers statewide in Florida, and only about  
6 25,000 of them are affected by this rate case. We're actually  
7 losing money, as anybody who has reviewed the record  
8 understands in this state. We will lose a million dollars  
9 again this year. There is no profit going back to shareholders  
10 from the state of Florida. We actually have negative net  
11 income.

12           Now, did we solve all the problems in our Florida  
13 properties with the capital we have spent? No, certainly not.  
14 We still have got a great deal to do. However, we did spend  
15 the first few years attempting to focus on environmental and  
16 water quality issues. Again, are they all perfectly solved?  
17 Not yet.

18           We have built and reconditioned several water and  
19 wastewater plants. As an example of our commitment of doing  
20 things right, both our chief engineer and our head of  
21 compliance are former Florida DEP officials. This year in 2007  
22 we began to shift our attention to metering, and already this  
23 year we've replaced a quarter of all of the meters regulated by  
24 the PSC in Aqua Florida. And we intend to continue on with our  
25 meter replacement. Each of those meters that we replaced this

1 year was replaced with a radio frequency device as well to make  
2 us more efficient and more accurate in our meter reading.

3           Now, this case is particularly tough for me because  
4 I'm used to being the guy that comes in with the white hat on.  
5 We, Aqua, are the guys that solve problems. In most cases in  
6 many states regulators call us to solve the problems.  
7 Typically we bring our own well-financed capital, free and  
8 clear of politics that can typically accompany some municipal  
9 systems. Although also contrasted with many municipal systems,  
10 Aqua, as a private utility, does not ask for government funded  
11 bailouts or large grants.

12           So, let me acknowledge right up front that we have  
13 made our mistakes in Florida. I want to express our sincere  
14 apologies for the areas where we have fallen short in our  
15 customers' expectations. I want you to know that I personally  
16 lead the team that investigated every customer complaint from  
17 all eleven PSC hearings. Additionally, I plan to be  
18 accountable myself along with our Chief Operating Officer, Jack  
19 Lihvarcik, sitting behind me here, for the recovery in our  
20 areas of deficiency.

21           Now, I wanted to point out one particular issue  
22 because of its prevalence at the hearings. Aqua's billing  
23 system was specifically called into question. This particular  
24 complaint surprised me, because I knew back in 1999 we  
25 purchased and implemented in a large portion of the company one

1 of the top five billing systems in the country as ranked by  
2 Gardner, which is a nationally known publication. So I spoke  
3 immediately with our chief financial officer when this  
4 complaint was raised, and I said, Dave, we need -- we need to  
5 reassure ourselves and the customers that our billing system is  
6 not only intact, but operating efficiently.

7           Mr. Smeltzer, our CFO, immediately undertook an  
8 internal audit of our billing system. What we quickly found  
9 was it was not our billing system that was of particular issue.  
10 In fact, the billing system seemed to be working very well.  
11 However, it was the intervals by which we were reading our  
12 meters.

13           As I think we all understand, a meter reader should  
14 read a meter approximately every 30 days. If he reads them on  
15 the fifth of the month this month; he should read around the  
16 fifth of the month next month. We understand weather, flat  
17 tires, other issues that could vary that within a couple of  
18 days, but it should be a very regularized interval.

19           In fact, that's not what was happening. Our  
20 intervals in some cases varied to a large degree. We have  
21 already addressed this in a significant manner, and in August  
22 our results on our meter reading intervals have increased in a  
23 positive way and a very significant way. And we will continue  
24 to fine tune that process to make sure that our meter reading  
25 intervals happen in an appropriate manner.

1           As for the many other complaints we addressed, every  
2 customer who attended the hearings and raised an issue, and  
3 whose name and address either we or Commission staff had or had  
4 on record, received a letter summarizing the results of our  
5 investigation and any work that was done to their bill,  
6 property, or their meter.

7           And I have to apologize to Ms. Sullivan because,  
8 obviously, some of those letters in the large volume, there may  
9 have been a typo here or there, and I apologize right up front  
10 for your letter. We tried to handle that great volume in a  
11 very short period of time, and they were proofed multiple  
12 times. Sometimes mistakes happen.

13           I believe one of our challenges in Florida was right  
14 from the beginning our lack of communication with not only our  
15 customers, but also with the Commission. This will not happen  
16 again.

17           We plan to initiate town meetings as has been  
18 mentioned before. This town meeting format will be a  
19 continuous effort on our part to stay close to our customers  
20 and bring our management team much closer to our customer base.

21           Now, as Ken mentioned in his introduction, I have  
22 only been on this job for a few months, but I have spent  
23 literally countless hours on the necessary operational changes,  
24 communication improvements, and the addressing of every  
25 customer issue. Aqua's reputation in Florida will rise to the

1 level that we experience in the many other states where we  
2 operate. In fact, over the last several years we have tried to  
3 make a difference. I know in 2004 when the hurricanes hit in  
4 Florida, Aqua brought manpower and equipment from several other  
5 states to support the recovery effort and bring back clean  
6 potable drinking water in a very fast and efficient manner.

7           One of the things we have become aware of since we  
8 have been doing business in Florida is the tremendous need to  
9 stress water conservation. The average customer in our service  
10 area in Florida uses between 6,000 and 7,000 gallons of water a  
11 month. Compare that to the northern states, about 4,500 to  
12 5,000 gallons a month for family usage.

13           From the newspaper accounts that I have been reading  
14 here in Florida it sounds as though people are complaining  
15 about \$300 monthly water bills. I want to make sure we all  
16 understand in order to achieve a \$300 monthly water bill, even  
17 in the areas with our highest rates in the state of Florida,  
18 you would have to use 56,000 gallons of water, almost ten times  
19 normal usage. It's for this reason that we have already  
20 circulated a draft to Cheryl and the staff, Commission staff,  
21 on conservation, a conservation brochure that we plan to  
22 circulate so the customers become much more aware of the volume  
23 of usage.

24           Just to give you an example, too, we did some quick  
25 calculations. For somebody that has a five zone sprinkler



1 system, waters only twice a week for 30 minutes each time. I'm  
2 sorry, for 20 minutes. Their bill would automatically be  
3 \$172.57. They would use 21,453 gallons. If they water for  
4 30 minutes twice a week, again with a zone sprinkler, their  
5 bill would be \$229, using 32,000 gallons of water. So I want  
6 to make sure we associate volume with cost if we are going to  
7 get into the cost discussion.

8 We believe that the use of town meetings to  
9 communicate with our customers will help reinforce this effort  
10 of conservation and understanding. We believe that the  
11 reinforcement of clear and well-defined meter reading  
12 practices, regularized meetings with the PSC staff, and a  
13 reinvigorated process for handling customer complaints in a  
14 professional and timely basis will pave the way for a more  
15 successful relationship with all of our constituencies.

