



MANAGEMENT AUDIT OF
Alturas Utilities, L.L.C.
and
Sunrise Utilities, L.L.C.

JUNE 2017

BY AUTHORITY OF
The Florida Public Service Commission
Office of Auditing and Performance Analysis

MANAGEMENT AUDIT OF
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and
Sunrise Utilities, L.L.C.

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1.0 Executive Summary

1.1 Introduction and Audit Purpose

Alturas Utilities, L.L.C. (Alturas) and Sunrise Utilities, L.L.C. (Sunrise) are Class C utilities serving water customers in Polk County, Florida. Both utilities have been operating under the Florida Public Service Commission's (FPSC or Commission) jurisdiction since 1997, when Polk County relinquished jurisdiction to the Commission subjecting water utilities to the rules and regulations of Chapter 25-30, Florida Administrative Code (F.A.C.). In addition, the utilities must provide water services that meet the Florida Department of Environmental Protection (DEP) primary and secondary drinking water quality standards.¹ The Commission approved the transfer of the two utilities to the present ownership in 2005.

Alturas' current water treatment plant was placed into service in 1952 and serves approximately 55 residential customers and 10 general service customers in Alturas, Florida. The utility's water supply is obtained from one well and treated with liquid chlorine prior to entering a hydro pneumatic storage tank. The treated water is then pumped from the tank into the water distribution system. In 2016, the utility's total operating revenues were \$29,420 and total operating expenses were \$38,762, resulting in a net operating loss of \$9,342.²

Sunrise's current water treatment plant was placed into service over 40 years ago and serves approximately 246 residential customers in Auburndale, Florida. Sunrise's water supply originates from two wells that pump treated water into two hydro pneumatic storage tanks for distribution. Sunrise's 2016 total operating revenues were \$68,420 and total operating expenses were \$88,402, resulting in a net loss of \$19,982.³

Under a 2014 installment plan negotiated with staff for the payment of delinquent Regulatory Assessment Fees, both utilities filed for Staff Assisted Rate Cases (SARCs). Rates resulting from the utilities' SARCs were approved in March 2016⁴. In the utilities' SARCs, Commission technical staff, Office of Public Counsel (OPC) and customers raised numerous issues regarding the utilities' operations. Concerns included Polk County Health Department (PCHD) violations, insufficient documentation to support certain expenses and pro forma projects, improper handling of customer deposits and refunds, incomplete support regarding meter replacements, incomplete retention of billing and accounting records, inadequate customer service, and failure to timely respond to Commission staff inquiries concerning customer complaints.

In response to these concerns, Commission Orders issued March 28 and 29, 2016, put Alturas and Sunrise on notice that a show cause proceeding may be forthcoming if the following conditions continue to occur:

¹Primary standards protect public health while secondary standards regulate contaminants that may impact the quality of the water (e.g., taste, odor, color).

²Source: Alturas Utilities, L.L.C., 2016 Annual Report filed with the Commission.

³Source: Sunrise Utilities L.L.C., 2016 Annual Report filed with the Commission.

⁴Order No. PSC-16-0128-PAA-WU issued March 28, 2016, Docket No. 140219-WU (Alturas) and Order No. PSC-16-0126-PAA-WU issued March 29, 2016, Docket No. 140220-WU (Sunrise).

- ◆ the utilities' books and records are found in the future to be out of compliance with Commission's rules,
- ◆ the utilities continue to show a pattern of non-responsiveness to the Commission, or
- ◆ the utilities' customers continue to raise valid complaints about payment collection practices.

To address the above concerns, the Commission kept the utilities' SARC dockets (140219-WU and 140220-WU) open to allow the utilities to complete and document the following eight corrective actions:⁵

- ◆ Alturas and Sunrise shall reconcile customer deposit records and file monthly reports with the Commission, beginning April 15, 2016, until it has satisfactorily refunded appropriate customer deposits and interest payments.
- ◆ Alturas and Sunrise shall file documentation by December 31, 2016, showing that the pro forma triaholomethane (TTHM) and haloacetic acid (HAA5) tests have been completed.
- ◆ Alturas and Sunrise shall file six monthly status reports with the Commission, beginning April 15, 2016, to provide the name and position of each contractor providing service to the utility.
- ◆ Alturas and Sunrise shall provide proof that adjustments for all applicable National Association of Regulatory Utility Commissions (NARUC) Uniform System of Accounts (USOA) primary accounts have been made.
- ◆ Alturas shall file six monthly status reports to provide the status of its progress to repair or replace its master flow meter.
- ◆ Alturas and Sunrise shall file written documentation showing that a land ownership issue involving the Alturas warranty deeds has been corrected to ensure that Sunrise has long-term continued use of the land upon which its facilities are located.
- ◆ Alturas shall refund its customers the amount of rate case expenses it over-collected in its 2009 rate case and provide monthly reports on the status of the refunds.
- ◆ Sunrise shall file six monthly reports, beginning April 16, 2016, to provide the status of compliance with a PCHD Consent Order regarding the failure to perform recommended plant maintenance.

After the Commission approved new rates for the utilities in March 2016, Commission technical staff encountered difficulties obtaining documentation of the corrective actions to assess compliance with the orders. In light of these problems, the Commission's technical and legal staff requested that the Office of Auditing and Performance Analysis conduct a management audit of both utilities. The management audit was initiated in November 2016.

⁵ Id.

1.2 Audit Objectives and Scope

This management audit assessed Alturas' and Sunrise's current operations during the period November 2016 through May 2017. Commission audit staff examined data and information spanning the period 2011 to date of this report's publication for purposes of trending and perspective.

As authorized by Section 350.117 (2) and (3), F.S., management audits are conducted by Commission audit staff to assess utility performance and the adequacy of operations and controls. The statute states:

(2) The Commission may perform management and operation audits of any regulated company. The Commission may consider the results of such audits in establishing rates; however, the company shall not be denied due process as a result of the use of any such management or operation audit.

(3) As used in this section, "management and operation audit" means an appraisal of management performance, including a testing of adherence to governing policy and profit capability; adequacy of operating controls and operating procedures; and relations with employees, customers, the trade, and the public generally.

Chapter 367, F.S., specifically provides the Commission with jurisdiction over water and wastewater systems with respect to its authority, service, and rates. Commission audit staff's access to records is laid out in Section 367.156 (1), F.S. which states:

(1) The Commission shall continue to have reasonable access to all utility records of affiliated companies, including its parent company, regarding transactions or cost allocations among the utility and such affiliated companies, and such records necessary to ensure that a utility's ratepayers do not subsidize nonutility activities.

The audit's scope included evaluations of management practices and procedures, compliance with Chapter 25-30 of the F.A.C., and compliance with specific corrective actions required by Commission Order Nos. PSC-16-0128-PAA-WU and PSC-16-0126-PAA-WU.

Chapter 25-30, F.A.C., defines the Commission Rules that govern water and wastewater utilities. Commission audit staff focused on key management issues including owner involvement and accountability, adequacy of contractor performance, effective relations with customers and regulators, and compliance with the following Commission rules:

- ◆ 25-30.145 Audit Access to Records
- ◆ 25-30.130 Record of Complaints
- ◆ 25-30.330 Information to Customers
- ◆ 25-22.032 Customer Complaints
- ◆ 25-30.311 Customer Deposits
- ◆ 25-30.265 Periodic Meter Tests
- ◆ 25-30.267 Record of Meter Tests

- ◆ 25-30.261 Meter Readings
- ◆ 25-30.125 System Maps and Records
- ◆ 25-30.335 Customer Billing
- ◆ 25-30.320 Refusal or Discontinuance of Service
- ◆ 25-30.360 Refund-Rate Case Expenses
- ◆ 25-30.120 Regulatory Assessment Fees
- ◆ 25-30.110 Records and Reports; Annual Reports
- ◆ 25-30.433 Determination of Quality of Service

1.3 Audit Methodology and Standards

During the course of this audit, Commission audit staff attempted to obtain information regarding both utilities' current business operations through document requests and on-site interviews with company personnel. However, after granting one telephone interview and replying to one data request, the utilities' primary owner, Mr. Leslie Szabo, refused to further cooperate in the audit process. The owner denied Commission audit staff access to the utilities' current books, records, and personnel in violation of Section 367.156 (1), F.S., *Public Utility Records* and Rule 25-30.145, F.A.C., *Audit Access to Records*. Normally, Commission audit staff gathers information directly from current management, employees, and owner. Mr. Szabo worked to restrict Commission audit staff's efforts to contact such personnel. Despite these efforts, Commission audit staff eventually contacted the current field technician and plant operator and former employees to gather information. Commission audit staff also relied on documentation filed in the utilities' SARC dockets (140219-WU Alturas) and (140220-WU Sunrise) to assess the companies' operations. Specific information reviewed by Commission audit staff included:

- ◆ Meter reading logs
- ◆ Customer bills
- ◆ Payment register of accounts receivable
- ◆ Customer complaints
- ◆ Annual Reports filed with the FPSC
- ◆ DEP Survey Reports

Despite management's lack of cooperation, the information gathered from former employees and contractors provided sufficient detail and documentation to allow Commission audit staff to perform a thorough analysis of the companies' operations. This information allowed Commission audit staff to reach documented, reliable findings and recommendations.

Commission audit staff's primary standard of review for internal controls is the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and the *Internal Control - Integrated Framework* developed by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Internal controls assessments focus on the COSO framework's five key elements of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Staff's audit work is performed in compliance with the Institute of Internal Auditors Performance Standards 2000 through 2500.

