

P R O C E E D I N G S

1
2 **MR. LEE:** Thank you for coming to the customer
3 meeting of the staff-assisted rate case for LP
4 Waterworks. My name is Daniel Lee with the Commission
5 staff. We have other staff here: Clayton Lewis, Stan
6 Rieger, Michael Barrett, and Dick Durbin.

7 If you plan on speaking later, please sign up
8 with Mr. Durbin. And we'll use that as the record, if
9 we need to follow up to address your concern.

10 The purpose of the meeting, of course, the
11 main purpose is to take comments and get your input.
12 But before we do that, I'd like to provide an overview
13 of this process and the staff report.

14 The staff-assisted rate case was developed by
15 the Florida Legislature to assist the customers for
16 small water and wastewater companies.

17 **MR. LEWIS:** Can y'all see that okay?

18 **UNIDENTIFIED SPEAKER:** Yes.

19 **MR. LEWIS:** Okay.

20 **MR. LEE:** The reason for the SARC process is
21 because non-SARC rate cases cost a lot of money. It can
22 cost between \$80,000 and \$100,000, or over that amount,
23 because they have to hire consultants, witnesses, and
24 accountants and that costs money. And, of course, when
25 staff is doing that, we cannot charge that kind of

1 money.

2 The staff involved. First, the utility files
3 an application, then staff audits their books and
4 reviews their operation and we prepare a preliminary
5 staff report. Then we come back -- we come to the
6 customer meeting and take input. Then the case will go
7 through a process that we call Proposed Agency Action,
8 or PAA process.

9 The staff report is preliminary, and staff's
10 position may change based on new information and
11 customer inputs. At the customer meeting we first, of
12 course, we send out the staff report in advance and give
13 an option for customers to review and then to raise
14 those concerns at the customer meeting.

15 The PAA process. After the meeting, then
16 staff go back and prepare the recommendation, and then
17 we go before the Commission, and the Commission -- then
18 we go to agenda. At the agenda conference, the
19 Commissioners, there are five Commissioners, they may
20 ask staff questions, and customers and the utility may
21 also speak at the agenda conference. If you plan to go
22 to the agenda conference, make sure you let staff know
23 and Mr. Durbin can assist you.

24 After the agenda, the vote at the agenda,
25 after 20 days, or within 20 days the Commission will

1 issue a PAA order, and then there's a 21-day protest
2 period. If the decision by the Commission is to raise
3 the rate, the utility cannot protest that order. And,
4 in such instances most likely the protest -- if there's
5 a protest, the protest will be filed by the Office of
6 Public Counsel who represents the Commission --
7 represents the consumers before the Commission.

8 If there is a protest, then a hearing will be
9 scheduled, and it will go through a more complicated and
10 expensive litigation process. And it will go through
11 witnesses filing testimony, deposition,
12 cross-examination, and there will be -- and then a
13 prehearing conference, and finally go to the hearing.
14 There will be a lot of billable hours for attorneys,
15 consultants, that kind of thing.

16 And after the hearing, staff will prepare
17 another recommendation, and, again, go to another agenda
18 conference. And this time the Commission will make a
19 final decision, and this time the customer and the
20 utility cannot participate because this will be based on
21 the hearing record. And even after the decision, the
22 Commission's decision can still be appealed through the
23 court system.

24 So as you see, the process, first, staff make
25 a staff report, come before the customers at the

1 customer meeting, and then we go back, prepare a staff
2 recommendation, go before the Commission Agenda
3 Conference for a PAA decision. And then if that PAA
4 order is protested, then go through a hearing process
5 and then a final Commission decision, and that decision
6 can still be appealed through the court system. I think
7 the whole process is trying to protect the interests of
8 both the customers and the utility.

9 Now I'll go through the specifics of this
10 case. The reason for this proposed increase for the
11 water system, the revenue coming at about 59,000,
12 operating expense at 93, and so there's a net loss of
13 about 34. And for the wastewater system, the revenue
14 coming in at forty-seven zero nine, the expense at forty
15 eighty-four, eighty-five, and net loss of (inaudible).
16 And for (inaudible) impact for a single-family
17 residential connection (inaudible) or 1,000 gallon
18 usage, the current bill which was set back in, I think,
19 2002, the total bill will be \$8.16 with a \$6 base
20 charge. \$2.14, that's, based on the usage for
21 1,000 gallons, it would be \$2.14. For 2,000 gallons it
22 would be \$4.28.

23 For the preliminary recommended rates, the
24 total bill will be \$12.85. Base charge is \$8.65. And
25 based on the usage, a 1,000 gallons would be \$4.20. And

1 this is preliminary.

2 For a wastewater bill, the same, 1,000 gallons
3 usage, the current bill is \$8.20. \$6.44 is the base
4 charge, and \$1.76 for the usage. And at the preliminary
5 recommended rate it would be \$13.96; eight dollars is
6 the base charge and \$5.92 is for usage.

7 Currently, the staff recommendation is
8 scheduled to be filed on February 27. The agenda
9 conference is scheduled on March 13th.

10 Now we can transition to the main purpose of
11 the meeting. If you have any questions, concerns,
12 comments regarding the quality of service, the utility's
13 interactions with customers, and the proposed rate
14 increase. Please sign up to make comments. And this
15 sign-up sheet, we use that for the order of speech.

16 If you would like to request a copy of the
17 staff recommendation, there is a request form you may
18 fill out, and Dick Durbin, Mr. Durbin, I think, has
19 that. And also the staff recommendation will be
20 available on the Commission website. Please enter the
21 docket number, or you Google, and you will find it.

22 And here's the contact number and website
23 address for the Office of Public Counsel. That is the
24 consumer advocate who represents all of you before the
25 Commission.

1 Also, here is the Commission's 800 number and
2 website. Now we can hear from you any comments and
3 concerns. The first one to speak is Ms. Swaney,
4 Ms. Joann Swaney.

5 **MS. SWANEY:** Joann Swaney, 280 Shoreline
6 Drive. I'm here to complain. I had an -- back on 11/1
7 -- 10/28 first and then 11/1 --

8 **UNIDENTIFIED SPEAKER:** Talk into the mike,
9 please.

10 **MS. SWANEY:** The pressure was too high, and we
11 had -- first, I thought we had problems in the bathroom,
12 but it turned out to be the pressure blew the pipe
13 underneath the house. So we called in (inaudible)
14 Plumbing, and they came out and they fixed that. And
15 then there wasn't but a few days later I heard water
16 again. It was in my kitchen. It blew the safety valve,
17 I think they call that. It just blew it right off. And
18 I had water coming down out of my kitchen, down the
19 kitchen -- which was so good about it, it didn't go on
20 this side, it went straight out my door and outside.
21 I've never had anything like that; never had a lot of
22 problem ever before like this. And I'm still not
23 satisfied with the way things are at my house.

24 We called (inaudible), they're from down in
25 Lake Placid, very nice people. I have the bill here for

1 that. I had them out twice, but one was my prerogative.
2 Because we were going to put in a dishwasher, and I
3 said, well, while the whole house is tore up, we'll just
4 have that put in now. So that was our bill. But I had
5 these two. And I've had a mess and it's not my fault,
6 it's the fault of the water pressure.

7 And, see, this was -- well, let's see, this
8 was before the northerners came down. So it had to be a
9 lot of pressure. And when we called about it, I was
10 told that the water company didn't know anything about
11 it. And so I sent a copy of my bills in with my bill,
12 but nobody called me or anything about it. So I saved
13 the originals, and I have them here with me so you can
14 know the date and what had to be done. But that's all I
15 have to say. Otherwise, I have no problems with the
16 water.

17 **MR. LEWIS:** Excuse me, ma'am. Do you have the
18 date that that occurred?

19 **MS. SWANEY:** I will just give you these and
20 you can look at them and you give them back.

21 **MR. LEWIS:** Yes, ma'am.

22 **MS. SWANEY:** 9/27, 10/28, and 11/1.

23 **MR. LEE:** Thank you so much. And we'll
24 contact the company and see -- okay.

25 Mr. Mason.

1 **MR. MASON:** Yes. I am William Mason, 54
2 Beachfront. And I somewhat know about water systems and
3 that, but like she was talking about, the 10/28, I was
4 sitting in my house and there was an explosion and it
5 blew the lines right off the water heater. And it had
6 to have been over 100 pounds. Before I could get out to
7 shut the meter off, I had a thing for it, I had a good
8 foot of water where the water heater was when I opened
9 up the side of the house. And I had valves and
10 everything else leaking in the house.

11 Now, that pressure had to have been up around
12 100 pounds or better. So if it was going to continue, I
13 went up to Lowe's and got a Watts regulator and put on
14 my house. And we have been there about eight years or
15 better, and we never had this kind of problem before.
16 They must not be taking care of their system.

17 Thank you.

18 **MR. LEWIS:** Mr. Mason, did you contact the
19 company and let them know what had occurred?

20 **MR. MASON:** Pardon?

21 **MR. LEWIS:** When this happened on
22 October 28th, did you contact the company?