16 Now, as for the rate case, we are obviously  
17 disappointed in the outcome. We would have liked to present  
18 our side of this case. It's no secret that we have spent  
19 substantial sums in preparing and filing the case and answering  
20 more than 1,200 inquiries, interrogatories, document requests,  
21 and audit questions. Much of the detail and cost in the filing  
22 and in responding to the discovery questions of the staff and  
23 intervenors arises from the fact that we have 81 separate rate  
24 divisions under the Commission's jurisdiction in Florida.

25 The volume of work I realize was not only taxing on

1 the company, but the staff and the intervenors. And we concede  
2 now in hindsight that it was a monumental undertaking. But if  
3 nothing else, as the leader of our Florida operations, I  
4 believe it's critical that the company learn and move forward  
5 from past mistakes and work with the Commission in developing a  
6 regulatory framework, constructing a regulatory road map, if  
7 you will, that will provide the most efficient mechanism in the  
8 future pricing of our services and the filing of future rate  
9 cases.

10 In the past this Commission has looked at and  
11 explored the benefits of various forms of consolidation. The  
12 staff witness in this case, Mr. Stallcup, clearly recognized  
13 the benefits in rate consolidation and offered two different  
14 alternatives for moving in that direction. That's why the  
15 request in front of you is so important.

16 While we work to make our improvements, we must get  
17 some regulatory certainty on the rate consolidation issue. The  
18 provision in the agreement of the parties which is supported by  
19 the staff to hold a workshop at the end of this -- by the end  
20 of this year to address policy issues and the implementation  
21 issues that flow from rate consolidation is incredibly  
22 important to our company, and I believe to our customers.

23 Again, I'd like to thank the parties for working with  
24 us even through a very hot and long August weekend to come up  
25 with a very positive solution going forward. I think

1 Mr. Beck's comments earlier in this meeting illustrated the  
2 need to take a look at this consolidation, the fact that an  
3 investment of any kind on a small base of customers can have a  
4 dramatic effect on rates.

5           So we look forward to -- we believe this proposal put  
6 before you today is a step in the right direction. It ensures  
7 an ongoing dialogue with our customers and your staff, the  
8 Office of Public Counsel, and the Attorney General's Office. I  
9 am committed, my staff is committed to making this work in  
10 Florida, and we are hopeful that the Commission approves our  
11 settlement and will support the efforts to set up a workshop  
12 where we can create a dialogue on the rate consolidation issue  
13 and regulatory certainty for the company going forward.

14           And I thank you for your time today.

15           CHAIRMAN EDGAR: Thank you, Mr. Franklin and  
16 Mr. Hoffman.

17           Commissioners, I'm trying to think through how best  
18 to move through some of these issues procedurally. I do think  
19 that if we use the item that is before us, the staff  
20 recommendation issues as a guide that will lay out and, again,  
21 kind of get us to where we need to be and the opportunity to  
22 address any questions, concerns, or comments.

23           Issue 1 we have taken up, which was oral argument by  
24 affording the opportunity for comments.

25           And Issue 2, which would be, I believe, basically to

1 acknowledge the voluntary withdrawal, if, indeed, that is the  
2 will of the Commission. If, indeed, we want to acknowledge  
3 that voluntary withdrawal in a positive manner, that to my  
4 understanding will basically address Issues 2 and 7. And I, of  
5 course, will look to our legal staff if I have misstated that.

6 Mr. Cooke, does that sound correct to you?

7 MR. COOKE: Yes, Madam Chair.

8 CHAIRMAN EDGAR: Thank you.

9 So, Commissioners, I think that if we can discuss or  
10 have questions, if there are any on the voluntary withdrawal,  
11 and then we see where we are as a body on that, and then we can  
12 address the issues in 3, 4, 5, and 6 regarding the interim rate  
13 refunds and revenue. And also the show cause items that dealt  
14 with the customer service, meter reading, et cetera.

15 So with that, I think what I would like to do is see  
16 if there are questions or discussions on the voluntary  
17 withdrawal. Commissioners, any questions or discussion on that  
18 point?

19 Commissioner Skop.

20 COMMISSIONER SKOP: Thank you, Madam Chair.

21 Again, in going through issue-by-issue, I have at the  
22 appropriate time just some general comments to make, but I will  
23 defer to getting through the issues to the extent that the  
24 motion to withdraw came before the joint motion to dismiss,  
25 which really is somewhat overcome by events, if you will. But

1 I would like to make some general comments at the appropriate  
2 time.

3 CHAIRMAN EDGAR: You can do that now or do it later.  
4 What is your pleasure?

5 COMMISSIONER SKOP: I will see where we go a little  
6 bit, but I do want to make some general comments.

7 CHAIRMAN EDGAR: Okay.

8 Commissioners, again, I think the best way to  
9 approach it is to see if there is support for the voluntary  
10 withdrawal, and if not, we will see where that takes us, as  
11 well. So are there questions or comments on that?

12 Commissioner Carter.

13 COMMISSIONER CARTER: Madam Chairman, I think as I  
14 was listening to the parties, OPC, the Attorney General's  
15 Office, and the customers, that they were in -- unless I'm  
16 putting words in someone's mouth, I thought I heard them to say  
17 they were in favor of the notice of voluntary dismissal, so we  
18 could move forward with the settlement as presented.

19 So if no Commissioner has any comments or anything  
20 like that, I would move the acceptance of it.

21 CHAIRMAN EDGAR: Okay. We have a motion to  
22 acknowledge the voluntary dismissal or withdrawal. I think I  
23 have heard both terms used, and I think that they are basically  
24 one in the same. Are there questions? Is there a second?

25 COMMISSIONER SKOP: Second.

1 CHAIRMAN EDGAR: Okay. Commissioners, any discussion  
2 on that?

3 Seeing none, all in favor say aye.

4 (Simultaneous affirmative vote.)

5 CHAIRMAN EDGAR: Opposed?

6 Show it adopted.

7 Okay. That moves us through Issue 1 and through  
8 Issue 2 as it is laid out in the item before us.

9 And then Issues 3 and 4, which deal with the interim  
10 rates which had been approved according to law prior to this  
11 date, and the potential refund of those amounts with dates and  
12 numbers and all of those sort of details laid out in the staff  
13 recommendation. Is there discussion or questions for any of  
14 the parties or for our staff?

15 Commissioner Carter.

16 COMMISSIONER CARTER: I think from staff's  
17 perspective I believe they said that there will be a refund  
18 with interest for the interim rates that were given. Is that  
19 correct?

20 MR. WILLIS: That's correct, Commissioner. And the  
21 interest rate will be calculated based on the commercial paper  
22 rate over the time period the interim rates were collected.