In assessing the utilities' current management and operational processes, Commission audit staff relied in part upon a National Regulatory Research Institute (NRRI) study regarding small water utility management.⁶ This study states that effective management of small water companies requires the following:

- ◆ Compliance with regulatory requirements
- ◆ Attracting and retaining quality personnel
- ◆ Providing effective employee training and education
- ◆ Providing excellent customer service
- ◆ Displaying good public relations
- ◆ Employing a strategic business plan

The NRRI study identifies the attributes and practices of successful small systems. By definition, small water utilities have few customers over which to spread fixed costs. Challenges facing small utilities typically include deteriorating infrastructure, maintaining an awareness of regulatory requirements, providing adequate customer service, management training, implementing proper accounting practices, and general lack of financial resources.

The NRRI study notes that small systems are more likely to succeed when management maintains proper focus on company operations, especially when providing water is the owner's primary or only business focus. Significantly, the NRRI study notes that where the water system is not the owner's top priority, there is risk that problems will go unnoticed and necessary maintenance will be deferred. Most successful small systems have an owner with a passion for the business, one who recognizes and values the utility's public interest obligation.

In assessing the overall viability and management of the utilities, Commission audit staff also relied upon a 1992 NRRI study regarding viability assessment methods for small water companies.⁷ This study addresses the evaluation of financial, operational, and management viability for small water utilities facing resource constraints and performance challenges.

1.4 Audit Staffs Overall Opinion and Findings

Commission audit staff noted numerous deficiencies regarding the operations and quality of service for Sunrise and Alturas. Audit staff presents the following overall opinion, recommended action, and findings regarding both utilities:

Overall Opinion

Commission audit staff believes that Sunrise and Alturas owners/managers no longer exhibit the necessary technical, operational, and financial viability to successfully provide water service in a safe, reliable, and affordable manner.

⁶The National Regulatory Research Institute, "Small Water Systems: Challenges and Recommendations" February 7, 2008.

⁷The National Regulatory Research Institute, "Viability Policies and Assessment Methods for Small Water Utilities" June 1992.

Recommended Action

Based on its findings, Commission audit staff believes the Commission should consider bringing formal enforcement action against the utilities as a result of the following findings.

- Finding 1:** Sunrise and Alturas provide an unsatisfactory level of service to their customers.
- Finding 2:** Sunrise and Alturas are operated with inadequate resources, expertise, and practices to provide necessary plant repairs and preventive maintenance.
- Finding 3:** Sunrise and Alturas are operated with inadequate resources, practices, and efforts to provide customer satisfaction and customer complaint resolution.
- Finding 4:** Sunrise and Alturas are generally operated without managerial, financial or operational planning.
- Finding 5:** Sunrise and Alturas ownership does not provide a work environment that promotes hiring, development, and retention of qualified personnel.
- Finding 6:** Sunrise and Alturas have displayed a pattern of contempt and disregard for the statutorily defined authority and jurisdiction of this Commission.
- Finding 7:** Sunrise and Alturas submitted falsified information in support of rate increase requests in Docket Nos. 140119-WU and 140220-WU.
- Finding 8:** Operational deficiencies at Sunrise and Alturas resulted in apparent violations of the following Commission rules:
- Rule 25-30.145 Audit Access to Records**
 - Rule 25-30.130 Record of Complaints**
 - Rule 25-30.330 Information to Customers**
 - Rule 25-22.032 Customer Complaints**
 - Rule 25-30.311 Customer Deposits**
 - Rule 25-30.265 Periodic Meter Tests**
 - Rule 25-30.267 Record of Meter Tests**
 - Rule 25-30.261 Meter Readings**
 - Rule 25-30.125 System Maps and Records**
 - Rule 25-30.335 Customer Billing**
 - Rule 25-30.320 Refusal or Discontinuance of Service**
 - Rule 25-30.360 Refund-Rate Case Expenses**
 - Rule 25-30.120 Regulatory Assessment Fees**
 - Rule 25-30.110 Records and Reports; Annual Reports**
 - Rule 25-30.433 Determination of Quality of Service**
- Finding 9:** Sunrise and Alturas have failed to fully comply with seven of the eight specified corrective actions required in Order Nos. PSC-16-0128-PAA-WU and PSC-16-0126-PAA-WU.

2.0 Background and Perspective

2.1 Changing Ownership and Management

2.1.1 Ownership and Roles of Owners

Since Commission approval of the sale and transfer of certificates for both utilities in 2005⁸, the percentages of ownership and roles of the two owners appear to have changed. Neither utility has filed a transfer of majority control since being granted certificates. The ownership arrangements from 2005 to present remain unclear.

In the application for sale and transfer of certificate filed with the Commission in 2004, the buyer's signatory is listed as Mr. Stuart Sheldon. Between 2004 and 2016, Mr. Sheldon is identified as the President of both utilities and has been listed each year as Registered Agent for both utilities with the Florida Department of State.

In the Alturas and Sunrise annual reports for 2007 and 2008, and the Alturas 2009 SARC application,⁹ Mr. Sheldon is listed as the sole owner of the utilities (100 percent ownership). However, in both Alturas' and Sunrise's 2014 SARC applications, Mr. Sheldon's ownership in each utility is reduced to two percent, while Mr. Leslie Szabo is identified as owning 98 percent of each utility. Most recently, in the Alturas and Sunrise annual reports for 2016, Mr. Szabo is identified as owning 95 percent of each utility. Commission audit staff notes that in a letter filed in Sunrise's 2011 rate case proceeding, Mr. Szabo identifies himself, rather than Mr. Sheldon, as the owner of the utilities.¹⁰ In a March 2017 Consent Order with the PCHD, Mr. Sheldon identifies himself as Sunrise's "Managing Partner."¹¹

Mr. Szabo identified Mr. Sheldon as President of both utilities, but stated Mr. Sheldon is "not involved with the daily operations, or makes any decisions related to the administration part or running the business either." [sic]

Mr. Sheldon signed a December 20, 2016 affidavit to recuse himself from a proceeding with the PCHD regarding Sunrise's failure to remedy violations. In the affidavit, Mr. Sheldon claims to have no involvement in both utilities' operations and further states, "Mr. Szabo is not only the principal shareholder [for Alturas and Sunrise], but also in charge of running of the business and has an in-depth knowledge of the details of the daily operation."¹²

In response to Commission audit staff's efforts to contact Mr. Sheldon, Mr. Szabo replied, "Stuart Sheldon would not be able to provide any answers the PSC might have as not being current of [sic] the daily events of the business,-therefore does not wish to be contacted by phone." Despite Mr. Szabo's concerns, Commission audit staff called Mr. Sheldon and informed him that his participation was required under the Commission's statutory authority to conduct

⁸Orders No. PSC-05-0309-PAA-WU and No. PSC-05-0308-PAA-WU issued March 21, 2005, Docket Nos. 040160-WU (Alturas) and 040159-WU (Sunrise), respectively.

⁹Docket No. 090477-WU.

¹⁰Document No. 05315, filed July 29, 2011, Docket No. 110238-WU.

¹¹DEP Case No. 13-1398, DOAH Case No. 16-7254.

¹²Id.

audits. Mr. Sheldon indicated that he would communicate with Mr. Szabo first and call back the following workday to answer any questions. Mr. Sheldon never returned Commission audit staff's call. Subsequently, Mr. Szabo stated that Mr. Sheldon does not wish to be contacted and, "Your insistence of not accepting Mr. Sheldon [*sic*] answer are nothing else than another example of your unjustifiable further intent of disruption to our business."

Although Commission orders¹³ granted Mr. Sheldon a salary in both utilities' 2009, 2011, and 2014 rate proceedings, it is unclear whether Mr. Sheldon has ever played a management role in the utilities' operations. Since being granted certificates in 2005, it also appears that Mr. Sheldon has not taken part in any of the utilities' rate case proceedings. It is clear that, despite a lack of water utility experience, Mr. Szabo has managed company operations of both Alturas and Sunrise at least since 2013.

2.1.2 Management and Employees

In 2008, the utilities hired an experienced owner and operator of other water systems in Polk County to manage the utilities. He provided stable management during his tenure including the resolution of quality of service issues raised by the PCHD. Under the new manager's direction, the utilities filed for rate cases in 2009 (Alturas) and 2011 (Sunrise), resulting in rate increases¹⁴ that provided funds for needed improvements such as meter replacement. After implementing improved maintenance and operational practices for several years, the manager left over differences with Mr. Szabo regarding payment of creditors and lack of necessary decision-making authority. In a March 4, 2013 letter to the Commission Clerk, this manager served notice that he was no longer involved in the utilities' operations or docketed proceedings.

The utilities' meter reading and repair operations are performed by a field technician. Customers seeking help with repairs are to call the contact phone number provided on monthly bills. Customers only receive a recorded message instructing customers to leave emergency messages only. No separate phone number is provided for customers to talk to company management or owners. Instead, the recorded message instructs customers to email utility management with any inquiries or complaints.

Customer billing is handled by Mr. Szabo's wife. She is responsible for mailing bills, posting customer payments, and collecting past due accounts. She receives and works to resolve customer complaints via email and has no direct contact with customers. Commission audit staff notes that Mr. Szabo and his wife reside in Canada for the majority of the year. During the remaining months, they reside in Hollywood, Florida.

Mr. Szabo agreed to arrange employee interviews with Commission audit staff. However, he later stated that these employees "have absolutely rejected the idea to have any direct contact with the PSC."

After his initial promises to cooperate, Mr. Szabo challenged the Commission's authority and its motives in requiring the management audit, stating:

¹³Order Nos. PSC-16-0128-PAA-WU (Alturas) and PSC-12-0533-PAA-WU (Sunrise), issued March 29, 2016 and October 9, 2012, in Docket Nos. 140219-WU and 110238-WU, respectively.

¹⁴Order Nos. PSC-10-0380-PAA-WU (Alturas) and PSC-12-0533-PAA-WU (Sunrise), issued June 15, 2010 and October 9, 2012, in Docket Nos. 090477-WU and 110238-WU, respectively.