23 **MR. MASON:** No, I didn't. I didn't get
24 ahold -- I mentioned something to someone here in the
25 park about it, one of the officers, and there was no

1 comment. So I just went on my own and got a Watts
2 regulator and put in there to block it if they were
3 going to have that kind of pressure coming down the
4 hill. They must have some trouble with their
5 regulators.

6 **MR. LEE:** Would you like to give us your
7 contact information? You can contact Mr. (inaudible)
8 and see if he can help you with that.

9 **MR. MASON:** Okay.

10 **MR. LEE:** Next, Mr. Flynn.

11 **MR. FLYNN:** Yes. Michael Flynn, 42 Beachfront
12 Lane. I am one of the few people here tonight that are
13 probably full-time residents, and we have had probably
14 the opposite problem that Mr. Mason just talked about.
15 We had very low water pressure. Every once in awhile
16 this summer we did have a spurt where we did have high
17 water pressure, but for the most part probably at least
18 a half dozen times this summer we've lost water
19 altogether.

20 I did call the emergency number three times on
21 three different occasions when this has happened. But
22 as the other two people have said, prior to this new
23 company, we did not have any kind of these problems over
24 the last -- all the time that we have been here
25 full-time.

1 And then the other thing that confuses me a
2 little bit has been our billing. I don't know if
3 anybody else has had their bills -- it has been every
4 other month. I paid, for instance, \$48.50 one month and
5 then \$26.26 the next month, and then I'm back up to the
6 exact rate, the same thing I paid two previous months,
7 and that has been going on for four or five months. So
8 I don't know if they're not reading the meters and
9 overcharging us every other month and then adjusting it
10 the next month, but I don't care to have anybody
11 overcharge me and use my money and then adjust it the
12 next month. So, anyway, I think that's about it.

13 Yes?

14 **MR. LEWIS:** Mr. Flynn, you said your bill was
15 up and down every other month?

16 **MR. FLYNN:** Yes. One month it was -- and it
17 was identical, the identical rate, identical amount of
18 money. I didn't write them down and bring them. I
19 didn't expect to speak tonight, but -- and that has
20 been, I don't know, the last four or five months it has
21 been like that.

22 **MR. LEWIS:** So you estimate since about
23 October?

24 **MR. FLYNN:** It might have been a bit earlier
25 than that. Probably late summer.

1 **MR. LEWIS:** Thank you.

2 **MR. FLYNN:** Sure. You're welcome. Thank you.

3 **MR. LEE:** The next speaker, Mr. Warren Nesler
4 (phonetic).

5 **MR. NESLER:** I guess I'll start with a
6 question. Can we ask questions, or are we just supposed
7 to make comments?

8 **MR. LEWIS:** Oh, no, sir. You can ask plenty
9 of questions. We'll do our best to answer them, but
10 we're restrained from the standpoint that nothing has
11 been decided, so we're mainly here to gather
12 information.

13 **MR. NESLER:** Is there anybody here that
14 doesn't work for LP Waterworks or whatever this utility
15 is? Is there anybody here from the regulatory bodies?

16 **MR. LEWIS:** Yes, sir. I work for the Public
17 Service Commission. These two gentlemen work for the
18 Public Service Commission, Mr. Rieger and Mr. Durbin.

19 **MR. NESLER:** Okay. I'm glad to hear that. In
20 other words, I was under the impression the way this
21 thing was introduced that we were all talking to LP
22 Utility people. And this self-regulatory thing, that
23 sounds like the fox watching the henhouse.

24 But to Mike's comment about the bills being
25 the same, we have had the same thing. We have had

1 months come that they were identical, like, \$48.12, or
2 whatever it happens to be, and that's impossible. And
3 there's no explanation of why we are averaging or
4 whatever we are doing.

5 But my comments are more just the business
6 aspect of this thing. We bought this thing -- how long
7 ago did they buy this outfit, a year, year and a half?

8 **MR. BARRETT:** I'm Michael Barrett of the
9 Commission staff. The transaction closed December of
10 2012.

11 **MR. NESLER:** Okay. So a couple of years ago
12 or less we bought it. Either you're terribly
13 inefficient, the costs went up 100 percent, basically,
14 the costs went up about 70 percent, really, from my
15 looking at the numbers from what you are putting up
16 there on the screen compared to the other guy, or you
17 are really dumb business people that you bought
18 something that's losing 70 percent. And I don't -- I
19 don't understand the logic of that. I mean, why would
20 you buy something that's losing 70 percent, or are you
21 so inefficient that you can't run it as good as the last
22 guy?

23 And my number two question is, your numbers up
24 there, according to my head math without having a
25 calculator, is your expenses are up about 70 percent and

1 you're asking for about a 135 percent increase. I don't
2 understand either one of them, and I certainly hope the
3 regulatory people look at this very, very closely.
4 Because it looks to me like the problem is not a bad
5 rate, it's bad business practices.

6 I also can't believe that my little house is
7 costing me about 50 bucks a month. And if it goes up --
8 according to your rate it's going to go to 125. I can't
9 believe that's competitive across the country. I don't
10 pay water bills other places. In my primary residence,
11 I've got a private well and septic. I can't believe
12 there's many people around the country paying 125 bucks
13 on a little one or two bedroom house to get sewer and
14 water. Thank you.

15 (Applause.)

16 **MR. BARRETT:** Sir, I'm Michael Barrett. We
17 are with the Commission staff, and we are here to listen
18 to you. As Mr. Lee had told you, as part of the SARC
19 process the agency, the Commission brought auditors down
20 here to audit the books and records of the company. And
21 the rates that are in this proposal are preliminary and
22 they are based on the results of those audited numbers.
23 So what we are going to do is, again, we are here to
24 listen to you. We are here to learn about your
25 concerns, and your input is very valuable, so I wanted

1 to assure you that we are listening.

2 **MR. NESLER:** Thank you. I appreciate that.

3 **MR. LEE:** The next speaker is Larry Oser.

4 **MR. OSER:** Larry Oser, 298 Shoreline Drive.

5 The correct spelling of my last name is O-S-E-R.

6 I've got a comment to agree with Mr. Nesler.

7 If these people bought the business and when they bought
8 the business they didn't do any homework in the regards
9 of what kind of money this business was making, I don't
10 think that it's time all of a sudden in one application
11 to the Public Service Commission to up everything up so
12 that they can start making a profit.

13 And the second problem I've got is that I have
14 been a resident for eight years, my water bill has
15 always been consistent when it was owned by the previous
16 owner, and then this summer I got a bill that said my
17 water bill had jumped significantly. And the people
18 informed me, according to my bill, that I had used
19 3,000 gallons of water. And I corrected it and called
20 them up real quick and said, ma'am, I said, I don't have
21 anybody living at my house. I got ahold of the
22 gentleman who has a key to my house, and he has gone and
23 read the meter, and the meter reading is the same
24 reading that was there when I left in March of last year
25 on the previous bill.

1 And so the lady informed me, she said, well,
2 the way we calculate this thing these days is we bill
3 you for 1,000 gallons at a time. And so if your meter
4 jumped, we're billing you for 3,000 gallons. And I
5 said, well, my meter can't jump because the numbers
6 haven't moved. The problem is the people who read the
7 meter for you read the meter incorrectly. But I still
8 don't understand how you can -- if I didn't use but
9 500 gallons of water in a monthly period, what gives you
10 the right to charge me for a thousand gallons of water?

11 I think I should have to pay for what I use,
12 not what you anticipate me thinking about using. And if
13 I didn't use but 20 gallons of water that month, I
14 should have to pay you for 20 gallons and should not
15 have to pay you for whatever the meter rolled back over
16 again. You should bill me according to what I have
17 used, not according to -- and this may be the reason why
18 Mike may get these bills that say we're charging you
19 \$46, but then the next month we're charging you \$26.

20 What they are doing is they are just --
21 especially for people like them who live here 12 months
22 of the year, they use water all year long. But what you
23 should do is bill me for what I use, and not bill me
24 because you think, well, they only used 499 gallons this
25 month, so I won't charge them. But next month they used

1 501 gallons, and now I'm going to jump it up to
2 2,000 gallons that they've used because they went over
3 the 1,000 gallons. And they are above that, so now I'll
4 charge them for 2,000 gallons.

5 I think they should just bill you for what you
6 use, and they should get people that are qualified to
7 read the meters. And don't send people like me that are
8 sitting at home and tell me I use 3,000 gallons of water
9 when nobody has been in my house for the period of time.
10 Thank you.

11 **MR. LEWIS:** Mr. Oser?

12 **MR. OSER:** Yes, sir.

13 **MR. LEWIS:** That bill, did that occur -- when
14 you received it, was that in August also or was that
15 before then?

16 **MR. OSER:** It was during the summer. I
17 couldn't tell you if it was actually in July or August
18 or September. It was during the period. I usually
19 spend six months here and spend six months away, okay.
20 So this bill came in during the period when we were not
21 here. And my wife said to me, she said the water bill
22 just tripled this month. Let's just say the water bill
23 used to be \$15 for water and sewer, okay? All of a
24 sudden it went to 45. So I said there's no way that can
25 be. So that's when I picked up the phone and called

1 them. And they said, well, you've used 3,000 gallons of
2 water. I said the only way I've used 3,000 gallons is
3 if I've got a leak at my house. And so I had this
4 person who has a key to my house, he went over there and
5 checked it right away. And they read the meter back to
6 me, and I looked at the meter, the previous months bill
7 and it was the same number that was on the bill, because
8 we hadn't used no water.