23 COMMISSIONER CARTER: Thank you. And there was one  
24 other question dealing with rates I had.

25 CHAIRMAN EDGAR: Okay.

1           COMMISSIONER CARTER: They would refund the interim  
2 rates, and I guess, then, with the case being withdrawn, then  
3 there would be no need to go further with the rates as  
4 presented, because there would be no case before us. Is that  
5 correct?

6           CHAIRMAN EDGAR: That is my understanding.

7           Ms. Gervasi? Mr. Willis?

8           MR. WILLIS: That's correct.

9           MS. GERVASI: (Indicating yes.)

10          COMMISSIONER CARTER: Thank you.

11          CHAIRMAN EDGAR: Are you clear? Commissioners, any  
12 other questions to make sure that we are all clear with where  
13 we are?

14          Okay. Seeing none, my thinking is that Issues 3 and  
15 4 go together nicely and neatly. And, again, the detail as to  
16 the dates and the specific amounts are laid out in the staff  
17 recommendation. So if there are no further questions, is there  
18 a motion to adopt the staff recommendation on Issues 3 and 4?

19          COMMISSIONER ARGENZIANO: So moved.

20          COMMISSIONER CARTER: Second.

21          CHAIRMAN EDGAR: Okay. Commissioner Argenziano has  
22 made a motion to adopt the staff recommendation in Issues 3 and  
23 4, and Commissioner Carter has given us a second. Is there any  
24 further discussion?

25          Seeing none, all those in favor of the motion say

1 aye.

2 (Unanimous affirmative vote.)

3 CHAIRMAN EDGAR: Opposed?

4 Show it adopted.

5 Commissioners, that brings us, I believe, to Issues  
6 5 and 6. Issue 7. Okay. Let me finish my thought process and  
7 I will come right back to you, Commissioner Carter.

8 My thinking is that Issue 7 is moot from the actions  
9 we have taken. Issues 5 and 6 kind of go together, but,  
10 Commissioner Carter, do you have a question or a clarification?

11 COMMISSIONER CARTER: I was thinking that -- from my  
12 understanding that 2 was tied up with 7. Is that correct? Did  
13 I misread that in staff's recommendation? That if we moved on  
14 Issue 2 that would also take care of Issue 7?

15 MS. GERVASI: Yes, sir, in the sense that we are  
16 recommending that both of those two issues are moot at this  
17 point because you have acknowledged the voluntary withdrawal.  
18 So Issue 7 is moot and need not be ruled upon.

19 COMMISSIONER CARTER: Okay. So that -- I was just  
20 trying to get some kind of procedural perspective, because --  
21 so we can get to where we are, and I know that we all have  
22 comments on this case, and we want to make those. But I just  
23 wanted to kind of see procedurally where we were on that, Madam  
24 Chairman. Thank you.

25 CHAIRMAN EDGAR: Okay. Thank you, Commissioner



1 Carter. Comments are always welcome at any time.

2 I do think that we probably need to address Issues  
3 5 and 6, which again deal with specific complaints and concerns  
4 regarding customer service, meter reading, customer complaints,  
5 et cetera.

6 Commissioners, are there questions on Issues 5 and 6?

7 Commissioner McMurrin.

8 COMMISSIONER McMURRIAN: Thank you. I guess this is  
9 the appropriate time to ask questions about the proposal we  
10 have before us, right?

11 CHAIRMAN EDGAR: Sure.

12 COMMISSIONER McMURRIAN: This is for the company with  
13 respect to the town hall meetings. I was wondering if you had  
14 a plan for when you were going to start those town hall  
15 meetings with the customers?

16 MR. FRANKLIN: Commissioner, I don't have a date in  
17 front of me now, but we would like to begin them as soon as  
18 possible.

19 COMMISSIONER McMURRIAN: Okay. I think that's good.  
20 I guess I just wanted to raise that to talk about perhaps  
21 taking into account the schedule of the body of customers you  
22 have. And perhaps if there are large numbers of customers that  
23 are away from their homes in Florida at a certain time, I hope  
24 you would take that into account, because I think that's just  
25 something we may need to go ahead and look at now, so that

1 customers don't feel like they, once again, missed some  
2 opportunity.

3 I realize with our hearings we have to schedule them  
4 within a certain time by statute and things. And we ran into  
5 that some with customers that couldn't be there, but I think  
6 that's important to try to make sure they have an opportunity.  
7 And if they need to be scheduled more timely or sooner than  
8 that, and there are customers that have to be away, if there is  
9 a way to make clear that there is a way for them to submit  
10 comments and make that very easy for them to understand where  
11 to submit those so that they feel like they are able to go on  
12 record like the other customers who could be in attendance. So  
13 I just ask that you consider that.

14 MR. FRANKLIN: Absolutely.

15 COMMISSIONER McMURRIAN: Thank you.

16 CHAIRMAN EDGAR: Commissioner Skop.

17 COMMISSIONER SKOP: Yes. I also have one question to  
18 the parties, and then that may be an appropriate time after  
19 that to get into my perspective.

20 But with respect to the proposed settlement agreement  
21 on Issues 5, 6, and 7, at the end of the first sentence to  
22 benefit all AUF customers under the jurisdiction of the PSC, I  
23 would ask that the parties agree to insert Florida prior to the  
24 word PSC, such that it is the Florida PSC.

25 CHAIRMAN EDGAR: Commissioner Skop, were you talking

1 about Issue --

2 COMMISSIONER SKOP: That's on the proposed settlement  
3 agreement.

4 CHAIRMAN EDGAR: Right. I missed the section -- or  
5 the specific issue that you were on.

6 COMMISSIONER SKOP: On Issue --

7 CHAIRMAN EDGAR: Issues 5, 6, and 7?

8 COMMISSIONER SKOP: Yes, ma'am.

9 CHAIRMAN EDGAR: Third line. Thank you. Okay.

10 COMMISSIONER SKOP: Yes. And just at the end of that  
11 first sentence, insert the word Florida to assure that it is  
12 the customers within the jurisdiction of the Florida PSC as  
13 opposed to potentially other out-of-state areas associated with  
14 the voluntary contribution.

15 CHAIRMAN EDGAR: Okay. Other language clarifying,  
16 technical thoughts?

17 COMMISSIONER SKOP: No. I mean, I shared the concern  
18 that Commissioner McMurrian had about the tightness of the  
19 language. But, again, I will leave that to the parties to hash  
20 out, but I do have some overarching comments at the appropriate  
21 time, but I will defer to other questions at this point.

22 CHAIRMAN EDGAR: Commissioners, any other questions  
23 at this point?

24 Commissioner Carter.

25 COMMISSIONER CARTER: Just kind of a subpart to

1 Commissioner McMurrian's question. Obviously, I don't want to  
2 try to tell you how to run your business, but in view of the  
3 credibility problem that this company has, it may be prudent to  
4 have these town hall meetings on a year-round basis. Because  
5 if you think about the fact that -- as I see it, it is a  
6 tremendous credibility gap here, and in order to restore that  
7 and maintain some goodwill, you are going to have to be there  
8 more than one shot. If you just held one town hall  
9 meeting, you've got 15 counties -- we had hearings all over the  
10 state in those areas that are impacted.