The entire Management Audit is nothing else than one more a fabricated excuse of the PSC continuous attempts of destruction of our business, and without having any benefit to our customers,-and rather creating the opposite effects. It is one more example that the PSC is overstepping their authorities and it should not be allowed to continue. [*sic*]

Despite Mr. Szabo's refusal to cooperate, Commission audit staff was able to gather substantial information through other sources. Information was obtained from the utilities' current plant operator, the former manager from 2008-2013, a former office manger/bookkeeper employed through October 2016, and a former contractor. These discussions reveal a non-supportive work environment, questionable decision-making and operational practices, and repeated non-compliance with both Commission regulations and those of other agencies.

Commission audit staff believes Mr. Szabo's management practices and the frequent turnover of employees have significantly contributed to its poor record of performance of both utilities. Since 2004, the utilities have clearly exhibited an inability to retain qualified personnel. The 2004 through 2007 annual reports indicate the office manager/bookkeeper position turned over three times. Between 2012 and 2016, four different office managers/bookkeepers were employed.

2.2 Florida DEP/Polk County Health Department Compliance Issues

As noted, the utilities originally operated under Polk County jurisdiction until May 1996, when Polk County turned over jurisdiction to the FPSC in accordance with Chapter 367, F.S. The Commission granted each utility a grandfathered certificate in 1997.¹⁵ PCHD issued two Consent Orders for Alturas in 2008, three warning letters in 2010, and two warning letters in 2015 pertaining to the quality of the water and operating conditions of the utility's plant. PCHD issued a Consent Order for Sunrise in 2012 requiring the completion of seven repairs that were addressed in two prior warning letters. A separate warning letter was issued in 2015 for not properly maintaining chlorine residuals.

On January 14, 2016, PCHD and DEP entered into a Consent Order for overdue maintenance on one of Sunrise's hydro pneumatic holding tanks. The Consent Order provided for progressive and cumulative fines for delays in the required maintenance actions.

In July 2016, the same hydro pneumatic storage tank developed a hole causing a temporary disruption in the water supply. The leak and subsequent shut down of the water system constituted a health emergency requiring Sunrise to notify customers and the PCHD of the need to boil water. The customers and PCHD were never notified of this condition. With Mr. Szabo's consent, a repair weld was placed by a welder who was not certified by the National Board of Boiler and Pressure Vessel Inspectors. In addition, the repair also was not performed under the direction of a professional engineer and was not inspected prior to re-pressurization.

¹⁵Order Nos. PSC-97-0513-FOF-WU (Alturas) and PSC-97-0832-FOF-WU (Sunrise), issued May 5, 1997 and July 11, 1997, in Docket Nos. 961109-WU and 961249-WU, respectively.

The structural instability of the hydro pneumatic tank created by the uncertified repair, coupled with the January 2016 Consent Order required a new inspection and certification. In response to these concerns, the PCHD issued a Notice of Violations and Orders for Corrective Action on October 18, 2016. The violation notice asserted that Sunrise had not performed the maintenance required to keep both hydro pneumatic tanks in operating condition and had neglected to properly issue boil water notices.

On March 29, 2017, a settlement agreement was reached between Sunrise and the PCHD, on behalf of DEP, and an associated Consent Order was issued by DEP. Pursuant to the settlement and order, Sunrise is required to bypass the improperly-repaired hydro pneumatic tank, install a pressure release valve on the remaining tank, and to ultimately replace both tanks by September 30, 2017. Failure to comply may result in fines and potential civil and criminal penalties of up to \$5,000 per offense. Sunrise also waived the requested DOAH hearing as part of disposing of the contested issues.

In April 2017, Sunrise and Alturas owners applied for funding under the DEP State Revolving Fund Drinking Water Program with the assistance of the Florida Rural Water Association. A Revised Facilities Plan was developed which proposes hydro pneumatic tank replacements and other treatment plant improvements to resolve DEP's concerns. Upon completion of funding agreements, work on the repairs may begin in late 2017.

3.0 Compliance with Commission Rules

This chapter describes the record of compliance by Alturas and Sunrise with Chapter 25-30 F.A.C., the Commission rules governing water and wastewater utilities.

Since the issuance of Order Nos. PSC-16-0128-PAA-WU and PSC-16-0126-PAA-WU in March 2016, it has become increasingly difficult for both Commission staff and customers to obtain cooperation from the owners of Alturas and Sunrise. Customer complaint numbers are extremely high, particularly in light of the fact that the utilities serve fewer than 350 customers combined. Responses to customer complaints are often inadequate, and many customers openly question the integrity and honesty of the owners. Commission audit staff believes the utilities' owners either lack an understanding of the applicable regulations or are not motivated to make regulatory compliance a priority.

3.1 Access to Utility Records

Are the utilities in compliance with Rule 25-30.145, F.A.C., Audit Access to Records?

What is the standard?

Pursuant to Rule 25-30.145, F.A.C., *Audit Access to Records*, Commission staff is to have reasonable access to utility and affiliate records for the purposes of management and financial audits. According to the rule, "reasonable access means that company responses to audit requests for access to records shall be fully provided within the time frame established by the auditor."

What is happening?

Though Mr. Szabo acknowledges that records responsive to all Commission audit staff data requests do exist, he has failed to provide them. These requests for records include supporting documentation for meters replaced, copies of meter reading logs, and customer bills.

Commission audit staff made several attempts to obtain this information without success. In an email to Mr. Szabo, Commission audit staff emphasized the importance of complying with the audit and providing supporting documentation. Audit staff advised Mr. Szabo that:

Due to the statutory authorization for the Public Service Commission to conduct audits and to have access to company records, "opting out" of participation in this management audit cannot be permitted. I hope that your withholding company records and failing to provide access to information known to employees is not a willful effort to thwart the Commission's audit. As I clearly communicated in our first meeting, full cooperation from you is necessary to comply with the applicable law.

In response to Commission audit staff's email, Mr. Szabo stated the following:

Based upon your assessment and attitude toward Sunrise and Alturas utilities we are standing by our answer[s] previously provided. Anything further would be senseless and our customers will not have the benefit from it, and it will only jeopardize our business interest.

Commission audit staff notes that the "answers previously provided" being referenced were refusals to provide the requested records. After this response, Mr. Szabo made no further efforts to participate in the management audit.

What is Commission audit staff's conclusion?

Commission audit staff believes that the utilities' refusal to provide access to requested records and to cooperate with the management audit constitute violations of Rule 25-30.145, F.A.C., *Audit Access to Records*. Failure to cooperate with audit requests, whether intentional or not, handicaps the Commission's effectiveness and efficiency.

3.2 Customer Complaint Records

Are the utilities in compliance with Rule 25-30.130, F.A.C., *Record of Complaints* and Rule 25-30.330, F.A.C., *Information to Customers*?

What is the standard?

Pursuant to Rule 25-30.130, F.A.C., *Record of Complaints*, "each utility shall maintain a record of each signed, written complaint received by the utility from any of that utility's customers." By rule, the record is to include the name and address of the complainant, the nature of the complaint, the date received, the result of the investigation, the disposition of the complaint, and the date of the disposition.

Pursuant to Rule 25-30.330, F.A.C., *Information to Customers*, Each utility shall provide customers with telephone numbers (regular and after hours) at least annually.

Commission audit staff believes utilities should work cooperatively with the communities they serve.¹⁶ The company should provide timely, accurate information about service outages, water quality issues, watering restrictions and other matters that affect the community.

What is happening?

Commission audit staff requested a description of the current processes for handling, responding to, and documenting resolution of customer calls or letters regarding issues and complaints received directly by the companies. Mr. Szabo disregarded the specific requests made replying only that his wife (the billing assistant) is "looking after our customer service department or to answer any billing related issues, -to the most satisfaction of our customers." [sic]

¹⁶The National Research Regulatory Institute identified the attributes and practices of successful small systems in a February 7, 2008, report titled "Small Water Systems: Challenges and Recommendations."

In spite of Mr. Szabo's claim of widespread customer satisfaction, an analysis of complaints received by the Commission indicates otherwise. The Commission has received an exceptionally high number of complaints, particularly from Sunrise customers who were unable to even discuss their billing or service issues with the company. Since 2011, of 51 Sunrise customer complaints filed with the Commission, 20 complainants stated they were unable to reach the utility by telephone despite multiple attempts. Similarly, of the 12 Alturas complaints received over the same period, eight complainants were unsuccessful in their efforts to reach the company prior to registering a complaint with the Commission. Audit staff observes that neither company operates a website, physical office, or dedicated telephone line, all of which could substantially benefit customer communication.

During the Commission's May 20, 2015 Sunrise Customer Meeting, a resident stated, "we are not allowed to contact the owner. 'That's prohibited,' they [the utility] said. We were never allowed from day one when I moved in there." Another customer stated, "We have no after-hours contact number. Return calls take days in some cases. Management is rude and dishonest."

Through repeated attempts, Commission audit staff verified that calling the telephone number provided on the monthly bill merely reaches a voicemail recording stating that the number was for emergency messages only. The recording further instructs customers to email utility management with inquiries or complaints. Therefore, routine matters cannot be discussed with company management by telephone.

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities' management fails to maintain accurate records of customer complaints and fails to provide an adequate communications channel for customers to pursue inquiries and complaints. Management has refused to demonstrate implementation of any formal process for recording and maintaining complaints it does receive. Responses to customer complaints received by the Commission indicate a lack of organized record-keeping for complaints. Audit staff believes the utilities are in apparent violation of Rule 25-30.130, F.A.C., *Customer Complaints* and Rule 25-30.330, F.A.C., *Information to Customers*.

3.3 Customer Complaint Handling

Are the utilities in compliance with Rule 25-22.032, F.A.C., Customer Complaints?

What is the standard?