9 So what happened was somebody read the meter
10 wrong, but then charged me for 3,000 gallons of water,
11 like I say, and we weren't even here.

12 **MR. LEWIS:** Thank you.

13 **MR. OSER:** Thank you.

14 **MR. NESLER:** Can I make one more comment?

15 **MR. LEWIS:** Yes, sir.

16 **UNIDENTIFIED SPEAKER:** Another fallacy in this
17 thing, in my opinion, is that I'm using your numbers
18 that are up here, it says we have a water bill of \$18.86
19 and a wastewater of \$17. In this particular place, you
20 have 394 water customers in here who basically use this
21 park. This park has about 30 people in the summertime.
22 The rest of the time -- and the other lots are occupied
23 for anywhere from a month to six months or whatever.
24 But for at least six months of the year, 300-plus of
25 that 394 are sitting empty.

1 Any water that they are being used is going
2 into the irrigation system. There is no wastewater
3 cost. I mean, there's nothing going into the wastewater
4 system. So that's an absolute bonus, I would say. I
5 mean, they are getting it for doing nothing. They are
6 not processing any wastewater because there is none
7 going into it.

8 And in their new proposal, as I read this,
9 like I said, the old one it said \$18.86 and the
10 wastewater would have been 17. On our new one, 38.95
11 for the water and 43.56 for the wastewater. So they are
12 raising it even more and not processing any wastewater
13 for at least six months of the year for 90 percent of
14 the places in here.

15 **MR. LEWIS:** Hello. We originally requested
16 that if people wanted to talk, to sign up so we can keep
17 track of specific complaints so we can address them with
18 the company, but we want to encourage you to take this
19 time, since we are here, if you have any comments, any
20 concerns, you know, to please step forward and let us
21 know so that we can make sure that we do our very best
22 to resolve the many issues now and have answers for our
23 Commissioners. Because they are very concerned about
24 the quality of service, the interactions that the
25 company has with its customers, so this would be very

1 beneficial to staff. If you have any initial concerns
2 or have other instances where you have issues, we would
3 like to hear them.

4 Yes, ma'am.

5 **MS. DORAN:** I wasn't going to do this, but I'm
6 one of the summer residents, full-time residents. Every
7 time there was an electrical storm this summer and we
8 lost power, it was a blink, this station down here shut
9 down. At 12:00 o'clock at night, you go to the
10 bathroom, there's no water coming out. I called the
11 emergency number, we'll be out. They don't come out
12 until 9:00 in the morning.

13 I bet this happened six times this summer. We
14 don't know if they ever fixed it, but they said it threw
15 the switch. Well, let's get this right.

16 **MR. LEWIS:** May I get your name?

17 **MS. DORAN:** Sharon Doran.

18 **MR. LEWIS:** Ms. Doran?

19 **MS. DORAN:** Doran, D-O-R-A-N.

20 **MR. LEWIS:** Yes, ma'am.

21 **MS. COVINGTON:** I wasn't going to speak,
22 either, but I would like to make a comment that -- I
23 think it was my last bill, I received it, and I was
24 charged a \$5 late charge. No way. I pay through the
25 bank, and the bank pays it beforehand. You know, I have

1 a certain due date, and so I called the company and they
2 were very nice about taking care of it. But I said,
3 well, how did this happen? They didn't know. And I
4 contacted the bank, and the bank informed me that it
5 probably happened because our money is directed to a
6 post office box, and the people probably didn't pick it
7 up at the post office, and so then they charged me the
8 \$5. And if I wouldn't have paid any attention to my
9 bill, I would have paid the extra \$5, but I do pay
10 attention to my account.

11 And so I was a little upset with that. So
12 then I thought, well, since that happened, maybe I
13 better start paying it automatically. But now, from
14 what I'm hearing here, I think I'm going to cancel those
15 automatic payments. I think I'm going to just keep
16 having the bank take care of it. And if it's late, then
17 you'll either have to take care of it or the bank will
18 take care of it, because it's not my responsibility.
19 But it sounds to me like there's a lot of things going
20 on that shouldn't be going on. So I just wanted to
21 speak to that. I didn't really want to talk. But,
22 thank you.

23 **MR. LEWIS:** Excuse me. May I have your name,
24 please?

25 **MS. COVINGTON:** Joyce Covington at 24 Hidden

1 Harbor Lane.

2 **MR. LEWIS:** Thank you.

3 **MR. ASHLEY:** Tom Ashley (phonetic), 282
4 Shoreline Drive. Just out of curiosity, how did you
5 arrive at the numbers that you have taken out there for
6 how they run this water system? I would think that for
7 395 or 400 customers that you don't need more than two
8 service people, maybe three at the most, three days a
9 week. So how do they arrive at all those numbers?
10 That's more curiosity than anything.

11 And the bills jumped -- if my math is right,
12 and I'm not very good at adding and subtracting, but I
13 think it's three times what it presently is. And that
14 seems like an awful big jump at one time.

15 **MR. BARRETT:** Mr. Ashley, as I told you, I'm
16 with the staff, and our Commission auditors came and
17 looked at the books and records of the company, and the
18 numbers that are before you are preliminary. The audit
19 looked at their maintenance and billing practices,
20 looked at their actual expenditures, and I'm not sure
21 specifically which numbers you're looking at, but the
22 examples there show typical bills for 3,000, 6,000, and
23 10,000, and it's very possible your usage may not even
24 be, you know, in that range.

25 But for the purposes of this publication, we

1 put these out just as a guideline. But, again, the
2 numbers that are here are based on the audited documents
3 that the utility provided to our auditors. And we are
4 still in discussions with the company to look at some
5 adjustments to these numbers.

6 As Mr. Lee had told us, the process itself,
7 this is a preliminary report, this is not a final. We
8 are here to hear about you, and I appreciate you
9 bringing your concerns to us. I'm not sure that that
10 addressed your concerns, but I wanted to just emphasize
11 that the data that we have is based on the records that
12 the utility's operating company gave us and our rate
13 analysts and folks like that looked this over.

14 **MR. ASHLEY:** So what is the percentage that
15 you are allowing them to profit over the total
16 gallonage?

17 **MR. BARRETT:** Well, I'm not sure that their
18 pricing is based on a particular percentage. The water
19 system expenses are separated from the wastewater
20 expenses. And the percentages, respectively, are a
21 little bit different.

22 So, in other words, the water expenses are
23 evaluated, and those expenses are on part of what is
24 before you and the same occurs with the wastewater. So
25 they are not just -- you know, your bill reflects one

1 amount of money, but that one amount of money --
2 actually the utility operates two systems. They operate
3 a water system and they operate a wastewater system. So
4 I'm not sure that's -- there's not a set percentage for
5 the whole bill.

6 The preliminary data that's here, and I don't
7 have it exactly in front of me, but I think it was a 70
8 percent increase in the water, and about 100 percent for
9 the wastewater. And that's where --

10 **UNIDENTIFIED SPEAKER:** You've got a fat cat
11 with a big salary or what?

12 **MR. ASHLEY:** You're wrong. You're a
13 100 percent increase on the water, and you're about a
14 130 percent increase on waste, according to what you
15 have presented to us.

16 (Inaudible; simultaneous conversation.)

17 **MR. ASHLEY:** You're going from 18.86 to 38.95.
18 That's 100 percent. And you's going from \$17 to \$43.56,
19 this is on a 6,000-gallon usage, that's 130 or
20 40 percent. I can't imagine anybody can be allowed to
21 make that kind of profit or do that dumb of a business
22 and get paid for it.

23 **UNIDENTIFIED SPEAKER:** That is a big jump, and
24 y'all come in and rubber stamp it.

25 **UNIDENTIFIED SPEAKER:** We need you to do your

1 job.

2 **MS. DAVIS:** I'm Eleanor Davis at 69 Freedom
3 Way. I spend six months here and six months in
4 Michigan. And when I get my bill with the last company,
5 it was always the same every month, 11.26. Well, this
6 summer, one month it was 18, one month it was 11, one
7 month it was 12. I don't know how they are basing that.
8 I turn off the water before I leave, so there is no
9 water running anywhere in my property.

10 **MR. GIGAS:** My name is George Gigas (phonetic)
11 at 40 Freedom Way.

12 I have a question here. In 2003, I think that
13 was the last time there was an adjustment made for the
14 rates. Now --

15 **MR. BARRETT:** In 2002, actually.

16 **MR. GIGAS:** In 2002, okay. Now, if we go back
17 to those numbers and compare those numbers to what you
18 have now, that could be very interesting to note,
19 because for the very simple reason at that time, in
20 2002, when the whole thing took place there was a
21 complaint by the people here in the park because the
22 owner, who has a majority in the park (inaudible) those
23 guys wanted basically to move the plant out to the
24 people here, and the people said no, to the private
25 owners, we do not want that. And so there was a big

1 issue about that.