11           You have got 15 counties involved here, and I think  
12 that, you know, as someone said, all politics are local, but I  
13 think that all utilities are local, too. And if I am living in  
14 a subdivision in one county, and you had a hearing in the  
15 county next door, and say we got there for this area, then that  
16 is not going to please me. So I would hope that you would  
17 consider in terms of being able to overcome the credibility  
18 lapse that you would have those on an ongoing basis, possibly  
19 year-round, because actions speak louder than words. Thank  
20 you.

21           CHAIRMAN EDGAR: Thank you.

22           Commissioner Skop.

23           COMMISSIONER SKOP: Thank you, Madam Chair.

24           Commissioner Carter always reads my mind, so -- I had  
25 to get a chuckle out of that.

1           But, again, I kind of wrote this perspective as  
2 somewhat of an opening statement, but, again, the course that  
3 we have taken through your leadership has caused us to address  
4 the issues in a timely manner. And I think that now is the  
5 appropriate time to probably make some of my comments that I  
6 would like to present more specifically to Aqua, but also to  
7 the parties.

8           As a new Commissioner, I had a unique opportunity to  
9 attend 11 of the 12 service hearings associated with this rate  
10 case at which countless numbers of consumers lodged sworn  
11 complaints regarding quality, customer service, and implicated  
12 both metering and billing issues.

13           First and foremost, I want to commend these consumers  
14 for engaging in the process, especially since some of the  
15 service hearings lasted over seven and a half hours, i.e.,  
16 Chuluota. I also recognize that some of the participants have  
17 driven more than several hours from their respective service  
18 areas to be here today, Ms. Sullivan.

19           The issues before us today, however, are the  
20 remaining items needing to be addressed within the staff  
21 recommendation associated with the joint motion to dismiss.  
22 And as noted within Aqua's notice of voluntary dismissal, the  
23 petitioner has always had absolute right to withdraw from this  
24 case. Accordingly, I am not very sympathetic to the position  
25 in which the company finds itself to be in today.

1           This is an eleventh hour negotiated settlement which  
2 not all consumers agree with. I have written correspondence  
3 from customers McKay, Oldham, and Schwartz (phonetic) basically  
4 questioning the allocation of the funds and how those would be  
5 used as proposed in the settlement.

6           And briefly I would just like to speak to some of the  
7 language that Mr. McKay addressed in his correspondence, and  
8 this was dated Thursday, August 23rd. Quote, it is apparent  
9 they simply want to avoid looking bad for investors as a result  
10 of the continuous neglect and disregard of their obligations.  
11 It certainly would be nice that if I ever get a speeding ticket  
12 that the judge might allow my fines to be directed towards  
13 making improvements for my car. I seriously hope the PSC -- I  
14 would seriously hope that the PSC will not entertain this idea,  
15 end quote.

16           Quote, I think the PSC has been very lenient and have  
17 given Aqua enough opportunities to remedy their violations  
18 before being assessed with these fines, end quote. Quote, lack  
19 of preparation for the MFRs and the proof needed for this rate  
20 case has caused the taxpayers a tremendous amount of money and  
21 also wasted a vast amount of time for everyone involved, end  
22 quote. Mr. Oldham echoes Mr. McKay's sentiments.

23           However, as a matter of judicial economy, courts  
24 generally favor settlements among the parties, and having  
25 reviewed staff's recommendation and the negotiated settlement

1 agreed to by all the parties, I am willing to vote in favor of  
2 the agreement. I do not feel that the agreed settlement,  
3 however, has the same force and effect of a show cause  
4 determination to the extent that the show cause carries with it  
5 a strong regulatory signal and deterrent effect.

6           So while supporting the settlement, I want to  
7 emphasize -- and, again, Commissioner Carter used my words --  
8 that actions speak louder than words. And I'm encouraged by  
9 the steps that Aqua has taken to address and remedy some of the  
10 concerns that have been expressed and stepping up to the plate  
11 to do right. And I fully expect Aqua to honor the terms of  
12 their agreement and sincerely hope they will address these  
13 noted problems in a timely manner.

14           And speaking to my concern, I think, which the  
15 parties hopefully will agree to to insert the word Florida  
16 before the PSC on Issues 5, 6, and 7, the only other concern  
17 that I have with respect to the proposed settlement agreement  
18 is the language about the additional matter raised by Aqua.

19           And first and foremost, I want us to have a stable  
20 regulatory environment. And I appreciate the need for  
21 regulated entities to earn a return on investment. I guess the  
22 trouble I'm having with this is that initially in Aqua's rate  
23 case they requested countywide rates. And now again they are  
24 relying on staff's testimony to support rate consolidation,  
25 which may be in the best interest of everyone involved. You

1 know, I haven't formed a basis of opinion. We haven't gotten  
2 to that point in the process. But, again, at customer service  
3 hearings there was customer opposition to a rate structure of  
4 that nature. And I think those are things that will be  
5 addressed issue -- I mean, later on in the course.

6 But I just thought that it was a little bit odd. I  
7 noted that the parties needed to agree not to object to such a  
8 request. But, again, Aqua at any time has had an absolute  
9 right to withdraw. It also has a right to request a workshop.  
10 So, again, I will acknowledge the agreement to the extent that  
11 it contains the stipulation of the parties that they won't  
12 object to any such workshop. But, again, I don't want to have  
13 the Commission feel bound to be moving in that direction  
14 specifically, but I am supportive of holding constructive  
15 workshops to address what's in the best needs of customers and  
16 consumers, and, certainly your customers in the manner in which  
17 you serve them.

18 So, again, I will support the agreement; but, again,  
19 I think the concerns that I have should be duly noted. And,  
20 again, I think that the withdrawal probably should have come at  
21 a sooner point in time given some of the problems. But, again,  
22 I commend the parties for reaching the agreement, and I would  
23 like to commend Ms. Sullivan and all the consumers that have  
24 taken their time to express their concerns regarding the rate  
25 case that was before them. And I sincerely hope again that



1 actions will speak louder than words, and I look forward to  
2 Aqua trying to address these problems in a timely manner.

3 Thank you.

4 CHAIRMAN EDGAR: Commissioner Carter.

5 COMMISSIONER CARTER: Thank you, Madam Chairman.

6 I wanted to just kind of speak to the customers we  
7 had in all of the hearings that I went to, and all of us went  
8 to hearings. And one of the things that really concerned me  
9 was a lot of the people saying, you know, people in Tallahassee  
10 they just, you know, they make decisions in Tallahassee that  
11 impact us and we don't have any input. And all of us,  
12 individually and collectively, assured the citizenry that we  
13 would be listening to them. And I think that this agreement  
14 here today, both from the Office of Public Counsel, from the  
15 Attorney General's Office, the company and staff, and all, it  
16 shows that when people come together -- I mean, that's what  
17 makes America great is that citizens, you know, people come  
18 together to say we want our community to be a better place.