Pursuant to Rule 25-22.032, F.A.C., *Customer Complaints* regarding investigation of complaints, "a utility shall make a full and prompt acknowledgement and investigation of all customer complaints and shall respond fully and promptly to all customer requests." The rule also requires the utility to file a written response to the customer's complaint within 15 working days after the Commission staff sends the complaint to the company.

What is happening?

Regarding complaints, Mr. Szabo vaguely states that “we are only receiving a very few complaints, and they are always solved and explained to the satisfaction of our customers.” In fact, Mr. Szabo stated to Commission audit staff that he has a customer satisfaction rate over 95%, though no basis for the statement was provided.

Despite Mr. Szabo’s assertion that complaints are resolved to the customers’ satisfaction, the Commission received an extremely high number of customer complaints from 2011 through March 31, 2017. **Appendices A and B** show the volume and status of complaints received and recorded via the Commission’s Consumer Activity Tracking System (CATS) from 2011 through March 31, 2017, for Sunrise and Alturas, respectively. For Sunrise, the Commission received 51 complaints over the period. Of the 51, Sunrise failed to respond within the required 15 working days to 23 complaints (45 percent). The Commission received 12 Alturas complaints over the 2011 to March 31, 2017 period. Alturas failed to timely respond to four complaints (33 percent) within the required 15 working days.

Audit staff’s analysis of customer complaints handled by the Commission’s Division of Consumer Assistance and Outreach indicates an extremely high percentage of Sunrise and Alturas customer complaints are found to involve an apparent rule violation. As shown in **Exhibit 1**, Commission audit staff’s analysis of customer complaints filed with the Commission indicate that Sunrise and Alturas rank third and fourth in the number of violations among Class C water utilities. The violations are calculated based on 100 customers for accurate comparison.

Alturas and Sunrise Utilities Apparent Rule Violation Comparison 2016				
Utility	Number of Complaints	Apparent Violations	Number of Customers	Violations per 100 Customers
Lakeside Waterworks	22	20	260	7.6923
Four Points	11	10	241	4.1494
Sunrise	21	8	246	3.2520
Alturas	5	1	65	1.5385
LP Waterworks	5	2	443	0.4515
Crestridge	6	2	616	0.3247
Kincaid Hills	2	1	323	0.3096
Cedar Acres	2	0	319	0.0000
Brevard Waterworks	3	0	262	0.0000
Orangewood	1	0	234	0.0000

EXHIBIT 1

Source: FPSC Consumer Activity Tracking System

Rule 25-22.032 (6)(c), F.A.C., *Customer Complaints* requires the utilities to answer specific questions raised by Commission staff and provide to the Commission any letters or emails sent to the customer that contain the company’s proposed resolution of the complaint or statement of position in addressing or resolving the complaint. Not only are the utilities failing to respond

timely to customer complaints, but the utilities' responses are often argumentative and lacking documentation.

Unfortunately, Mr. Szabo has actively worked to discourage customers from contacting the Commission. On July 29, 2016 he sent all customers a letter¹⁷ detailing his dissatisfaction with the Commission's 2016 rate increase decision and in large part asked the customers to stop complaining about service issues:

We are expected to do the impossible to provide our customers with a trouble free operation but without any help from the PSC part to help us to have additional funding.

We have complied with their regulatory rules and provided the documentations in great details item by item to establish the absolutely necessary funding to have to maintain a trouble free operation.

Not having any knowledge of the facts you [the customer] can create further difficulties just being impatient. The virtue in such situation would be patience. The calmer we stay during a storm the better we come out.

Any unnecessary telephone call or written complaint to the offices of the authorities regulating water services will push your wagon to the Mega Corporation direction.

Calling the Health Department for not receiving the boiled water notice you are admitting to be aware of the situation and is nothing else than a spitefully act.

Beside the 20 complaints through PSC we had several emails and some of them were very insufficient to deserve an answer. Let us do our job without interruption.

In short, - think first before you shoot.. It is our mutual interest to work together instead against each other.

During the process writing this letter we have received calls from the PSC to have our reply before August 4 to the complaints received from some of you. They are time consuming and will create additional and costly administrative work. I hope you will extend toward us the courtesy to withdraw them; - we took the time to inform you off all the pre-existing facts. [sic]

Mr. Szabo has repeatedly expressed anger towards customers and distrust of claims they have made in complaints to the Commission. Mr. Szabo's attitude towards customers is evidenced in an email regarding a complaint instructing his employee to, "use every loop and hoop to make this woman jump through before

¹⁷Document No. 08324-16 filed October, 18, 2016, Docket No. 140220-WU.

she gets water and create a real Blizzard for her. It is payback time to the woman and to the PSC.” [sic]

What is Commission audit staff’s conclusion?

Given the extremely high number of complaints received, the poor record providing a timely and thorough response to those complaints, and owner’s attempts to dissuade customers from voicing concerns or complaints, Commission audit staff believes the utilities’ process for handling and responding to customer complaints is severely inadequate and in apparent violation of Rule 25-22.032, F.A.C., *Customer Complaints*.

3.4 Customer Deposits

Are the utilities in compliance with Rule 25-30.311, F.A.C., Customer Deposits?

What is the standard?

Rule 25-30.311, F.A.C., *Customer Deposits* prescribes in detail how deposits are to be collected, deposit records are to be kept, and deposit refunds are to be granted.

What is happening?

Mr. Szabo’s lack of cooperation in the audit process included failure to provide customer deposit records. In response to a Commission audit staff data request, Mr. Szabo discusses the activities of a supposedly deceitful office manager/bookkeeper who was “revengeful” and “unlawfully has deleted our software program without any prior warning to us, -knowingly that we are in parallel line with her computer and we will lose our data’s from our end, creating an immeasurable problem for Sunrise and Alturas Utilities.” [sic] Yet, in the same letter, Mr. Szabo contradicts himself, stating “We are using the same software program within the last many years and the bills are generated ... with our current rate base already programmed in. The software program does not allow making any changes regardless who is using it.”

According to Mr. Szabo, the former office manager/bookkeeper was terminated for cause. Commission audit staff contacted the former office manager/bookkeeper who provided a different account. She informed Commission audit staff that she was ordered to adjust customer deposits for a specified group of accounts. She refused to comply, believing the adjustments were inappropriate and unnecessary.

The utilities’ deficient process regarding customer deposit records is also documented in the Commission’s March 2016 Orders approving Alturas’ and Sunrise’s increase in rates. In both Orders, the Commission found the utilities were not in compliance with Rule 25-30.311, F.A.C., *Customer Deposits*. During the SARC proceedings, Mr. Szabo initially reported to the Commission’s financial audit staff that the utilities held no customer deposits. However, Mr. Szabo subsequently provided records showing that Sunrise and Alturas were holding in excess of \$6,100 and \$1,100 in customer deposits, respectively. The Orders noted the utilities’ failure to properly record the amount of each deposit, failure to pay the appropriate interest on customer deposits, and failure to refund deposits to residential customers after 23 months of satisfactory payment. Mr. Szabo made statements that these issues were resolved without providing support.

As of July 31, 2015, Commission technical staff estimated approximately \$3,900 in customer deposits were due to be refunded to Sunrise customers and approximately \$840 in customer deposits were due to be refunded to Alturas customers. The Commission put both utilities on notice that if the customer deposit errors are not resolved in a reasonable time, and/or the utilities' deposit records are found to be out of compliance with Commission regulations in the future, both utilities may be subject to a show cause proceeding by the Commission. Additionally, the Commission ordered both utilities to reconcile customer deposit accounts, and provide monthly reports beginning April 15, 2016, until the utilities had satisfactorily refunded deposits and interest. This issue is discussed further in Chapter 4.

What is Commission audit staff's conclusion?

Commission audit staff believes Sunrise and Alturas have not demonstrated compliance with Rule 25-30.311, F.A.C., *Customer Deposits*. Commission audit staff was provided no evidence of annual interest payments to customers. The utilities have also failed to comply with portions of Orders No. PSC-16-0128-PAA-WU and PSC-16-0126-PAA-WU, in Docket Nos. 140219-WU (Alturas) and 140220-WU (Sunrise), which required specific actions regarding deposits.

3.5 Meter Tests and Record of Meter Tests

Are the utilities in compliance with Rules 25-30.265, F.A.C., Periodic Meter Tests and 25-30.267, F.A.C., Record of Meter Tests?

What is the standard?

Rule 25-30.265, F.A.C., *Periodic Meter Tests*, requires "each utility shall inspect and test a representative sample of its meters in service at least once over 10 years for 5/8" size meters", and in accordance with Rule 25-30.267, F.A.C., *Record of Meter Tests*, "each utility shall preserve the original records of all meter tests...until the meter is retired by a later test."

What is happening?

Commission audit staff requested that the utilities describe their processes for meter testing and replacement and to provide all supporting documentation for meters replaced since January 2016. In response, Mr. Szabo simply stated:

If we find any irregularly of the customers normal monthly water usages or the customer calls to check their meter and we find their request reasonable (not only to make a delayed payment) we will send our field technician to perform the so called 10 gallon bucket test. [sic]

Mr. Szabo stated that the utilities' new meter reader found four meters "not working properly or not working at all," and "after the next meter reading we will have more information related to this subject and any meter need to be changed will be looked after at the same time without causing any unnecessary water interruption services for our customers." [sic]

Commission audit staff notes that in 2012, the Commission approved a meter replacement program that would allow Sunrise to replace 23 meters per year over 10 years.¹⁸ The meter replacement program operated under the direction of the utility's prior manager who left in 2013. Apparently, after the manager's departure, Mr. Szabo failed to keep the effort active.

In the most recent rate case order, the Commission determined that Sunrise had only accomplished about one year's worth of meter replacements and ordered an acceleration of the program. Sunrise does not have a meter testing program in place to identify meters in need of replacement. In its 2016 rate case order,¹⁹ the Commission expressed doubt about the company's willingness to properly maintain an escrow account and perform the replacements. Sunrise ultimately agreed to discontinue the replacement program.