2 Now, the issue at that time was that the
3 owner, not the private owners, the owner of the
4 (inaudible) as a majority, they never paid for the water
5 here. So, in other words, the business was going
6 downhill at that time, and for that reason actually the
7 owners tried to push it back to the private owners. So
8 when the decision was made at that time, the owner had
9 to pay back, had to make adjustments to basically
10 compensate for the people, for the rest of the people
11 here in the park.

12 And the other question here now that comes up
13 to my mind, you have a situation here where you actually
14 increase now by over 100 percent, 100 percent
15 (inaudible) to compare the water and the wastewater. I
16 think it would be very practical to go back and look at
17 your original numbers and what has changed. Because
18 somewhere in this whole thing is something totally
19 wrong. I mean, sure, there are cost increases over
20 time, I mean, from 2003 to now, but in this category to
21 be 100 percent plus, I have no concept for that, how
22 that works. Thank you.

23 **MR. BARRETT:** Mr. Gigas, what I can tell you,
24 sir, is that that very point is one of the -- generally,
25 I mean, our audit findings, our auditors had several

1 findings, but a lot of the entries in the books and
2 records were not implemented from that 2002 rate case.

3 So, in other words, these audit adjustments
4 are closing that gap of 10, 12 years worth of
5 depreciation that exists, for example, or things of that
6 nature. Those are some of the things that were in the
7 audit report.

8 Mr. Lee had mentioned the Commission's
9 website. Now I don't have copies here available of the
10 audit report, but the audit report is a public record.
11 It is accessible via the Commission's website. The
12 audit findings in there, some of the largest adjustments
13 that are in that report are based on things that were
14 not properly recorded between 2002, and the audit closed
15 May 31st of this year. So a lot of the audit
16 adjustments are probably wrapped up in the little
17 history that you just shared with us.

18 But, again, our role here as members of the
19 Commissioner staff is to hear from you, to look at the
20 concerns that you are bringing us. Thank you.

21 **MR. GIGAS:** I do not live at the park. In
22 other words, I keep my trailer here. I live in Cape
23 Coral, down here on the coastline.

24 I'm using much more water there than I do
25 here. And I can tell you this, when I see this rate

1 coming, that would actually be about the money I pay in
2 Cape Coral where I have basically a full house with
3 everything, you know, washing and all kinds of things I
4 do. I do nothing here, and now I can see that this is
5 going to come up to this kind of number. I don't think
6 it makes sense. Thank you.

7 **UNIDENTIFIED SPEAKER:** Why should we pay
8 (inaudible)?

9 **MR. LEWIS:** I'm going to do my best to kind of
10 summarize. Some of you might not know what happened
11 when the --

12 **UNIDENTIFIED SPEAKER:** Are you talking for the
13 Commission or are you talking for LP Water?

14 **MR. LEWIS:** I'm from the Commission.

15 **UNIDENTIFIED SPEAKER:** Okay.

16 **MR. LEWIS:** The history is that there was some
17 issues with the ownership of the park. There was the
18 mortgage company, forgive me, there was, like, three or
19 four entities that were involved and were all very
20 intermingled.

21 The Commission originally denied the transfer
22 of the company about 2002. They told the owner to come
23 back and refile their books and with the proper
24 authority and liabilities addressed in the sale
25 agreement. That was done. And during that audit there

1 was a gentleman who stated there were some issues with
2 the residents of the park being overbilled. So the
3 Commission ordered that a refund be instituted, and I
4 don't know the details or how it was actually processed,
5 but over the course of, I know it had to be more than
6 two years or three years, there was, I think,
7 reimbursements of, like, \$48 a month that went on.

8 I don't know exactly when that -- I'm in
9 engineering, I don't know exactly when that stopped.
10 The issue that we normally deal with, as in general,
11 with staff-assisted rate cases is that we take into
12 effect what has the company done to maintain the system.
13 Over time machinery, plant, piping goes into disarray,
14 whether it be repaired or it has to be replaced. These
15 are expenses that the company has to maintain. These
16 are the type of things that the auditors go back and
17 look at. What have been the expenses? Are they
18 properly invoiced?

19 Now, it's up to the company to decide when it
20 wants to come in and ask for a rate increase. So what
21 we had is a decision by the previous owners to actually
22 sell the company. Now, whatever the agreement between
23 the seller and the buyer, they negotiated a price. They
24 are a private company. So what the Commission's
25 responsibility is is to make sure that the company has

1 enough revenue to operate, and they do have the ability
2 to make money.

3 Now, it is capped. You asked about the amount
4 of rate of return on equity, that is indexed every year.
5 And I believe the new index for the coming year actually
6 will be approved -- is it this agenda this month?

7 **MR. BARRETT:** Very soon.

8 **MR. LEWIS:** Yes, it's very soon. So what we
9 try to do as the staff is we try to verify that these
10 expenses are prudent. We don't know the reason why the
11 previous owner didn't institute a request for a rate
12 increase over, say, the past eight or nine years. So
13 what happens is you get into the situation where you
14 were experiencing, like, a rate shock.

15 Now, do we like that? No. Do you like that?
16 No. So what we have to do is gather as much information
17 that we can and also go back and look at was this a
18 situation that the company could have prevented?
19 Because like, you know, like (inaudible) just said, if
20 it's a mistake by the company that they didn't use due
21 diligence, then we need to address that and identify it
22 for the Commission. Because we're staff, we provide a
23 recommendation to the Commission.

24 The Commission might have some additional
25 questions for the company during that agenda, but

1 ultimately the decision is the Commissioners on how they
2 want to proceed, because they do want the situation to
3 be resolved. And sometimes, based upon the solution, it
4 still might not make everybody happy. Because there
5 might be a remedy, a plant addition, a plant fix, that
6 might cost some additional money.

7 The main goal is to provide you with
8 quality -- make sure are provided quality water at the
9 most affordable price that the company, you know, can
10 reasonably produce. And when I say reasonably produce,
11 this is the State of Florida, the aquifer, depending on
12 where you tap the aquifer, the water quality varies
13 drastically. So in certain areas the water quality is
14 much better. In other areas it takes various types of
15 treatment and conditions to meet the potable water
16 standards.

17 So companies -- when you try to compare
18 companies from one side of the state to the other it
19 gets very difficult, because it might totally depend on
20 the amount of chemicals and the amount of technical
21 expertise that's needed to maintain the system. That's
22 about the best explanation that I can give to you on
23 that.

24 **MR. GIGAS:** I have one more question. Do you
25 have -- surely you have information who owns this

1 business now, correct? You have the names of the people
2 who own LP Waterworks now?

3 **MR. BARRETT:** Certainly. I believe it's still
4 publicly --

5 (Inaudible; simultaneous conversation.)

6 **MR. GIGAS:** Is it a single person who owns
7 that, or is this a group of people who own it? And who
8 runs it?

9 **MR. LEWIS:** Staff -- I believe it's owned by
10 Mr. Gary -- is it Gerra (phonetic)?

11 **MR. BARRETT:** There are multiple owners.

12 **MR. LEWIS:** Multiples owners. Okay.

13 **MR. BARRETT:** He is the principal.

14 **MR. LEWIS:** He's the principal owner.

15 **MR. BARRETT:** There's probably three or four
16 individuals.

17 **MR. GIGAS:** Can we get that information from
18 you?

19 **MR. LEWIS:** Yes, sir.

20 **MR. JOHNSON:** My name is John Johnson. I live
21 at 23 Hidden Cove. I'm sorry, I was late getting here.
22 I totally understand what this gentleman says. We, like
23 a lot of other individuals in this room, we live in
24 other states, and we have owned other properties there,
25 and we have had our businesses in other states.

1 Whenever I purchased a company, and I'm sure other
2 people did, too, we did our due diligence on what we
3 were purchasing.

4 Now, whether the previous owners submitted
5 information to the Commission, what has transpired since
6 2002 up until this LP Waterworks bought their company is
7 not of concern to me. My concern is this: If they had
8 done their due diligence, they would have known what
9 they were purchasing. And when I look at the rate
10 increase that I see here, they are astronomical. They
11 are way out of the realm. And I don't believe it's the
12 Commission's responsibility to look at those eight to
13 ten years that nothing was done. I think that they
14 really should look at what the impact is going to be on
15 the 400 and some people that own property and have to
16 use the water that they supply.

17 So when you take that large increase that they
18 are now recommending, that's going from, what you said,
19 2002 to the current times. We didn't have the
20 opportunity to see those gradual increases over that
21 period of time. And to make it up instantaneous like
22 this, I think, is totally unfair.

23 (Audience applause.)

24 **UNIDENTIFIED SPEAKER:** I'm going to reiterate
25 on the same thing. You said in your little speech that

1 part of the responsibility of the Commission was to make
2 sure that they did do their due diligence on this thing.
3 If the need of this increase was because they had to put
4 a lot of money into infrastructure in the facility,
5 okay, I understand that. But I don't see it. I mean,
6 if that happens, they get it. There is nothing new,
7 there is nothing that you can see anyplace, and they
8 haven't been in there drilling wells. There's been no
9 pump changes made. There's no storage supplies changed.