19 At some of the hearings that I attended, some of the  
20 people were saying, well, my neighbor couldn't get off work,  
21 but these are his concerns, and that happened in more than one  
22 instance. And it was just a powerful expression of the good  
23 thing that makes Florida what it is. And it just -- I'm so  
24 pleased to see -- I know that you had a lot of people lined up  
25 to come here today, but your voice speaks very loudly, and we

1 listen to the people. And I think that the company listened to  
2 the people, too.

3 I know that the Attorney General's Office and Office  
4 of Public Counsel and our staff worked at great lengths to let  
5 people know that you do make a difference. And I think that  
6 the end product that we are looking at here today in this  
7 settlement that will be taken up in a few minutes or so, it  
8 shows that we did listen to the people. The people's voices  
9 were heard. We did listen to the concerns.

10 None of us were pleased with any of the things that  
11 we saw in terms of customer complaints or anything like that.  
12 And I think that this agreement gives the people in the  
13 community, particularly the ratepayers, an opportunity to say  
14 that my voice does matter, you know. And we are talking about  
15 quality water, because, I mean, it is the lifeblood of our  
16 society. I mean, you can't exist without water. Quality  
17 drinking water, you know, healthy wastewater facilities at an  
18 economical and efficient price for the customers, that's what  
19 we are really talking about.

20 And I think that -- Madam Chairman, I think I want to  
21 say to the Office of Public Counsel, to the Attorney General's  
22 Office, to the ratepayers, to the company, to our staff, I  
23 think that this is a -- it is probably the best-case scenario  
24 based upon the facts in this case. At the appropriate time, I  
25 look forward to supporting the settlement.

1 Thank you.

2 CHAIRMAN EDGAR: Thank you.

3 Commissioner Argenziano, did you have a comment?

4 COMMISSIONER ARGENZIANO: I didn't know if we had  
5 voted on our final issues yet.

6 CHAIRMAN EDGAR: We have not.

7 COMMISSIONER ARGENZIANO: Okay. I'll reserve my  
8 comments until we take care of that anyway.

9 CHAIRMAN EDGAR: Okay.

10 Commissioner McMurrin, did you have a -- okay.

11 COMMISSIONER McMURRIAN: I did have some. Thank you,  
12 Chairman.

13 I wanted to echo what Commissioner Carter said about  
14 the customer participation. We really appreciated that. And I  
15 want to especially thank them for some of their comments about  
16 how valuable our process was, too.

17 And I wanted to quote Mr. Gary Schwartz (phonetic)  
18 and I hope I didn't butcher his name. But there was an e-mail  
19 that looks like came in today, and he said on a personal note,  
20 "I applaud the public process and discourse provided to Florida  
21 taxpayers in this matter. For me the experience of becoming  
22 active in this issue has been an opportunity to move away from  
23 apathy and be engaged. The meeting in Oviedo on 6-26-07 was a  
24 wonderful example of democracy in motion and provided an  
25 opportunity for firsthand experience in how testimony, facts,

1 and history can support a PSC decision that serves the good of  
2 the state and its citizens." And I thought it said it better,  
3 of course, than I could.

4 And I think there are several people in this room,  
5 including the parties, and especially our staff that I think  
6 helped solidify those kind of feelings. I heard it from  
7 several people at our customer meetings that they appreciated  
8 how we went to them and heard from them.

9 And first I mentioned the Chairman and her office,  
10 especially Roberta and Sandy for scheduling all those service  
11 hearings in the service area and giving people a reasonable  
12 opportunity to attend. And I wanted to especially thank the  
13 staff assigned to this case. I think you have been absolutely  
14 swamped in this case, and at every point I always had  
15 confidence that you were taking care of all those details.

16 And I just wanted to mention some of them on the  
17 record: Keeping the spreadsheets of all the customer concerns,  
18 getting the company to follow up, being there at the hearings  
19 to answer all of those customer questions, and a lot of ours,  
20 too. We turned to you several times. Also, putting new ideas  
21 on the table, and we could probably talk about that a little  
22 bit more. And now working to settle the instant matter in a  
23 way that is more beneficial to the consumer, I believe, than  
24 where we started from. I especially want to mention Marshall,  
25 Cheryl, Troy, Rosanne, Catherine, Ralph, Jennie, Paul, Gerald,

1 Tom and Bev. My most sincere thanks, and I really appreciate  
2 it.

3 And I will support -- I have some of the same  
4 concerns that have been mentioned here today and, obviously, by  
5 the customers throughout, but I'm optimistic that things are  
6 going to get better, and I certainly love to hear about the  
7 town hall meetings and the meetings with the parties to  
8 hopefully move forward.

9 So with that, thank you.

10 CHAIRMAN EDGAR: Thank you.

11 Commissioner Skop.

12 COMMISSIONER SKOP: Thank you, Madam Chair.

13 And, again, I would like to also commend staff, all  
14 the names that Commissioner McMurrian mentioned, for all the  
15 hard work that they have put into it. But, more importantly,  
16 for their diligence in following up on the refunds due to the  
17 customers and keeping abreast of those and tracking those for  
18 me. That has been very, very helpful.

19 And, also, I inadvertently omitted it, but, again, I  
20 want to emphasize with respect to the proposed settlement  
21 agreement the inherent intrinsic value in that agreement is  
22 there to the extent that the value to the consumer is far in  
23 excess of the \$50,000 of the contribution-in-aid-of-  
24 construction, because, again, there is carrying costs  
25 associated with that. So there is a tremendous value to the

1 customer for adopting the proposed settlement, and I think that  
2 that is one of the things that factored duly in my  
3 consideration. But, again, I hope that actions speak louder  
4 than words, and I hope that we can correct these problems.

5 Thank you.

6 CHAIRMAN EDGAR: Thank you.

7 Commissioner Argenziano.

8 COMMISSIONER ARGENZIANO: Okay. I guess we'll vote  
9 last.

10 I guess, you know, when I went to the service  
11 hearings and started researching on some of the issues, and I  
12 just could not believe what I had heard. And we would all have  
13 to have been blind not to see that there were real  
14 deficiencies, and that I felt when I heard the customers coming  
15 up with really legitimate concerns, and they were -- as we said  
16 before, they were trying very hard on conservation methods.

17 I was impressed to hear some of the measures that  
18 they were actually doing with the kid with three-minute showers  
19 and the timers and the things that they did to try to conserve.  
20 And what I kept thinking of is that, you know, they have, the  
21 customers have a reasonable expectation for, you know, not only  
22 water quality, good water at reasonable rates, but accurate and  
23 timely meter readings, and all the things that I kept hearing  
24 and, of course, that was lacking.