What is Commission audit staff's conclusion?

Commission audit staff believes Sunrise and Alturas have not demonstrated compliance with Rules 25-30.265, F.A.C., *Periodic Meter Tests* and 25-30.267, F.A.C., *Record of Meter Tests*. Based on the responses to its data requests, audit staff believes the utilities do not have a process in place to regularly test meters nor a means of tracking test results. From the review of meter logs it was not clear that necessary efforts are made during meter reading to label and follow up on non-functioning meters.

3.6 Meter Readings

Are the utilities in compliance with Rule 25-30.261(1), F.A.C., Meter Readings?

What is the standard?

Pursuant to Rule 25-30.261(1), F.A.C., *Meter Readings*, "the utility shall read its service meters at regular intervals and, insofar as practicable within regularly scheduled work days on the corresponding day of each meter reading period." Additionally, the utility "shall read the register of each meter in the same units that the utility uses for billing purposes."

What is happening?

According to Mr. Szabo, the meter reading operations for both utilities are currently being performed by a resident of the Sunrise community. Commission audit staff requested copies of the meter reading logs for the three most recent billing cycles for both utilities. However, Mr. Szabo refused to provide any completed meter reading logs. In response to the request, Mr. Szabo stated:

We are making our decision based on the facts there weren't any unusual or any additional dispute compared to our last 6 months billing with any of our customers. [sic]

¹⁸ Order No. PSC-12-0533-PAA-WU, issued October 9, 2012, in Docket No. 110238-WU.

¹⁹ Order No. PSC-16-0126-PAA-WU, issued March 28, 2016, in Docket No. 140220-WU.

Despite Mr. Szabo's unwillingness to cooperate, the former office manager/bookkeeper provided monthly meter reading logs from June through September 2016 for Sunrise, and July through September 2016 for Alturas. The logs display pre-printed account numbers, customer names, service addresses, meter identification numbers, and the prior month's reading. The current month readings are handwritten on the pre-printed log. Upon examining the logs and the corresponding billing worksheets, Commission audit staff found the following discrepancies:

Sunrise: June 2016 - September 2016

- ◆ The meter readings for 152 lots did not match the readings displayed on the customer bill.
- ◆ For 26 lots, the meter readings on the logs were marked as estimated, but the corresponding customer bills were not marked as estimated as required per Rule 25-30.335(2)(a) F.A.C., *Customer Billing*.

Alturas: July 2016 - September 2016

- ◆ The meter readings for five lots did not match the readings displayed on the customer bill.
- ◆ For three lots, the meter reading on the logs were marked as estimated, but the corresponding customer bills were not marked as estimated.

Though not specifically addressed in Rule 25-30.261(1), F.A.C., *Meter Readings*, Commission audit staff believes the rule implicitly assumes a reasonable degree of due care and diligence be used in meter reading. Accuracy is the obvious expectation, though some errors inevitably will occur. An examination of the utilities' customer complaints pertaining to meters and meter readings indicate to Commission audit staff that meter reading operations are problematic. Below are examples of complaints to the Commission regarding the utilities' meter reading operations.

- ◆ A Sunrise complainant believes his meter is not being read properly and states that his bill is the same amount each month regardless of his usage. Complainant monitors his meter and believes his bill is not being calculated properly. In response to the complaint, Mr. Szabo stated that this customer is "being irresponsible with unfunded accusations is taking away my time from the valued and appreciated customers who pay their bills in time with responsibility." [sic] Furthermore, Mr. Szabo sent the complainant a final notice threatening to disconnect his service which is an apparent violation of Commission Rule 25-22.032(3), F.A.C., *Customer Complaints*, prohibiting discontinuation of service because of any unpaid disputed amount until the complaint is closed. (CATS 1232339W)
- ◆ A Sunrise complainant was told by a neighbor that teens were trespassing on his property. When confronted, the teens apparently stated, "they were helping their father with . . . reading the water meters." In response to the complaint, the utility acknowledged that a teenager was assisting with meter reading. (CATS 1235681W)
- ◆ A Sunrise complainant states in June 2016 that their water meter has not been read since August 2015. Complainant states they received "a bill that is not marked as estimated, but the reading is totally inaccurate and the most recent bill is not showing

estimated. So what that tells me is they are being deceitful and making up numbers.” The complainant withdrew the complaint after it was resolved over the telephone with the utility. (CATS 1211566W)

What is Commission audit staff’s conclusion?

Commission audit staff could not determine compliance with Rule 25-30.261(1), F.A.C., *Meter Readings* as result of Mr. Szabo’s unwillingness to allow Commission audit staff to review relevant records and talk with the utilities’ meter reader. However, as a result of extensive customer complaints, Commission audit staff has serious concerns regarding the accuracy of the meter readings performed.

3.7 System Maps and Records

Are the utilities in compliance with Rule 25-30.125, F.A.C., System Maps and Records?

What is the standard?

Pursuant to Rule 25-30.125, F.A.C., *System Maps and Records*, the company shall maintain suitable maps on file at its principal office. Also, drawings and/or records of its system and facilities must show size, location, character, date of installation and installed costs of major items of plant and extension of facilities.

What is happening?

During their SARCs, Alturas and Sunrise informed Commission technical staff it did not possess system maps. Subsequently, technical staff discovered outdated system maps for Alturas and Sunrise that had been submitted to the Commission in a 1996 docketed proceeding.²⁰ After staff provided these maps to the utilities requesting they provide updated maps, neither utility made changes. Instead the utilities simply returned the identical 1996 outdated maps to Commission technical staff.

What is Commission audit staff’s conclusion?

Commission audit staff concludes no updated comprehensive water system mapping currently exists. Commission audit staff believes Alturas and Sunrise have not demonstrated compliance with Rule 25-30.125, F.A.C., *System Maps and Records*. System maps are necessary in coordinating meter reading and repairs, tracking meter locations, and executing capital improvement projects. A system map would allow the utilities to denote the location of every meter and the date of meter installation. Also, when making repairs and installing equipment, the utilities would be able to quickly locate the pipes in their system.

²⁰ System maps were provided in support of Docket No. 961249-WU to provide a grandfather water certificate to Sunrise utilities.

3.8 Customer Billing

Are the utilities in compliance with Rule 25-30.335 F.A.C, Customer Billing

Rule 25-30.335, F.A.C., *Customer Billing* states, in part:

(1) A utility shall render bills to customers at regular intervals, and each bill shall indicate: the billing period covered; the applicable rate schedule; beginning and ending meter reading; the amount of the bill; the delinquent date or the date after which the bill becomes past due; and any authorized late payment charge.

(2)(a) If the utility estimates a bill, the bill statement shall prominently show the word “Estimated” on the face of the bill.

(2)(b) In no event shall a utility provide an estimated bill to any one customer more than four times in any 12-month period due to circumstances that are within the utility’s control and service obligations.

(2)(c) Upon issuance of a second estimated bill in a 6 month period, the utility shall provide the customer with an explicit written explanation for the estimation, along with the utility contact information and the Commission toll free complaint number.

(2)(d) The utility shall maintain records, for a minimum of two years, detailing the number, frequency, and causes of estimated bills, which shall be made available upon request to the Commission or to any party to a rate proceeding for the utility.

(4) A utility may not consider a customer delinquent in paying his or her bill until the 21st day after the utility has mailed or presented the bill for payment.

What is happening?

In response to data requests, Mr. Szabo stated that he was willing to provide the Commission with any individual customer billing and payment history for the past five years within a 24-hour notice, but raised a concern of this information being confidential. A teleconference with audit staff explained the confidentiality process and protection during the audit from public record status. Mr. Szabo indicated he would provide the requested information within days. However, he eventually declined to provide bills and payment records, saying:

We are satisfied with their [employees] services looking after the maintenance and repairs and also properly handling the area of customer billing and collection. This should be good enough to the PSC as we are responsible for their activities.

We are also providing our customers with efficient and timely billing and anything is related to those issues questioned,-are nothing else than the PSC continuous efforts of interference of our operation without any reasoning. [sic]

As a result of Mr. Szabo's unwillingness to cooperate, Commission audit staff was unable to review a broad sample of customer bills to fully assess adherence with the rule. However, the bills provided in support of complaints received by the Commission indicate a high rate of error.

As indicated in **Appendices A and B**, well over half of the 63 complaints from Sunrise and Alturas customers relate to billing problems. Commission audit staff's review of analysis performed by Commission staff complaint analysts revealed 26 apparent violations of customer billing rules. Below are specific examples regarding inaccurate bills and failure to post bill payments:

- ◆ A Sunrise complainant disputes their high bill and notes that no one from the utility is available to explain bill fluctuations. The complainant apparently has been charged twice for a bill that was already paid. In response to the complainant's concerns, the utility responded, "Next time when the Consumer cannot pay it's bill in time or it is unusually high, please turn with confidence to the Customer and Billing Department as anybody else did who had the same problem and we helped; we can work out a payment plan, without charging monthly late fee without going in a circle without any solution. We cannot manipulate the meters- numbers on the meter are numbers and we cannot change them- the number flow shows the gallon usage regardless what we believe or we want." [sic] The utility contended that complainant owed as much as \$141.65, yet the utility's meter reader informed the complainant the balance was \$17.83. (CATS 1236441W)
- ◆ A Sunrise complainant states that their bill is not being calculated properly. The complainant is billed the same amount each month regardless of usage, and a late fee is improperly added to each bill. In response, the utility stated, "The company is going out and wasting its time with explaining with him the facts", and the customer has a bad habit of not paying on time. The utility further stated, "Nobody is cheating him with the meter reading because simply you cannot manipulate the meter numbers." (CATS 1232339W)
- ◆ A Sunrise complainant states that even though bill payments are mailed on time, the company is not crediting payments in a timely manner. The complainant believes utility is deliberately doing this in order to bill late fees and reconnection charges. To address the complainant's concerns, the Commission's Office of Consumer Assistance and Outreach requested the utility provide copies of the customers billing statements for the past six months. None were provided. (CATS 1219967W)
- ◆ A Sunrise complainant observes a history of payments not being properly credited and requested the utility to provide a copy of the bill history. In response to the complaint, the utility reported that the cause of the problem was miscommunication between the utility and an "understanding" that the utility had with the complainant. All outstanding bills were adjusted. (CATS 1215984W)

- ◆ A complainant stated Alturas never turned the water on after payment was made and cashed by the utility. In response, the utility stated, “Our problem is that we do not have this address in our customer list.” (CATS 1207995W)

Examination of billing statements attached to customer complaints also shows Sunrise’s failure to comply with the Commission’s customer billing rule and the utility’s Commission-approved tariff. (CATS 1232339W and CATS 1235086W) As displayed in **Exhibit 2**, the billing statement does not indicate the required applicable rate schedule, delinquent date or date after the bill becomes past due, nor any authorized late payment charges (i.e., reconnection fee and late amounts).