10 And it goes back to due diligence, again, as
11 Mr. Johnson just said, that they didn't do it when they
12 bought this thing, in my opinion. They immediately,
13 within a year's time, had a 50 percent loss. They
14 bought a red herring. I mean, they screwed up. They
15 did a bad business deal. And I don't see where anybody
16 could justifiably say, hey, guys, we're going to bail
17 you out. You screwed up, and so we are going to let you
18 get a 130 percent increase to bail you out. I just
19 don't think that would be a real good use of our public
20 brain trust that you people belong to, if you make that
21 decision.

22 **UNIDENTIFIED SPEAKER:** Thank you, sir.

23 I'd like to make a comment about this first
24 paragraph. It says that there's 434 water users and 394
25 wastewater people. Well, I know for a fact, because I

1 have served on this board of directors of the property
2 owners association for four years, there are 397
3 residents in the park, plus we also, as the POA, pay for
4 water at each one of our seven bathhouses, our club
5 house, the room, the building that we are in, our pool
6 house, and so that is at least nine more people. So
7 that would get you up to over 406 people that are
8 getting wastewater. So whoever come up with this number
9 of 394, somebody has got to explain that to me, see.

10 And they say there's 434 water people. Well,
11 it's the same 406 people, which are us in the park area,
12 and there may be some other customers that are outside
13 of Camp Florida that are connected to this. But, you
14 know, these numbers that you gave me, they don't --
15 they're false, especially on the wastewater people.

16 And my second question is, as I've been
17 sitting here, there were some rates that were shown on
18 the presentation earlier that they lost money, this
19 amount of money, and they lost this amount of other
20 money. If I could have those numbers to look at, I
21 would appreciate it.

22 (Pause.)

23 **UNIDENTIFIED SPEAKER:** Yes, sir.

24 **UNIDENTIFIED SPEAKER:** Okay. It says that
25 they lost 34,000 and 36,000 which would be a total of

1 70,000, right? Okay. 34 and 36.

2 **UNIDENTIFIED SPEAKER:** \$70,100.

3 **UNIDENTIFIED SPEAKER:** \$70,000.

4 **UNIDENTIFIED SPEAKER:** 706.

5 **UNIDENTIFIED SPEAKER:** Okay. I did some math
6 real quick, and if you take just the 397 property
7 owners, and you allow the average person to use 6,000
8 gallons a month, the money that would come in off of the
9 38.95 for water would be \$15,463. And then if you take
10 the number of 6,000 gallons at 43.56 for the 397 people
11 that live here, that would be 17,293. That comes to a
12 grand total of 32,756. And so in that rate increase,
13 which is a middle of the road one, it's not the
14 \$3,000 -- it's not the 3,000 gallons and it's not the
15 10,000. I don't even see how you are going to make up
16 \$32,000 to make up for the \$70,000 loss that's --

17 I mean, whoever put these numbers together --
18 I'm a businessman. I have been in business for
19 30 years. And if I'm losing money and I come to the
20 Public Service Commission and say I lost \$70,000 last
21 year, but I need you to give me a \$32,000 increase --

22 **UNIDENTIFIED SPEAKER:** Per month.

23 **UNIDENTIFIED SPEAKER:** Huh?

24 **UNIDENTIFIED SPEAKER:** Per month.

25 **UNIDENTIFIED SPEAKER:** Per month. 32,000 a

1 month times 12 months is going to be 400-something
2 thousand dollars. Well, they only lost 70,000 last
3 year, but they want to make 330,000 more this year. I'm
4 assuming those numbers up there are -- it says year
5 figures, and I'm taking these numbers and multiplying
6 them by 12 for the next 12 months. That's a pretty good
7 increase.

8 You know, if you lost 70 last year, but you
9 want to make up 400,000 this year, you know, the numbers
10 don't jibe. They are just way off. They're asking for
11 too much too quick.

12 **MR. LEWIS:** Does anybody else have any
13 concerns?

14 **MR. BOWERS:** Jerry Bowers, 22 Beachfront Lane.
15 I got in a little late, too.

16 A couple of things that are bothering me is
17 this: This company, before that owned the water
18 company, they operated with very few people. I mean,
19 they had, like, probably a secretary and probably a
20 manager, and I think I guess one person that repaired
21 all maintenance, did all the water reading of the meters
22 all by himself, one young man.

23 **UNIDENTIFIED SPEAKER:** Accurately every month.

24 **MR. BOWERS:** And he did it all the time, never
25 missed, and was right here right away to repair anything

1 that needed to be done. Now, I have been here for 13
2 years and I have to correct another statement. I never
3 saw \$48 a month rebate for two years or whatever. Now
4 there might have been a rebate, but it wasn't \$48 a
5 month with the old company. So I've got to correct that
6 a little bit, too.

7 (Inaudible; simultaneous conversation.)

8 **MR. BOWERS:** -- I might be wrong, too. Okay.
9 But another thing, I stood out in the yard about a week
10 ago and there was two guys coming around to read the
11 meter.

12 **UNIDENTIFIED SPEAKER:** January 7th.

13 **MR. BOWERS:** Yes. They come up, one guy lifts
14 the lid up and reads the meter. I said does it take two
15 of you to read the meter? He said yes. And then he
16 said, oh, one guy is in training. Okay. But I'll just
17 stop at that. I don't need to say any more.

18 (Audience applause.)

19 **MS. PETERSEN:** Carol Petersen, S-E-N, Hidden
20 Harbor Lane. My question would be is LP Waterworks
21 raising -- wanting a raise just for this park? Because
22 we happened to be down to Lake Grassy Suites (phonetic)
23 today, and I happened to see an LP Utilities truck
24 there, so they evidently are on the same water system we
25 are. So are they going to have a Public Service

1 Commission meeting also for a rate increase, and whoever
2 else LP Utilities might own, are they all being asked
3 for a rate increase or just Camp Florida?

4 **MR. BARRETT:** Carol, I'll take that. As part
5 of the SARC process, all of the customers of record for
6 the utility were noticed. They were provided notice of
7 this meeting. And, yes, the utility does serve
8 customers outside of Camp Florida. For instance, the
9 grocery at the top of the drive is a commercial customer
10 of the utility. And I'm not sure of specifically where
11 you saw the utility-branded truck, but there's a couple
12 of small residential areas on down 27. So the utility
13 does serve residents outside of Camp Florida RV Park.
14 And everyone, every customer of record should have
15 received the notice of this meeting.

16 **MS. PETERSEN:** Thank you.

17 **MR. JOHNSON:** John Johnson, again. I just
18 looked around the room. I would say there are very,
19 very few people that are year-round residents in this
20 particular park. So out of the 397 properties, I myself
21 at least seven months, six months out of the year, seven
22 months out of year, I don't flush a toilet and I don't
23 drink any of their water, but yet I think my bill runs
24 around \$14 a month.

25 I happen to come from a state of chaos, it's

1 called Michigan, and there's quite of few of them here.
2 My water bill in Brighton, Michigan, right now, today,
3 is zero. I don't flush a toilet. I don't drink any
4 water. My meter doesn't run. I pay nothing. I don't
5 have a delivery charge. I don't have a meter charge. I
6 live in an area that is in the township right beside the
7 City of Brighton; our water was contaminated.

8 For years I thought we had -- we were on a
9 pilot program which to me was very illegal. It's
10 payment without representation for taxation. That went
11 20 years, and we are now off that. But, anyway, we
12 don't have anything near this. My water bill there is
13 \$2.64 per 1,000 gallons. This is a lot more down here.

14 But they have no cost for the majority of the
15 year in this particular park. They have no costs other
16 than doing their repairs, their general maintenance.
17 There's nothing going down the sewers; there's no water
18 flowing through the pipes, but we still pay here 12
19 months out of the year, 12 months.

20 (Audience applause.)

21 **MS. VEDDER:** I'm Peggy Vedder, 10 Hidden Cove.
22 The last name is V-E-D-D-E-R. When this company was
23 first considering buying the property, I, as president
24 of the board, met with John Lovelet (phonetic), who was
25 representing the former company, and a person from the

1 new company. And we met and he was letting us know that
2 they were interested in purchasing.

3 Then, after they purchased, I had another
4 meeting and this was the same guy that had been there
5 before, who was actually, I believe, Carl Smith, and
6 then the president was also here at that given time.
7 When they were here, we talked about the rates and he
8 said at that time that the rates would probably stay the
9 same for approximately ten months, and then they would
10 be requesting a rate hike. And at that given time, he
11 said that the rate hike could be as much as doubling our
12 costs.

13 Now, it seems funny that that soon they could
14 make that statement. I can understand them wanting to
15 continue with the same rate, and I can understand that
16 it would go above, but to actually say at that time that
17 it was going to double. And I have made the statement
18 to other people here when we talked about the water that
19 we were told that it was going to stay the same for a
20 while, but that it would be going up.

21 I have a personal issue. We had a water
22 problem out in the backyard where the meter was, and our
23 neighbor actually was the one that first pointed it out
24 to us. He was growing in the backyard, and he said you
25 have got water coming out of your meter box. And when

1 we checked to look at it, here the meter box is full of
2 water, and it was going over the top. We did not know
3 if it was our problem or what until my husband started
4 investigating it and found out that, no, the water meter
5 was not moving. It was not our water, it was the water
6 company's problem.