25 And, Mr. Franklin, and I say this with all due

1 respect, you mentioned that the company had been in business  
2 for 120 years, and I was thinking at the time you said that was  
3 you think you would have had it down pat a little bit to notice  
4 the red flags.

5           And what I seem to have found is that I really think  
6 the company was caught by surprise. Because I thought --  
7 Ms. Sullivan said she wasn't sure which it was, was it  
8 incompetence or was it intentional? And, you know, I sat in  
9 the hearings and thought for a company to come in and ask for a  
10 rate increase, and some of these increases, 726 percent, 580  
11 percent, 468 percent, were incredibly high. And I thought for  
12 them to come in and not -- you know, if it was intentional, you  
13 were broadsided big time, because the consumers definitely came  
14 out and let you know.

15           So I really feel that with the consumers out there  
16 really using their government -- and by the way, and I know you  
17 don't have to worry about this with this Commission, you never  
18 have to ask to be allowed to participate in your government.  
19 This is your government. And if you don't participate, then  
20 you lose. So what you did was incredible, and the effort does  
21 not go unnoticed. But in saying that, you know, I really think  
22 that it opened the company's eyes. And having that effect is  
23 probably better than anything else the outcome that I could  
24 have thought of.

25           And I am hoping -- and I say this because I also

1 heard Mr. Franklin say that, you know -- and I know you have a  
2 tough job ahead of you, and I'm not envious because you are  
3 going to take some lumps, and I know you are going to hear a  
4 lot. But I heard you say that your company is used to solving  
5 problems, and that regulators in other states usually come to  
6 you, come to you. But I will tell you this, and I can give you  
7 this guarantee, and I don't say it in a threatening way, I say  
8 it as doing my job, is that if you can't correct the problems  
9 and the company doesn't, and I think you have every good effort  
10 to do that, I will be calling you back, that's for sure.

11           So I do commend the staff, great information, great  
12 work. We need that and I really appreciate that. And I just  
13 wanted to say to the citizens, remember, it's your government  
14 and you made it happen. You made a thing happen for the  
15 company, because, you know, without consumer confidence, the  
16 company is just not going to do well. And I think you have a  
17 tremendous uphill battle to bring back that confidence. And I  
18 think working with your customers is going to do you a great  
19 deal of good.

20           And I wish you great success, because we need you to  
21 be supplying water, quality water and doing it in a reasonable  
22 way. And that also gives me confidence the next time you come  
23 before me, and I hear the consumers say, you know, they are  
24 really trying to work, and that's what we are hoping for. So I  
25 am very pleased with the outcome at this point, but we are



1 going to be watching. So, thank you.

2 CHAIRMAN EDGAR: Thank you, Commissioner Argenziano.

3 COMMISSIONER ARGENZIANO: Madam Chairman, I'm sorry.  
4 Could I just say one -- I apologize.

5 CHAIRMAN EDGAR: Yes, ma'am.

6 COMMISSIONER ARGENZIANO: I did want to mention that  
7 Representative Sandy Adams really did an awesome job. I think  
8 she did a great job in representing the people of her district.  
9 And I have been talking with her. I think she is planning to  
10 make some statutory changes.

11 And I just wanted to mention one other thing. It's  
12 kind of like off the subject here, but in regards to  
13 irrigation, I do believe that Mr. Franklin made a very good  
14 point. A lot of people really don't know how much water they  
15 are using every time they irrigate. And I had a discussion  
16 with Representative Adams, and I think she is going to look  
17 into it. There have been a lot of cities and counties who  
18 disallow sinking a well just for irrigation purposes. And that  
19 may be the wrong thing to do when we are looking at trying to  
20 save, you know, and conserve. So you may want to talk to your  
21 representative about supporting her on some of those issues,  
22 too, in the legislative process.

23 Thank you, Madam Chairman.

24 CHAIRMAN EDGAR: Thank you.

25 We have had a lot of thank you's, and so I won't

1 repeat them all, but I will echo all of those. And also I want  
2 to add one, which is to say thank you to each of my colleagues.  
3 I know that each of us attended a number of public hearings.  
4 Going to customer meetings is such an important part of our  
5 process, and I appreciate the support and enthusiasm that each  
6 of you brings to that part of our job.

7 I know that Commissioner Skop and I were in  
8 Gainesville. And when we first walked into the meeting, there  
9 were a number of angry customers. And I hope you will agree  
10 that the company listened, and OPC was there and was very  
11 responsive to questions, as was our staff. And I think that  
12 each of the customers that were in attendance felt like they  
13 had been heard, and they were not as angry when they walked out  
14 of the room, which is a nice feeling.

15 So with that, Commissioners, I think that where we  
16 are is that to address Items 5 -- or Issues 5, 6, and 7 that  
17 are before us. We could, if you are amenable, have a motion to  
18 adopt the language in the agreement that has been put before us  
19 with the addition of the word Florida before Public Service  
20 Commission.

21 COMMISSIONER ARGENZIANO: So moved.

22 CHAIRMAN EDGAR: Commissioner Argenziano so moves.  
23 Commissioner Carter seconds. Thank you very much.

24 Any further discussion?

25 Seeing none, all in favor of the motion say aye.

1 (Unanimous affirmative vote.)

2 CHAIRMAN EDGAR: Opposed? Show it adopted.

3 Commissioners, that leaves us just with Issue 8,  
4 which was a recommendation to close the docket, but my  
5 understanding is that with some of the decisions that have been  
6 made today and some of the next steps that have been laid out  
7 in the agreement and the discussion, there may be a better way  
8 to approach that.

9 Ms. Gervasi, do you have a suggestion?

10 MS. GERVASI: Yes, ma'am. I would recommend  
11 modifying Issue 8 to keep the docket open. Here is the  
12 language, that the docket should remain open long enough for  
13 staff to verify that the revised tariff sheets and customer  
14 notice have been filed by the utility and approved by staff,  
15 that the interim refund has been completed and verified by  
16 staff, and that the docket should be closed administratively  
17 upon staff's verification that those items have been completed.

18 CHAIRMAN EDGAR: Thank you, Ms. Gervasi.

19 Commissioners?

20 Commissioner Skop.

21 COMMISSIONER SKOP: Thank you, Madam Chair.

22 With respect to the language that we just adopted in  
23 the proposed settlement agreement, it does have an Issue 8,  
24 where the parties agree that the docket should be closed. So,  
25 again, that may conflict with staff, so we may need to strike

1 that line in the proposed settlement agreement that I think we  
2 just adopted.

3 CHAIRMAN EDGAR: Okay. Commissioner Skop, the motion  
4 that was before us was to adopt the language in the agreement  
5 in regards to 5, 6, and 7, so we did not adopt language on  
6 8 yet.