Customers rightfully expect their water bills to correctly reflect the actual current charges and outstanding balances and be free from computational errors. A variety of issues combine to produce a high degree of errors in customer billing: misreading meters, inputting incorrect meter readings into the billing system, using incorrect formulas to calculate customer bills, and assigning incorrect due dates on bills. The utilities also fail to inform customers if their bill is estimated, fail to post or timely post customer payments, fail to review bills, and fail to devote adequate resources to customer service and complaint resolution.

What is Commission audit staff’s conclusion?

Commission audit staff believes Sunrise and Alturas have not attempted to demonstrate compliance with Rule 25-30.335, F.A.C., *Customer Billing*. Commission audit staff believes controls and procedures are inadequate to produce reliable bills, and the inadequacy contributes to the poor relationship with customers. If the utility is unable to generate reliable bills, it cannot be certain that it is charging just and reasonable rates as required by Section 367.081(1), (2)(a)(1), F.S.

Sunrise Utilities, LLC
P.O. Box 2608
Eaton Park, FL 33840
yourwaterutility@gmail.com
(863) 510-1318

Utility Bill

1/30/2017

Amount Due
\$104.50

Amount Paid

Account Number
2579KA

Service Address

Payment Due Date
2/19/2017

X **Detach Top and Return With Payment**

Service		Description	Meter Readings		Consumption	X	Meter Multiplier	
From	To		Previous	Current				
1/2/2017	1/30/2017	Residential	415380	420470	5090	X	1	\$16.27
		ResidentialBase						\$10.01

County Tax: \$2.63

Late Payment Fee: \$0.00

Current Period Total: \$28.91

Previous Balance: \$75.59

Total Amount Due: \$104.50

If not paid by due date amount due: \$111.50

Meters need to be located, marked and free of all debris, dirt, plants, fencing, ect.
NEW READINGS WILL TAKE PLACE BY THE END OF NOVEMBER.
AND SAFE ACCESS IS REQUIRED.

REMIT PAYMENTS TO:
SUNRISE UTILITIES
P.O. BOX 2608
EATON PARK, FL 33840

NOTE:

Customer Name

Account Nbr 2579KA
Payment Due Date 2/19/2017

3.9 Service Disconnection

Are the utilities in compliance with Rule 25-30.320, F.A.C., Refusal or Discontinuance of Service?

What is the standard?

Pursuant to Rule 25-30.320, F.A.C., *Refusal or Discontinuance of Service*, a utility has the right to refuse or discontinue a customer's service under several specified conditions.

What is happening?

Upon examination of numerous customer complaints filed with the Commission regarding allegations of wrongful disconnections of service, Commission audit staff believes the utilities do not employ adequate internal controls to reasonably assure disconnect processes are effective and accurate. Below are a few examples from customer complaints regarding negligent handling of service disconnections.

- ◆ A Sunrise complainant alleges the bill was paid and did not have a past balance, yet the company disconnected service without notice. Upon investigation, the utility provided Commission staff with a copy of the disconnect notice sent to the customer. The disconnect notice, however, is dated November 2, 2016, and states a service disconnection date of October 30, 2016. Staff explained to the utility, as it has for numerous similarly-situated complaints, that a utility must provide a customer with a disconnect notice at least five working days before service disconnection pursuant to Rule 25-30.320(2)(g), F.A.C., *Refusal or Discontinuance of Service*. Commission staff further explained that service was disconnected November 2 on the date of the notice, yet the customer's payment receipt is dated October 30, 2016, as was required on the notice. Commission staff directed the utility to restore service immediately and confirm that the customer would not be charged a reconnection fee. The utility responded that the service was reconnected without charge. (CATS No. 1226926W)
- ◆ A Sunrise complainant states that water to her address was cut-off due to an unpaid balance owed by the prior tenant. In a related complaint, the landlord reported the she was being asked to pay the balance on the prior tenant's account. The company also stated that the current tenant was required to provide a rental agreement and picture identification. Rule 25-30.310, F.A.C., *Initiation of Service*, requires a completed service application in accordance with the forms prescribed by the utility. Neither this rule nor the utility's approved tariff requires a lease or picture identification. (CATS Nos. 1235086W and 1235221W)

What is Commission audit staff's conclusion?

Commission audit staff believes Alturas and Sunrise have not demonstrated compliance with Rule 25-30.320, F.A.C., *Refusal and Discontinuance of Service* since the utilities lack effective internal controls and safeguards to collect past due accounts while ensuring fair treatment of

customers. Commission audit staff believes customers are disconnected in error as a result of errors in meter reading, customer billing, untimely notice of disconnection, and customer payment processing operations.

3.10 Refund-Rate Case Expenses

What is the standard?

According to Rule 25-30.360, F.A.C., *Refunds*, refunds must be made within 90 days of the Commission's Order, unless otherwise prescribed by the Commission.

What is happening?

Per Order No. PSC-16-0128-PA-WU, issued on March 29, 2016, Alturas was required to refund its customers the amount of rate case expenses it over-collected in its 2009 SARC and to provide monthly reports on the status of the refunds until completed. Though the utility has asserted that refunds were made, the utility has provided no documentation of such refunds.

What is Commission audit staff's conclusion?

Commission audit staff believes Alturas is in apparent violation of Rule 25-30.360, F.A.C. *Refunds*.

3.11 Regulatory Assessment Fees

Are the utilities in compliance with Rule 25-30.120(1) and (2)(b), F.A.C., Regulatory Assessment Fees?

What is the standard?

Pursuant to Rule 25-30.120(1), F.A.C., *Regulatory Assessment Fees (RAF)*, each utility will pay a RAF in the amount of 4.5 percent of its gross revenue derived from intrastate business. Section (2)(b) requires small utilities with annual revenues of less than \$200,000, such as Alturas and Sunrise, to file RAF with the Commission on or before March 31 for the preceding year. Section (7)(a) permits the Commission to assess a penalty against any utility for failure to pay its RAF on time.

What is happening?

In May 2014, Alturas and Sunrise negotiated payment plans with Commission staff to resolve delinquent RAFs. Alturas and Sunrise agreed to submit monthly payments of \$85 and \$250 respectively to the Commission beginning November 2014 and continuing until the balance of outstanding RAFs are paid in full, including penalties and interest. However, as shown in **Exhibit 3**, as of mid-April 2017, Alturas still owed \$2,129.33 in RAFs, including penalties and interest. Similarly, Sunrise owes \$16,159.72.

Alturas and Sunrise Utilities Regulatory Assessment Fees Plus Penalties and Interest Owed					
Utility Name	RAF Period	RAF Due Date	Total Owed as of 4/12/17	Total Paid as of 4/12/17	Remaining Balance
Alturas	01/01/15-12/31/15	03/31/16	\$1,524.06	\$623.48	\$900.58
	01/01/16-12/31/16	03/31/17	\$1,228.75	\$0.00	\$1,228.75
	Total Balance Due:				\$2,129.33
Sunrise	01/01/09-12/31/09	03/31/10	\$5,162.58	\$2,835.23	\$2,327.35
	01/01/12-12/31/12	04/01/13	\$4,598.70	\$2,814.77	\$1,783.93
	01/01/13-12/31/13	03/31/14	\$4,974.72	\$0.00	\$4,974.72
	01/01/15-12/31/15	03/31/16	\$4,120.38	\$250.00	\$3,870.38
	01/01/16-12/31/16	03/31/17	\$3,203.34	\$0.00	\$3,203.34
	Total Balance Due:				\$16,159.72

Exhibit 3

Source: Commission RAF database.

What is Commission audit staff's conclusion?

Commission audit staff believes Alturas and Sunrise are in apparent violation of Rule 25-30.120, F.A.C., *Regulatory Assessment Fees*. The utilities have failed to pay outstanding RAF balances from previous years and have yet to pay their 2016 RAFs which were due on March 31, 2017.

3.12 Annual Reports

Are the utilities in compliance with Rule 25-30.110(3), F.A.C., Records and Reports; Annual Reports?

What is the standard?

Pursuant to Rule 25-30.110(3), F.A.C., *Records and Reports; Annual Reports*, each utility will furnish to the Commission annual reports on forms prescribed by the Commission. The obligation to file an annual report applies to any utility that has applied for or has been issued a certificate. The utility's annual report is to be filed with the Commission on or before March 31 for the preceding year ending December 31. The Commission may assess a penalty against any utility that fails to file an annual report on time. Per Section (3)(c), "a utility may file a written request for an extension of time with the Division of Economic Regulation no later than March 31."

What is the standard?