7 This was on a weekend. We did call them and
8 let them know that there was a problem, and they
9 connected us with or gave us the number for the
10 emergency person, even though it wasn't a big emergency.
11 It was not gushing or anything. It was just -- you
12 could see it bubbling up and it was overflowing, but it
13 was not a huge amount of water.

14 The person that we called and the so-called
15 emergency person listened to what my husband had to say.
16 And since this was on, like, a Sunday evening, he said
17 call again the next morning and report it again. And,
18 we did that, and it was several days before they
19 actually came and repaired it. And we said, well, this
20 isn't our water; this is their water that they are
21 losing. So I know we have had comments from them in
22 terms of the problems that they have found with the
23 system that they bought, and that it has required a lot
24 of repairs. And so I know they have had costs, but like
25 what they say, how quickly are they trying to make this

1 up?

2 I will say that the former company has
3 scheduled several times Public Service Commission
4 meetings, and they canceled them every time before they
5 were actually held. So there could have been rate
6 hikes, but they, for whatever reason, canceled the
7 meetings. But I know since I have been on the board
8 there were different ones that we had on the calendar
9 and we canceled them. (Inaudible) -- the Public Service
10 Commission said, no, this wasn't going to happen.

11 So, thank you.

12 **MS. CRUZ:** Jennie Cruz (phonetic), Inner Lane.
13 Some years ago, I heard or was informed that the water
14 situation, the utility was coming up for sale. And at
15 the time I spoke to a very smart board member, and I
16 said, well, what do you think? Do you think this is a
17 good time for us as a park to make this purchase? And
18 that person said absolutely not. That is a system that
19 has got difficulties. It's old. It's going to cost
20 money. So now you're telling us that you have put money
21 into it. Wages have gone up. I am sure steel and
22 whatever you have to use to make it better has gone up,
23 and now you're putting that into this huge increase, and
24 you pretty much knowing here that utilities generally
25 fly (phonetic) a lot of people -- their complaints don't

1 hold a lot of water.

2 So now that you have invested this amount of
3 money and whatever it is that you have done thus far,
4 then we get stuck with the high prices, what is to say
5 another 15 months goes by, two years, some more of it
6 breaks down, you have got some more improvements to do,
7 then you come back with another one of these situations
8 where you've got to ask, rates have got to go up again.
9 I'm just wondering is that something that we have to
10 look forward to? Thank you.

11 **MR. BARRETT:** I can't -- you know, we're here
12 with the staff. We can't predict what the utility's
13 actions will be. The case that we have here before us
14 is what we're concerned with. So I'm not sure that I
15 can give you the answer that you want. I certainly
16 can't predict what the utility will need tomorrow. I
17 can't -- I'm not sure what more I can say about that.

18 **MR. LEWIS:** I'll just add on, we don't know
19 what repairs may be required of the system. It's just
20 like if you bought a car, if you have it for awhile it's
21 going to cost for repairs. I most recently lost my
22 beloved 1994 Regal, because I had to make a decision,
23 you know, spend too much for the repairs on it. But
24 it's one of those things that comes with the territory.

25 I think Ms. Cruz in the back just stated that

1 over the years the cost of material, the increases,
2 salary increases. By statute, by rule we have to
3 account for those, if they are justifiable. As far as
4 predicting when the company comes in and asks for a rate
5 increase, I think this lady addressed that.

6 We do not make it a practice of marching
7 around the state and telling companies when they need to
8 come in and file a rate case. We deal with a notice
9 that says we would like an increase and we would like
10 for you to come help us -- this is from the company --
11 come helps us because we don't want to take on the extra
12 expenses of hiring a professional staff or professional
13 people to come in and audit our books, do plan specs,
14 because that's a fee, because we're going to turn around
15 and pass that on to the end users.

16 So that's why staff tries to -- help them the
17 best way that we can, and that's as far as helping the
18 company. But then we also have the other side of we
19 have to make sure that they are being responsive to the
20 consumers. We have to balance it.

21 We don't make promises because we are staff.
22 The decision-making power is with the five
23 commissioners, and they have the authority to -- well, I
24 have seen them tell companies to come back, and say it
25 doesn't make sense, you're going to be back in here in a

1 few months, why are you not asking for this particular
2 repair? We see that you have got these issues which
3 (inaudible) a certain amount of equipment, or you have
4 these certain violations or citations that you have to
5 come in compliance with the county health department,
6 DEP, those type of things, all of that comes into
7 consideration.

8 But the primary thing that is number one is
9 the health and safety of the end users, of the
10 consumers. So we do not want to put the company in a
11 position where they cannot provide safe water.

12 And that's not the best explanation of the
13 parameters that I can give you, but there's no carbon
14 copy system in Florida, another treatment plant owned by
15 another company 20 miles up the road. A lot of it is
16 based upon the initial quality of the water that's
17 coming up out of the ground. It might need more
18 treatment; it might need less treatment.

19 And the way about going about maintaining a
20 system, it depends on what was initially installed to
21 provide that service in the first place. In other
22 words, there are different models, there's different set
23 ups. They primarily do the same thing, but there are
24 costs associated with the different ways that you treat
25 the water. So if you start off treating the water in a

1 particular manner and you switch to a totally another
2 system, well, that's like starting over again. Those
3 are the type of concerns that we have to, as staff, work
4 in our head about what is reasonable and not reasonable.

5 **UNIDENTIFIED SPEAKER:** My question is -- I
6 know this is being recorded, and I take it staff is
7 going to condense this and present it to the
8 Commissioners. Will the Commissioners have available to
9 them the live tapes from tonight?

10 Okay. The second thing is the public
11 commission meeting I'm sure is public announced and we
12 don't know that date yet.

13 **MR. LEWIS:** Well, it has been tentatively --
14 the recommendation is, right now it's tentatively
15 scheduled to be filed on February 22nd, and that's when
16 the notice goes out to be available for the Commission.

17 **UNIDENTIFIED SPEAKER:** Again, I beg your
18 indulgence. I was late coming here. I take it that LP
19 Utilities personnel and your personnel were all
20 introduced prior to the meeting?

21 **MR. LEWIS:** Well, we just introduced --

22 **UNIDENTIFIED SPEAKER:** The three of you?

23 **MR. LEWIS:** Well, there is five of us from the
24 PSC.

25 **UNIDENTIFIED SPEAKER:** Five of you. I take it

1 the LP Utilities is here -- I mean, it's up to them
2 whether they introduce themselves or not. Will they
3 make a public presentation to the Commission, or do they
4 have to? And do we have the right to comment at the
5 Commission meeting?

6 **MR. LEWIS:** Well, I hope I don't get in
7 trouble. It will be very beneficial if the company has
8 representation before the Commission if they have
9 questions of the company. Usually that is the case.
10 The Commission usually will have direct questions for
11 the company. Also, the Office of Public Counsel, which
12 Florida has, is a consumer advocate which strictly
13 advocates for the public. They have representation also
14 at agenda. And they are aware, they were noticed of
15 this customer meeting. They will request the audio of
16 this customer meeting.

17 They will probably have, in my experience,
18 some additional questions to staff, PSC staff to clarify
19 our take on your responses, because we were here in
20 first person. They also might contact you directly and
21 they will come in and they will advocate specifically on
22 your behalf, period.

23 Our role as staff is to try to be as neutral
24 as possible, so basically our job is to make everybody
25 mad.

1 (Laughter audience.)

2 **MR. LEWIS:** Because let's be honest, we're
3 talking money here and it's coming out of your pocket,
4 okay? So, believe me, I understand your concern. We
5 all understand your concern. But the main concern is
6 quality potable water and the company's ability to
7 maintain that status. And no matter how it got there or
8 it started off, we have to look at the expenses that the
9 company has acquired. It's not only salary, it's
10 contractual services. Whatever happened during the time
11 period between the last rate case and the present rate
12 case has to be taken into consideration. That's just,
13 you know, how the parameters are laid out for staff. We
14 present it to the Commissioners, and the Commission can
15 take a totally different track.

16 **UNIDENTIFIED SPEAKER:** You didn't answer part
17 of the question.

18 **MR. LEWIS:** Yes, sir.

19 **UNIDENTIFIED SPEAKER:** Is it open to the
20 public?

21 **MR. LEWIS:** Yes, sir.

22 **UNIDENTIFIED SPEAKER:** Thank you.

23 **MR. LEWIS:** It is open to the public. That's
24 the reason we have noticing requirements. That's why it
25 had to be filed on specific dates, because within a

1 certain time it has to be noticed, and there has to be
2 given the opportunity for the public to participate.
3 And since, like I say, we're in Tallahassee, and you're
4 in Lake Placid, I know it's a long drive.

5 (Inaudible; simultaneous conversation.)

6 **UNIDENTIFIED SPEAKER:** Can we talk or is the
7 consumer advocate, is that the only person that can
8 talk?

9 **MR. LEWIS:** Oh, no, ma'am.

10 (Electronic sound feedback.)

11 **MR. LEWIS:** That was good.