7 COMMISSIONER SKOP: Thank you.

8 CHAIRMAN EDGAR: Okay. And if there are further  
9 questions, we can address those. If there are not, is there a  
10 motion to address the remaining issues in the docket as  
11 Ms. Gervasi has suggested or otherwise?

12 Commissioner Carter.

13 COMMISSIONER CARTER: I just wanted to make sure that  
14 there is a -- it at least gives us a monitoring function so  
15 that we can assure that the terms and conditions of the  
16 settlement are carried out. That would be the part that would  
17 give me heartburn if we didn't have that. I mean, like  
18 Commissioner Argenziano says, trust but verify.

19 CHAIRMAN EDGAR: Commissioner Carter, I understand  
20 and concur with that concern. It may be, and I will look to  
21 staff and, of course, to suggestions from each of you to maybe  
22 at some point forward rather than administratively close the  
23 docket, have an item to bring it back with a status report is  
24 maybe a suggestion.

25 Mr. Willis.

1           MR. WILLIS: We can do that, Commissioner. The  
2 proposal itself had a series of six meetings for six months  
3 with parties and staff to go over all of these concerns and  
4 monitor the situation and how well they were being resolved.  
5 We intend to do that whether the docket is open or not. If you  
6 feel better to have the docket open while that is in process,  
7 we can maintain that open for six months.

8           CHAIRMAN EDGAR: Commissioner Carter.

9           COMMISSIONER CARTER: Does this series of meetings  
10 include the ratepayers being apprised or invited to these  
11 meetings, as well? I know you said staff and the parties, but  
12 what about the ratepayers? Do they get a chance to be there,  
13 as well?

14          MR. WILLIS: I imagine they would. I would envision  
15 some of these would be conference calls.

16          CHAIRMAN EDGAR: You may want to see if Mr. Beck has  
17 any thoughts on that. Could you speak to that point?

18          MR. BECK: Sure. That would be fine with us, and the  
19 normal way to do it. We could have participation -- wide  
20 participation that way. I certainly wouldn't have any  
21 objection to that.

22          COMMISSIONER CARTER: Well, my concern -- excuse me  
23 if I am speaking out of turn, but my concern for that is that  
24 in order to overcome this credibility gap, then I think that  
25 the customers need to be there so they can verify and have some

1 input, as well. Because as you talk about the petitions, I  
2 think we had petitions in several of the other counties, as  
3 well. But I think that if there is a -- in order to overcome  
4 the credibility problem, as long as people are informed and  
5 people are being heard, if you say, you know, we had our first  
6 meeting, and we had -- X number of parameters have been checked  
7 off. And you have X plus Y number of customers saying, well,  
8 wait a minute. That's not so in my situation. So then we have  
9 a chance to deal with it before it gets -- before the wheels  
10 fall off the wagon. If we have a monitoring function, we can  
11 kind of deal with that as we go along.

12 Madam Chairman, that was my concern.

13 CHAIRMAN EDGAR: Commissioners, other thoughts,  
14 comments, concerns, or requests?

15 Commissioner Skop.

16 COMMISSIONER SKOP: Thank you, Madam Chair.

17 Again, if staff would like to propose that monitoring  
18 function that Commissioner Carter suggested, I echo that also.  
19 I think that would be a good thing for the Commission to have.  
20 So if we can make the appropriate motion, I would be happy to  
21 second it.

22 CHAIRMAN EDGAR: Commissioner Argenziano.

23 COMMISSIONER ARGENZIANO: If I can, I would like to  
24 ask Mr. Franklin just one question that I did not ask before.

25 CHAIRMAN EDGAR: Of course.

1           COMMISSIONER ARGENZIANO: And it's probably obvious,  
2 but I just want to make sure.

3           As I mentioned before, I think you really were caught  
4 by surprise, and I view that in my opinion as a poor management  
5 problem in the state of Florida. Now, I imagine that you are  
6 now here to implement some type of management in your systems  
7 in Florida. I'm hoping that you recognize there has been a  
8 management problem also locally.

9           MR. FRANKLIN: Absolutely. Many of the issues that  
10 we found were preventable, and we are going to be diving into  
11 those issues in greater depth than we already have. We need to  
12 get through this initial step before we move there. But,  
13 absolutely, the next step is to take a deep dive into exactly  
14 what went wrong in all of these cases.

15           COMMISSIONER ARGENZIANO: Okay. Thank you.

16           MS. GERVASI: And, Commissioners, if I may just  
17 reiterate something that Mr. Willis said, which is that the  
18 staff will monitor the utility's progress towards implementing  
19 this settlement, regardless of whether the docket is open or  
20 not at that point in time. And if there are any concerns that  
21 the staff has, we will bring them back to you.

22           CHAIRMAN EDGAR: Thank you.

23           Commissioner Carter.

24           COMMISSIONER CARTER: Does that mean that you are  
25 going to keep the customers aware? I mean, will they be -- you

1 know, there is a credibility gap. I think the people need to  
2 know what's going on. So, I mean, does that get us to the same  
3 place?

4 MR. WILLIS: If it helps, Commissioner, these  
5 meetings will be publicly noticed. Because they are in the  
6 sunshine with all parties meeting, they will have to be  
7 publicly noticed on our website. So customers will be aware if  
8 they are going to be held.

9 CHAIRMAN EDGAR: That's cool, but we have some names  
10 and addresses already, don't we?

11 MR. WILLIS: Yes, we do.

12 COMMISSIONER CARTER: And we know where the people  
13 live, don't we? And we know what systems they are on, don't  
14 we? So if we are having these meetings, I think it would be  
15 prudent for us to do that, particularly in light of the  
16 credibility concern that we have here. I don't think we should  
17 take that lightly. I mean, is it just me or --

18 COMMISSIONER ARGENZIANO: (Inaudible.)

19 CHAIRMAN EDGAR: Ms. Sullivan, do you have any  
20 thoughts on this point?

21 MS. SULLIVAN: Credibility is key. And, for  
22 example -- and, yes, I am very Internet savvy and have learned  
23 a lot about the Internet in this process. But to put a notice  
24 on a Monday about a conference call that is happening on  
25 Wednesday, most of us are business people and we travel and we



1 are away. It is rather difficult as a consumer to be able to  
2 participate in a conference call that you only have two days  
3 notice.

4 That being said, I would believe that all of the  
5 citizens would like to have an opportunity -- for some of us, I  
6 certainly wouldn't suggest that 300 of us would participate.  
7 But as we all know, often there is that, you know, 10 percent  
8 or 5 percent of the people that do a lot of laboring over  
9 projects. And I am confident that the citizens would call in  
10 and participate, and on occasion might actually come to  
11 Tallahassee to be there in person. So we would appreciate that  
12 opportunity.