Alturas and Sunrise have exhibited a history of disregard for regulatory compliance by filing annual reports late and not filing a written request with the Commission for an extension of time. For Alturas and Sunrise, Annual Reports were filed late in 2006, 2008, and 2016. The utility did not request an extension for any of the late filings. Commission audit staff notes the utilities' 2015 Annual Reports were submitted on time, but Commission's technical staff deemed them deficient and requested a subsequent filing.

What is Commission audit staff's conclusion?

Alturas and Sunrise have not demonstrated timely compliance with Rule 25-30.110(3), F.A.C. *Records and Reports; Annual Reports.*

3.13 Quality of Service

Are the utilities in compliance with Rule 25-30.433(1), F.A.C., Determination of Quality of Service?

What is the standard?

Pursuant to Rule 25-30.433(1), F.A.C., *Determination of Quality of Service*, during rate cases, the Commission determines the quality of service provided by the company by evaluating three separate components of a utility's operations: 1) effectiveness addressing customer satisfaction, 2) the quality of the utility's product, and 3) the status of operational conditions of the utility's plant and facilities.

In evaluating service quality, the Commission also considers DEP reports, violations, and outstanding citations. Pursuant to Rule 62-560.410(1)(a)1 and 62-560.410(11), F.A.C., DEP requires public water systems that experience violations, exceedances, situations, or failures that may pose an acute risk to human health to issue a notice advising customers to boil water no later than 24 hours after the system learns of the violation, exceedance, situation, or failure. The utility is also required to provide its customers with rescission notices once the problem is resolved, to explain the corrective action taken, and to confirm that bacteriological test results indicate the water is safe to drink.

What is happening?

Pursuant to Order Nos. PSC-16-0128-PAA-WU (Alturas) and PSC-16-0126-PAA-WU (Sunrise), the Commission found the utilities' plant and facilities to be unsatisfactory, efforts to address customer service to be unsatisfactory and the utilities' water product to be satisfactory. All of the potential violations discussed in this chapter have a direct negative impact on quality of service. As noted throughout this report, both utilities are operated with insufficient processes, efforts, and expertise necessary to provide reasonable quality of service.

In the utilities' SARC's, the Commission found the quality of the utilities' product to be satisfactory. The Commission's technical staff reviewed the utilities' compliance with DEP primary and secondary drinking water standards, county health department standards, and customer complaints. Upon review of customer complaints, Commission audit observed that water quality was not a major concern for customers.

Regarding the condition of the plant and facilities, Sunrise failed to address maintenance and repairs recommended by the PCHD during 2016 and 2017. Sunrise had not performed the required maintenance and repairs to its hydro pneumatic tanks and other plant components. Florida Rural Water Association was engaged and performed a complete assessment of the entire treatment plant and recommended nearly \$500,000 plant replacement and improvements. Since

plant condition continued in a deteriorated state that required intervention by regulators, Commission audit staff believes plant and facilities are still unsatisfactory.

Concerning customer satisfaction during 2016 and 2017, the utilities continued their high volume of customer complaints and poor efforts towards complaint resolution. Despite Mr. Szabo's assertion that a high percentage of customers are satisfied, his July 29, 2016 letter to all Sunrise customers addresses widespread dissatisfaction and what he considers unfounded customer complaints:

We are always aware of all the activities on a daily base of the Utilities.

Gossiping spreading rumors and using inappropriate language only to get some attention isn't helping anybody. We never respond to such provocative act or words because it is a waste of time.

Your continuous water supply was jeopardized and your rights has been denied by the Florida Public Service Commission to life on of most important essentials, - water. (*sic*)

Commission audit staff believes these statements inaccurately assert that the utility is aware of and attentive to customer needs. It also illustrates Mr. Szabo's perspective that customers and the Commission raise invalid challenges to the management and operation of the utilities.

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have not demonstrated compliance with Rule 25-30.433(1), F.A.C., *Determination of Quality of Service*.

The utilities' management provides extremely poor quality of service to their customers and operates with insufficient practices, processes, and efforts to provide necessary repairs and preventive maintenance. The Commission audit staff believes Alturas and Sunrise provide an unsatisfactory level of service to their customers and are operated with inadequate resources, practices, and efforts to provide customer satisfaction.

4.0 Compliance with Commission Orders

On March 28 and March 29, 2016, the Commission issued Order Nos. PSC-16-0128-PAA-WU (Alturas) and PSC-16-0126-PAA-WU (Sunrise) in Docket Nos. 140219-WU and 140220-WU, respectively. The orders approved rate increases and recovery of rate case expenses for both Alturas and Sunrise. However, the orders put both utilities on notice that a show cause proceeding may be forthcoming if the following conditions continue to occur:

- ◆ the utilities' books and records are found to be out of compliance with Commission's regulations and have not been adjusted for all applicable NARUC USOA primary accounts,
- ◆ the utilities continue to show a pattern of non-responsiveness to the Commission, or
- ◆ the utilities' customers continue to raise valid complaints about payment collection practices.

Both orders were further held open to allow for Alturas and Sunrise to implement corrective actions set forth in the orders. Below is a list and discussion of eight required corrective actions ordered and Commission audit staff's assessment of compliance.

4.1 Reconciliation of Customer Deposits

What action is ordered?

Alturas and Sunrise were to reconcile customer deposit records and file monthly reports with the Commission, beginning April 15, 2016, until the utilities satisfactorily refunded appropriate customer deposits and interest payments.

What is happening?

The utilities filed eight monthly reports between April and November 2016. The reports stated that interest payments were completed in August 2015, and the customer deposit refunds were completed in August of 2016, but did not include any supporting documentation. Prior to issuance of the orders, Commission technical staff advised the utilities of the apparent customer deposit rule violations and provided detailed instructions to assist the utilities with bringing the deposit records into compliance. At that time, the utilities were advised that the August 2015 interest payments were incorrect.²¹ Commission technical staff has reviewed the Alturas and Sunrise current customer deposit reports dated December 10, 2016, and October 7, 2016, respectively, that were obtained during the management audit, and determined that the utilities have failed to make the account corrections and customer deposit refunds outlined in Commission technical staff's sixth data request. Further, the utilities have not provided any documentation to show that August 2015 interest payments were corrected or that any of the additional interest payments identified in Commission technical staff's sixth data request were paid.

²¹See Commission technical staff's Sixth Data Request in Document No. 08035-15 filed on December 28, 2015, in Alturas Docket No. 140219-WU; and Document No. 06638-15 filed on October 16, 2015, in Sunrise Docket No. 140220-WU.

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have failed to comply with the ordered corrective action.

4.2 Triaholomethane and Haloacetic Acid Tests

What action is ordered?

Alturas and Sunrise were to file documentation by December 31, 2016, showing that the pro forma TTHM and HAA5 tests have been completed, including the test results and final invoices.

What is happening?

As of this report publication, the utilities have not provided the required information. Commission technical staff confirmed through the DEP Oculus Web Site that the utilities completed the four quarters of TTHM and HAA5 testing that was required by the PCHD. However, staff has not been able to verify the actual testing expenses.²²

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have failed to comply with the ordered corrective action.

4.3 Monthly Reports on Status of Contractors

What action is ordered?

Alturas and Sunrise were to file six monthly status reports with the Commission, beginning April 15, 2016, to provide the name and position of each contractor providing service to the utility.

What is happening?

The utilities have continued to experience frequent turnover in contractual service providers. The utilities filed eight monthly reports, but provided names and positions only in the first monthly report for April 2016. Though the office manager/bookkeeper left employment in October 14, 2016,²³ her replacement was never reported in subsequent monthly reports. The utilities' November 15, 2016, monthly report stated that, "There were some changes made since our last report regarding the monthly billing or other contractual service provider for the utility, and it will be detailed by November 21 as requested." No additional information has been provided by the utilities regarding its contractual service providers. Furthermore, in the April 2016, monthly report, the utilities reported that the new office manager had the same qualifications as the previous office manager and would be taking over the same accounting, administrative, and billing responsibilities. However, Commission technical staff was informed that neither of the office managers ever performed any bookkeeping work for the utilities.

²² See Document No. 04336-17 filed in Docket Nos. 140219-WU and 140220-WU.

²³ See Document No. 08325-16 filed in Docket Nos. 140219-WU and 140220-WU.

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have failed to comply with the ordered corrective action.

4.4 NARUC USOA Compliance

What action is ordered?

Alturas and Sunrise were to notify the Commission in writing that adjustments for all applicable NARUC USOA primary accounts have been made.

What is happening?

The utilities provided a written statement confirming that Alturas and Sunrise's books were adjusted to reflect the Commission-required adjustments.²⁴ Based on Commission technical staff's review of the utilities' 2016 Annual Reports, the utilities did not properly adjust Alturas and Sunrise's books to reflect the Commission-approved balances.

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have failed to comply with the ordered corrective action.

4.5 Monthly Reports on Status of Repairs

What action is ordered?

Alturas was to file six monthly reports to provide the status of its progress towards repair or replacing the master flow meter.

What is happening?

Alturas filed eight monthly reports that indicated that it did not repair or replace the master flow meter due to a lack of revenue. However, the reports also suggest that the utility disagrees with the need for the repair by stating in part, "The flow meter only shows the incorrect readings but in reality there are no leaks at the system. . ."

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have failed to comply with the ordered corrective action.

4.6 Resolution of Land Ownership

What action is ordered?

Alturas and Sunrise were to file written documentation showing that Sunrise owns, or has the right to continued long-term use of, the land upon which its treatment facilities are located.

²⁴ See Document No. 07767-16 filed in Docket Nos. 140219-WU and 140220-WU.

What is happening?

On December 9, 2016, the Stephen F. Baker Law Firm provided a Quit Claim Deed to confirm that the land ownership issue was corrected.²⁵

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have complied with the ordered corrective action.

4.7 Rate Case Expenses Refund

What action is ordered?