12 No, ma'am, you can talk. Just like here, what
13 we request is that when you attend the Commission agenda
14 and you wish to speak, we need to let the Chairman know
15 so he can recognize you. Because of the number of
16 people, let's say if you've got 100 people, if you don't
17 ask them to restrain themselves to three minutes, well,
18 I hope y'all brought a sleeping bag because we will be
19 there past midnight.

20 But the process usually comes in is that staff
21 introduces the recommendation, the situation for the
22 recommendation, recommend or notifies -- it's all in
23 writing, it's in the recommendation. It kind of briefly
24 summarizes all the input, the major impacts in
25 developing a rate or any major concerns that was brought

1 up during the customer meeting so that we can tell the
2 Commissioners that, yes, this is a concern. We talked
3 to the company and some of these have been resolved,
4 some have not been resolved.

5 You know, some have been resolved to the
6 particular satisfaction, but the idea is that we are
7 representing as much of a full accounting as possible.
8 And at that time the Chairman will look at a listing of
9 names of the people that sign up, because they want it
10 to be done in an orderly fashion. And the Chairman will
11 recognize the speakers that come up to the podium, just
12 like we have done today, and address the Commission.

13 The Office of Public Counsel, I'm not sure
14 when, but they can interject or request any time, I
15 believe, right?

16 **UNIDENTIFIED SPEAKER:** I believe so.

17 **MR. LEWIS:** Right.

18 **MR. GRANT:** Larry Grant, 29 Freedom Way. I
19 have had the same problem that we have heard here
20 tonight twice. While I was up in New York, I got billed
21 an astronomical amount of money for water usage. And I
22 shut the meter off, so I know it wasn't coming through
23 my meter. I called them. They took care of it. Not a
24 big problem.

25 Once this past year I paid the bill on the

1 20th of the month. They cashed the check on the 27th of
2 the month and charged me a \$5 late fee. I called them;
3 they rectified that; and they said if I send them a
4 canceled check that they would start billing me
5 automatically or take it out of my account and I would
6 never get a late charge again. So I promptly did that.
7 After hearing what I'm hearing tonight, I'm very sorry I
8 did do that.

9 And lastly, I worked for the telephone company
10 in New York for 33 years, and if we ever went to the
11 Public Service Commission with a 100 percent rate
12 increase we would have gotten laughed right out of the
13 state. That's all I've got.

14 **UNIDENTIFIED SPEAKER:** I tend to talk too
15 much, but I have one last question. You said your
16 primary concern is to make sure that we have good, safe,
17 healthy water. I understand that. I appreciate that.
18 If anywhere in what you are supposed to be doing, as
19 what the Commission is supposed to be doing, you are
20 supposed to be doing as staff, in any way, shape, or
21 form are you supposed to see that these people are
22 financially efficient? If so, you ain't doing it. Did
23 I get an answer?

24 **MR. LEWIS:** Yes, sir. That's part of this
25 process here. This is the reason why we have the

1 staff-assisted rate case. The short answer is we have
2 to make sure that the company has the technical ability
3 and the financial ability to provide quality potable
4 safe water.

5 **UNIDENTIFIED SPEAKER:** But they don't have to
6 do it financially efficiently?

7 **UNIDENTIFIED SPEAKER:** No.

8 **UNIDENTIFIED SPEAKER:** In other words, I
9 should go up to them today and offer them twice what
10 they paid for this because I'm guaranteed a return on my
11 money as long as I apply to you and go through this kind
12 of stuff.

13 **MR. LEWIS:** Well, they do need -- this is the
14 thing, this is a private company.

15 **UNIDENTIFIED SPEAKER:** Bottom line is they
16 paid too much for it. It's pretty simple. I've been in
17 business for 50 years. You can't buy something that's
18 wore out and expect to make money on it without spending
19 money on it. That should have been in the original
20 plan.

21 **MR. LEWIS:** Well, like I say, I can't address
22 the purchase price. What we're -- basically here based
23 upon the company's filing. The books have been audited.
24 We asked them to verify their expenses, their plant
25 additions, their plant repairs, their plan of being in

1 compliance with the various regulatory entities. The
2 testing that's required of them to do at certain times.
3 Some things are done on a three-year time frame, some
4 are done on annual, some are done on a five-year basis.
5 And these testing services, a lot of times they go up.
6 This is some of the reasons why companies come in and
7 request a rate case.

8 **UNIDENTIFIED SPEAKER:** One more quick question
9 and I promise I won't say anymore. One of the things
10 you had up there that told the profit and losses, or the
11 income and losses, at the bottom of it -- that one -- at
12 the bottom of it, it says includes staff's adjustment.
13 Is this your staff; and, if so, what did you adjust up
14 there? If you adjusted a loss, then that loss isn't
15 real.

16 **UNIDENTIFIED SPEAKER:** They're not going to
17 answer it?

18 **UNIDENTIFIED SPEAKER:** I don't get an answer
19 to my question, apparently.

20 **MR. BARRETT:** I'm getting there. Again, I
21 would encourage you to look at these. There are several
22 audit findings and the adjustments that are summarized
23 on the screen are from the staff's audit. I've kind of
24 made a couple of crib notes here. For example, under
25 Audit Finding 1, which addressed the plant in service,

1 there were some meter and metering -- there were some
2 meter and meter install expenses. Audit Finding Number
3 2, there were some panels in the pump facilities.
4 Things of that nature are the things that are recorded
5 in the audit.

6 So as Mr. Lewis has told you, the invoices or
7 records of what the utility has done are the types of
8 things that the staff audit captured.

9 **UNIDENTIFIED SPEAKER:** I understand what an
10 audit is, but it says that your staff adjusted these
11 numbers, which I assume --

12 **UNIDENTIFIED SPEAKER:** Who's the staff?

13 **UNIDENTIFIED SPEAKER:** -- part of them come
14 from an audit and part of it came from pure speculation
15 on what the operating expenses are going to be, or is
16 that operating expense real?

17 **MR. BARRETT:** The audit captures the -- we
18 didn't adjust the numbers per the audit.

19 **MR. LEWIS:** Excuse me, Mike, I'll interject.
20 When we said we did an audit, we go into the books --
21 and I'm an engineer, he's not part of the auditing crew,
22 but they have to justify their expenses.

23 You said you paid for this such type of
24 repair; where's the invoice for it? You said you
25 contracted for this type of service; where's the invoice

1 for it? There is a fat finger mistake in there.
2 There's an 800 when it should have been 300. Those are
3 the types of adjustments that we are referring to that
4 we have made sure that we can validate each and every
5 one of these expenses and actually the revenues.

6 One of the questions that we might ask is we
7 know this that -- let's say you've got a thousand
8 customers, but you're only collecting money from, like,
9 900. What's going on? Those are the type of questions
10 that we ask to try to make the proper adjustments.
11 Because if the company is charging something for
12 something that they should have quite easily corrected,
13 then that is something that we can recommend to the
14 Commissioners to say that we don't think this is a valid
15 expense or a valid reason for this company to recoup
16 this type of expenditure.

17 **UNIDENTIFIED SPEAKER:** So adjustment equals
18 correction?

19 **MR. LEWIS:** Yes.

20 **UNIDENTIFIED SPEAKER:** Okay.

21 **UNIDENTIFIED SPEAKER:** Thank you, sir. When
22 we look at the numbers up there, there is about a
23 \$70,000 loss for this year. When we look at the numbers
24 that I presented of about a \$400,000 increase just on
25 the people here in this park, that doesn't include the

1 people at Sweet Bay, like you said, the commercial
2 people, nor does it include the people, the other people
3 that are down on South 25.

4 This gentleman just made the statement that
5 when you all do this audit, you check into the expenses
6 that they have incurred and you check into the things
7 that they are thinking about doing maybe. My question
8 to you is you've done these audits, and you just
9 mentioned Audit 1 and Audit 2. How much money is in
10 these audits that show the improvements that this
11 company has done in the past -- has it been a year that
12 they have had the company, Faye, a little bit over a
13 year?

14 **UNIDENTIFIED SPEAKER:** Yeah.

15 **UNIDENTIFIED SPEAKER:** Whatever, within the
16 last 12 months or a year or so. So my question is if
17 you have done audits and they have said to you that we
18 spent X amount of dollars to do this, and we have to
19 spend X amount of dollars to do that because we have to
20 be in compliance with the State of Florida to provide
21 quality water to our customers, if you could explain to
22 us some of their numbers, maybe we would stop talking
23 about the difference between \$70,000 and the 400,000
24 that they're asking for. And if you can explain some of
25 their numbers to us and give us some of their numbers,

1 maybe we would understand the creature a little bit
2 better.

3 But if they are going to just tell you that we
4 lost 70,000 last year and we want to make 400,000 this
5 year, I can't buy that. So if you have got some numbers
6 to share with us that might put me back in the cage and
7 stop preaching.

8 **MR. LEWIS:** I think probably the best way to
9 address this is to make sure that we give you correct
10 information, is that we get in contact with the chief of
11 the auditing staff, and note that you want these
12 specific questions answered. They can contact you and
13 make sure that they walk you through the line items, and
14 that will probably be more beneficial than me trying to
15 decipher all the abbreviations and terms in the audit.