13 CHAIRMAN EDGAR: Commissioner Argenziano. I'm sorry.

14 COMMISSIONER ARGENZIANO: Is it possible to give more  
15 time and notice?

16 MR. WILLIS: Oh, absolutely.

17 COMMISSIONER ARGENZIANO: Well, that may solve the  
18 problem.

19 CHAIRMAN EDGAR: Commissioner McMurrin and then  
20 Commissioner Skop.

21 COMMISSIONER McMURRIAN: I mean, to add to that, I  
22 even thought it may not be a bad idea if we take some sort of  
23 minutes of the meetings and put those on the website so that a  
24 customer -- no matter how we notice it, there are going to be a  
25 lot of people who can't attend. And maybe at least if we put

1 that out there, and they can share it. I know that everyone  
2 doesn't have Internet access, but at least that would be one  
3 more way we could share with the public what was going on. So  
4 maybe if we could also do that.

5 MR. WILLIS: We can do that.

6 CHAIRMAN EDGAR: And I see our staff nodding and  
7 taking notes.

8 Commissioner Skop.

9 COMMISSIONER SKOP: Thank you, Madam Chair.

10 Again, I want to echo the comments made by  
11 Commissioner Carter, Commissioner Argenziano, and Commissioner  
12 McMurrian. Again, I think it is very important to have  
13 constructive change, given the credibility issue, to engage the  
14 consumers in being part of the process at the town hall  
15 meetings. So I think there's a lot of good points that were  
16 just made, and maybe they need to be a little bit more --  
17 communication is the key. And I think Commissioner Carter  
18 mentioned there are names and lists, and I'm wondering whether  
19 the utility is going to send out notification mailers  
20 identifying where the town hall meeting will be in a timely  
21 fashion, which would address, I think, to some extent,  
22 Commissioner Carter's concern.

23 Commissioner Argenziano raised some good points.  
24 Commissioner McMurrian about meeting minutes that would be  
25 available to be disseminated on the web site so that consumers

1 that could not otherwise attend might be informed as to what  
2 was being discussed. I think all might be a good thing. So,  
3 again, I think there are some positive comments coming out of  
4 here and, hopefully, we can style some sort of motion which  
5 will encompass all of these positive suggestions.

6 CHAIRMAN EDGAR: Okay. Commissioners, what we have  
7 before us is whether to leave the docket open or closed, and  
8 other thoughts or directions that we would like to also adopt  
9 as a body.

10 So, Commissioner Carter.

11 COMMISSIONER CARTER: Madam Chairman, I think in  
12 light of what staff has said, with the understanding of what  
13 we've just said among us about notice, about information, about  
14 timely informing the consumers and letting them know about  
15 what's going on, I think that with the understanding from what  
16 Ms. Gervasi said earlier, if we just said keep the docket --  
17 you can close the docket, but with that understanding that  
18 staff will keep the citizens versed -- keep them informed about  
19 what's going on, as well as the town hall meetings and OPC and  
20 AG's office will be engaged. Did I hear you say that that  
21 would be appropriate if we just went with closing the docket  
22 with that understanding with what the spirit of the Commission  
23 is? Is that what you said?

24 MS. GERVASI: That is almost what I said.

25 COMMISSIONER CARTER: Okay. Help me out then.

1 MS. GERVASI: Rather than closing the docket  
2 immediately, what we are recommending that the Commission do is  
3 keep the docket open long enough for us to verify that the  
4 interim refunds have been made, that the customer notice has  
5 been given --

6 COMMISSIONER CARTER: Okay. Six months, is that what  
7 you were saying?

8 MS. GERVASI: I didn't say a time frame. We are not  
9 sure exactly when the interim refunds will be completed, but  
10 after --

11 COMMISSIONER CARTER: Why don't we just say six  
12 months unless staff would come to us with a recommendation that  
13 it should be earlier? How about that?

14 MR. WILLIS: We could do that, Commissioners. We  
15 would normally -- the Commission would normally give us  
16 administrative authority to close the docket after we verify  
17 that this has been done, would be the normal course. But we  
18 can do it either way you wish.

19 COMMISSIONER CARTER: Okay. I would make that  
20 motion, but one of you guys are going to have to write it up.

21 CHAIRMAN EDGAR: And, Commissioner Carter, that makes  
22 our general counsel very uncomfortable. Not to speak for you.

23 Okay. Let me try this and let's see if I'm close.  
24 Okay. I think what I have heard from each of my colleagues and  
25 from the staff is a need and a desire for our staff to follow

1 through on the information that will need to be submitted to  
2 us, and the steps that will need to be taken to implement the  
3 refunds, and to verify that all of the directions that we have  
4 given and adopted will be completed, and additional direction  
5 from my colleagues and from the discussion here at the bench  
6 about working more closely with the customers, consumers, OPC,  
7 and, of course, the company to get the word out and minutes of  
8 the meetings, and all other outreach types of tools that we  
9 have at our disposal, working, again, with all of the parties  
10 to the agreement and those customers who have to date and will  
11 in the future express specific interest in participating. And  
12 if that works, then the staff would have the ability, as they  
13 often do, to close the docket administratively after all of  
14 those steps have been taken with the appropriate follow-through  
15 that will you go on beyond that.

16 Commissioners, any concerns or additional thoughts?

17 Okay.

18 Commissioner Argenziano, could I get a so moved?

19 COMMISSIONER ARGENZIANO: So moved.

20 CHAIRMAN EDGAR: Is there a second?

21 COMMISSIONER SKOP: Second.

22 CHAIRMAN EDGAR: Thank you.

23 Seeing no further discussion, all in favor say aye.

24 (Unanimous affirmative vote.)

25 CHAIRMAN EDGAR: Opposed?

1 Show it adopted.

2 On behalf of all of us, thank you all for your  
3 patience and for your participation. And our agenda conference  
4 is adjourned.

5 MR. HOFFMAN: Madam Chairman, I'm sorry. I was  
6 conferring. I was just unclear as to whether in approving the  
7 agreement as the Commission did whether the Commission had also  
8 approved the additional issue that was part of the agreement as  
9 moving forward toward the workshop to investigate alternative  
10 forms of rate consolidation. I was just unclear on that. I'm  
11 sorry.

12 CHAIRMAN EDGAR: Mr. Hoffman, my understanding from  
13 the discussion, if there is any disagreement, again, always let  
14 me know, but we have had discussion about the fact that a  
15 request for a workshop would be coming in, and that our staff  
16 will be working with the company, OPC, and others to move  
17 forward on that request.

18 MR. HOFFMAN: Thank you.

19 CHAIRMAN EDGAR: Thank you.

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STATE OF FLORIDA )

CERTIFICATE OF REPORTER

COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Office of Commission Clerk, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 4th day of September, 2007.



JANE FAUROT, RPR  
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