16 Like I said, I come from the engineering side.
17 Mr. Barrett is more, like, on the financial side of the
18 house and on how they finance things. So we don't want
19 to frustrate you, and we don't want to mislead you by
20 giving you incomplete information. So I believe the
21 best way to handle this is to -- so as soon as we get
22 back tomorrow, is run directly to our auditing staff and
23 ask them to prepare some type of information that can be
24 sent to you, or contact you, and, therefore, you can
25 review it and then you can contact them and ask them

1 exactly where you have your issue with their summations.

2 Does that sound fair?

3 **UNIDENTIFIED SPEAKER:** We want them here, here
4 for a public meeting. We want to hear it.

5 **MR. LEWIS:** Yes, ma'am. I hear you. I just
6 can't promise you because --

7 **UNIDENTIFIED SPEAKER:** (Inaudible.)

8 **MR. LEWIS:** Well, I could, but I'd get a stern
9 talking to. I understand. We will state to them that
10 you are requesting an additional meeting, but I can't --

11 **UNIDENTIFIED SPEAKER:** We want numbers up
12 there.

13 **MR. LEWIS:** Yes, ma'am.

14 **MR. LEE:** Let me just add a little bit. Our
15 adjustment, our work has not stopped just because we
16 published that staff report, and there are a lot of --
17 if you read the staff report, there are still -- we are
18 still making -- looking at all the data and trying to
19 make adjustments.

20 Ms. Vedder mentioned about the water, even
21 though you are not charged, but that water being wasted
22 is, you know, everybody is paying for that. So if there
23 is an excess amount, and we are looking at that, if
24 there is an excessive amount of the water usage that is
25 not accounted for, you know, that will be adjusted. And

1 I'm pretty sure it will be adjusted, for that
2 unaccounted for, (inaudible) this number has to be
3 reflected. So there will be adjustments for that
4 unaccounted for water.

5 And also there is some, I think, different
6 percentage, that information with this number that I
7 made up from the presentation there. So I'm partly at
8 fault. And I took it from the staff report. Those
9 numbers -- you see the revenue, the total revenue
10 difference between the revenue -- the reason -- and Mr.
11 Nesler, I apologize for reading your name wrong the
12 first time. But you're right, you know, there are --
13 the difference between the (inaudible) from this number
14 and the revenue requirement that the report recommended,
15 that \$100,000, let's say, if you look at the operating
16 expenses, 93, and the revenue requirement for that water
17 is about 100,000. That's what we predict, you know,
18 that they should have the revenue to cover that loss, to
19 cover that revenue, to cover that long-range expense
20 plus some of the return, you know, based on their
21 investment. That's the difference.

22 And the reason there is a different number,
23 percentage of a different class, different usage is
24 because it depends on the usage amount, because that is
25 a rate design issue. Mr. Johnson mentioned that they

1 are in public utilities. In other states there's
2 basically no fixed charge for anything. If you don't
3 use it you're not charged. But here there is a fixed
4 amount and there is a usage amount. So it depends on
5 the usage. If you use more, then your percentage will
6 be higher. But if you use less, the fixed amount will
7 be fixed. And if you use less, based on that
8 presentation the percentage change will be smaller.

9 So on that reach the staff report is based on
10 the -- Mr. Barrett mentioned about 74 percent increase,
11 that is an average increase for the total customer base
12 for water and wastewater will be about 100 percent,
13 yeah, and that is on average. But it depends on the
14 usage, though, the different percentage. It depends on
15 that. That is, frankly, in general, the difference.
16 But of course we'll check the numbers.

17 **MR. LEWIS:** As you can tell from our dance
18 routine, you see how difficult it is (inaudible) because
19 we know what your concerns are. We have to play it the
20 way we are instructed to. We have guidelines on how
21 they do the audits. There are guidelines on how they do
22 the rate structures. And then we have to come and
23 inform you of what the possibilities might happen. And
24 so that's the reason why we have these customer
25 meetings, because of why we come down and face you, so

1 you will see somebody making decisions that's not
2 accountable to you. And we are here to tell you that we
3 are doing our best to be accountable to the company and
4 to you. And, like I say, I like to know.

5 Thank you very much for hosting us, because
6 these are the things that we need to hear because we
7 need to make the representation to the Commissioners
8 about what is actually going on.

9 **UNIDENTIFIED SPEAKER:** Could you explain maybe
10 a little bit about if she uses 200 gallons a month and
11 he uses three and I use five, but we all have to pay for
12 1,000, is there any limit to what you let them do? Does
13 anybody control that? And is there any control over how
14 much they make and, you know, can the Commission do
15 anything to help us, or do we need to go somewhere else?

16 **MR. LEWIS:** I think part of the confusion is
17 that you guys start off where there is a base facility
18 charge. Your base facility charge is something that you
19 are going to be charged no matter what to maintain the
20 system. It doesn't matter if you are here or not,
21 because when you do arrive you want your water to be
22 available to you. That's part of the billing of that.

23 As far as the rate structure, the first
24 (inaudible) beyond that base facility charge, the first
25 1,000 gallons there's a certain cost to it. If it's

1 2,000 gallons, it's a block structure. Once you go past
2 1,000, you pay another increment. When you go up to
3 3,000, you pay three times that increment. So I would
4 say per 1,000. So if you go to, like, your -- let's say
5 you use 500 gallons, you're in that first block. But as
6 soon as you go to 1,001, you're in that second block.

7 **UNIDENTIFIED SPEAKER:** Am I charged for 500 or
8 am I charged for 1,000?

9 **MR. LEWIS:** Well, if you go to the second
10 block, above 1,000 --

11 **UNIDENTIFIED SPEAKER:** 500 gallons a month,
12 that's all I use.

13 **MR. LEWIS:** Then you are in that first block.
14 You should be charged, what is it -- (inaudible).

15 **UNIDENTIFIED SPEAKER:** Am I charged for
16 500 gallons or a thousand gallons?

17 **MR. LEWIS:** You are charged for a thousand.

18 **UNIDENTIFIED SPEAKER:** So whether I use 200,
19 or 800, or 999, I pay the same price.

20 **MR. LEWIS:** Yes. You are not paying a per
21 gallon charge, you are paying for a block per 1,000
22 gallons.

23 **UNIDENTIFIED SPEAKER:** So there is no reason
24 to conserve water. Isn't that what you are telling me?

25 **MR. LEWIS:** No, ma'am; I'm not.

1 **UNIDENTIFIED SPEAKER:** Yes, it is.

2 **MR. LEWIS:** Well, if you go to the next level
3 you pay more.

4 **UNIDENTIFIED SPEAKER:** If you go over 1,000
5 you automatically have to pay for 3,000?

6 **MR. LEWIS:** No, no, no. You go to the next
7 1,000 block.

8 (Inaudible; simultaneous conversation.)

9 **MR. LEWIS:** That is an example. This is just
10 an example. What they were trying to build in this was
11 like -- to give you an idea, you know, if you use 1,000
12 gallons this would be your charge. Kind of like for
13 somebody that uses 3,000 gallons, this will be your
14 charge. If you use 10,000 gallons, this will be your
15 charge. This is, kind of, like examples of what your
16 bill would kind of look like.

17 **UNIDENTIFIED SPEAKER:** I think the only thing
18 you have to do is get somebody that knows how to do math
19 when you present this to your bosses, because he just
20 said 74 percent, he rattled off just a minute ago.
21 There is nothing out here that isn't an increase of over
22 100 percent, nothing. You go from over \$2 to \$7.10,
23 that is 350 percent. From less than \$12 to \$26, that is
24 100 and something percent. From 17 to 43, that's almost
25 150. From 20 to 55, that's 175 percent.

1 There is nothing anywhere close to a minimum
2 of a 74 percent increase, which is pretty astronomical
3 in itself. So please get somebody that can do the math
4 when you send this to your bosses.

5 **MR. LEWIS:** Yes, sir.

6 **UNIDENTIFIED SPEAKER:** It's obvious -- you're
7 sitting up there smiling like I'm wrong, but do the
8 simple math. I'll loan you my calculator, which you
9 shouldn't need to do that.

10 **MR. LEWIS:** Well, if there is not any more
11 concerns to address, we'll go ahead and wrap this up.
12 Like I said --

13 **UNIDENTIFIED SPEAKER:** You didn't answer my
14 question. Does anybody control any of this, or does the
15 Commission just say you paid the president a million
16 dollars. Yeah, you paid him; you're okay.

17 **MR. LEWIS:** Yes, ma'am.

18 **UNIDENTIFIED SPEAKER:** Does anybody control
19 any of that?

20 **MR. LEWIS:** Well, are there justifications
21 that go through this increase? Salaries, that has come
22 to contention between the company and the Commissioners
23 at times. I have witnessed that. And I don't want to
24 tell you something, what goes into the decision makings
25 of the Commission or validate whether or not a salary

1 for a particular official of a company is valid or not.
2 I can't get into that. I mean, that's just something I
3 can't address. But basically those concerns are -- they
4 are looked at. Salaries of top officials of the company
5 are looked at.

6 Thank you very much; we appreciate it.

7 (The customer meeting concluded.)

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1 STATE OF FLORIDA)

2 : CERTIFICATE OF REPORTER

3 COUNTY OF LEON)

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17 Office of Commission Clerk
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