Alturas was to refund its customers the amount of rate case expenses it over-collected in its 2009 rate case and to provide monthly reports on the status of the refunds until it is satisfactorily completed all the refunds.

What is happening?

Prior to the issuance of the Commission's Order, Alturas indicated that it had issued refunds to its customers for the over-collection of 2009 rate case expense, but provided no supporting documentation. Subsequently, Alturas indicated in eight monthly reports that, "There are no outstanding rate case expenses over collected." As of report publication, Alturas has provided no documentation to support that the refunds were issued.

What is Commission audit staff's conclusion?

Commission audit staff believes Alturas has not complied with the ordered corrective action.

4.8 Monthly Reports on Status of PCHD Consent Order

What action is ordered?

Sunrise was to file six monthly reports, beginning April 15, 2016, to provide the status of compliance with a PCHD Consent Order regarding the failure to perform necessary plant maintenance.

What is happening?

The utilities filed eight monthly reports stating that due to a lack of funds, none of the required repairs were completed. However, the reports also indicate Sunrise disagrees with the need for the repairs stating, "There are no actual current health hazards, but an attempt of the destruction of our business."

What is Commission audit staff's conclusion?

Commission audit staff believes the utilities have failed to comply with the ordered corrective action.

²⁵ See Document No. 09442-16 filed in Docket Nos. 140219-WU and 140220-WU.

5.0 Falsified Documents Filed with the Commission

5.1 Falsified Pro Forma Request

As part of the SARC process, the utilities submitted requests for several pro forma plant replacement and construction projects. Between February 2015 and December 2015, Commission technical staff requested additional documentation on the pro forma projects via data requests issued in Dockets No. 140219-WU and 140220-WU.

On December 30, 2015, Commission technical staff informed the utilities that several of the requested pro forma projects had been removed from staff's recommendation because technical staff had not received sufficient documentation from the utilities. The utilities were given the opportunity to provide additional documentation no later than January 22, 2016.

On January 26, 2016, the utilities provided 10 contractor bids from five vendors as support for the requested pro forma projects. However, this documentation raised questions and Commission technical staff could not verify these bids. Therefore, the pro forma requests were not included in staff's recommendation. In performing its management audit, Commission audit staff examined the questionable bids Mr. Szabo provided in support of the pro forma requests.

Each of the five vendors emphatically stated that they did not prepare the bids in question. Several of the bids described products or services not offered by that particular vendor. In two instances, the vendors stated their names were misspelled on the bids. One vendor noted that a company "d.b.a." name he had never used was included on the bids. Another bidder recounted that his verbal estimate had been \$500, but the suspicious bid was written for \$7,800. Finally, one vendor stated a bid was apparently fabricated from a bid his company did provide two years earlier. He stated the letterhead and terms and conditions language had been altered. Commission audit staff also noted similarities in the wording used on bids that allegedly were provided by unrelated vendors.

Some insight was provided by one of these four vendors as to how these false bids may have originated. He explained to Commission audit staff that during January 2016, Mr. Szabo called and asked him to identify and contact several vendors to obtain written bids for various work projects. The vendor apparently told Mr. Szabo he would not obtain written bids but agreed to call a few contractors and make inquiries about their interest in the work. He called several potential bidders for the types of work described. Some provided "ballpark estimates," which he orally communicated to Mr. Szabo. He said no written bids were provided from these potential bidders.

What is Commission audit staff's conclusion?

Commission audit staff believes that the 10 bids from the vendors interviewed were fabricated by Alturas and Sunrise. The numerous errors and irregularities in the 10 bids, allegedly from five separate vendors, are unlikely to have been simple errors and coincidences. Based upon the belief these documents were falsified and provided in direct support of the pending rate increase request, Commission audit staff believes the Commission should consider bringing formal

enforcement action against the utilities. Commission audit staff notes that a rate case application form PSC/ECR 2-W was signed for both utilities by Mr. Szabo certifying that statements made therein were true and correct. Language positioned just below the signature line of that form warns applicants:

Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

Commission audit staff notes that the inclusion of falsified or overstated bids would have led to inflated customer rates, allowing the utilities' owner to reap improper profits. However, the internal controls built into the Commission's SARC process successfully prevented improper rates from being set in Dockets No. 140219-WU and 140220-WU. Consequently, no direct financial harm to ratepayers occurred and no adjustments to the utilities' present rates are needed.

6.0 Company Comments

6.1 Alturas and Sunrise Company Comments

This chapter contains comments provided by Mr. Szabo on behalf of Alturas and Sunrise in response to the audit report. These comments are reproduced verbatim:

If it would be allowed to rename Mr. Vilson Management Audit ... it should be called the Perfect Manual for a Which Haunt.

It contains endless allegations and twisting the facts all the way through, - that makes it very difficult to treat his report with respect

It is a public record the PSC never wanted truly help Sunrise or Alturas customers with a safe and continuous water supply,- and as an added excuses has initiated the Management Audit to justify their reasoning.

I am not expecting any leniency for any of my action or any recognition of my hard work - but I must demand a fair and balanced conclusion of his findings.

We cannot allow this report to be used as an additional tool for the PSC to cause any further delays of our ongoing process of re building the over 50 year old and deteriorated system of Sunrise Utilities - and to expose our customers to any further risks of their water source.

As our conclusion to the Audit, Mr. Vilson failed to present a realistic and an unbiased picture of both Companies.

You have extracted sentences from the PSC records with and interpretation for your own purposes.

Nothing was speared within your report, and many unnecessary and unethical allegations were made.

We must question the truthfulness and the viabilities of your RELIABLE _findings

You have also misinterpreted the true meaning of the NRRI steady and using your quotation...

." Most successful small system have an owner with a passion for the business, one who recognize and values the utility's public interest and obligation. "

This is who I am, - with my unshakable commitment to our customers.

You, Mr. Vilson having the access of the hundreds of pages of our records and witnessing our difficulties to able manage with the underfunded operation, - and still provide our customers with safe water supply without any incident all true the years. - have distorted the truth.

After severally being explained that Mr. Sheldon has no daily involvement in the affairs of Sunrise or Alturas still have kept on insisting to interview him just the same.

You have also insinuated as an added wrongdoing from Leslie Szabo part having the opportunity to avoid the Florida summer heat by going to Canada and living in Florida for the winter months.

I have always made myself available all through the years regardless being at what location, - and looked after the business in the daily bases.

We have been tormented within the last 3 years of the PSC artificially created and premeditated distraction relentlessly questioning of a non-existence Customer Service dissatisfaction, - and the Management Audit keeps on continuing the same practice.

As per your report from 01/01/2011 up to 02/17/2017 out of the 51 complaint in 2016, 8 were originated on 07/19/16 - as outage, due to major breakdown at Sunrise site.

Our SARC was stretched over a 22 months period and not one dollar was approved for additional up-keep maintenance, or replacement of the equipment's.

The PSC protected itself by using all the rules and regulations available to them, but our customer's interest were sacrificed.

Mr. Vilson with his debatable findings related to the so called falsified and overstated bids for repair and replacements, praises the PSC for their refusal to help Sunrise customers with their life necessity of water, - but safeguarded their water rate.

Can you imagine America have no water for one day or more?

The PSC can, - instead of preventing of happening a catastrophe, they kept on artificially focusing on the 3 % of our customer base complaints, and allowing all the customers to become casualties or collateral damages not having any water supply - and our business being destroyed.

Page 19 - Additionally, Mr. Mr. Szabo has actively worked to discourage customers from contacting the Commission. Mr Szabo sent all customers a July 29, 2016 letter detailing his dissatisfaction with the Commission rate increase decision and in large part asked the customers to stop complaining about service issue:

There are nine paragraphs extracted of from our original letter to alter reality without any acknowledgement the embarrassing actuality caused by the PSC.

Here is the **exact copy** of our July 29, 2016 letter to keep the records straight.

July 29, 2016

MESSAGE TO OUR CUSTOMERS,

We have realized from the reactions of a few our customers at Sunrise that the time has come to bring all our customers up to date of the reality we are both facing.

We are always aware of all the activities on a daily base of the Utilities.

If a breakdown occurs we are alerted immediately and looking for the solution at once to solve the problem as quickly as possible.

It is for our best interest to restore services because you only pay for the usages and with an interruption you will use less water.

Many times we do not have ourselves the answer how long will it take to restore the services but we always share the information available to us of the progress of the repair on our outgoing messages on the emergency phone line.

Our customer respond is very much various for the situation

We are thankful for those who could accept such situation as part of life without taking out their frustration on the Company or their representatives.

Those who feel themselves in a hostile situation during such problems, create the poisonous environment only out of their bitterness.

Not having any knowledge of the facts you can create further difficulties just being impatient. The virtue in such situation would be patience. The calmer we stay during a storm the better we come out.

Gossiping, spreading rumors and using inappropriate language only to get some attention isn't helping anybody. We never respond to such provocative act or words because it is a waste of time.

We do share your frustration for the interruption of the water services you are experiencing and are enraged of the circumstances are forced upon us.

Your continuous water supply was jeopardized and your rights has been denied by the Florida Public Service Commission to life on of most important essentials, - water.

Having an in depth knowledge of Sunrise and Alturas operating system and to maintain its capability to provide the proper services, we have turned to Florida Public Service Commission in good faith and made a Stuff Assisted Rate Case Application asking for their help in the mid of 2014

Our decision was based on common sense as our previous 2009 rate case history recognized our needs and helped us to insure a trouble free operation.

Our latest rate case applications were stretched without any valid reason for 22 months. It was handled very contrary to the previous one we had, as the entire process took 11 months only, and being fair to our customers or to the Utilities.

We have never objected or complained to be questioned relentlessly of all phases of the operation and our books to be examined.

It shows that our revenue only covers the operational expenses cut to the bare minimum without any reasonable compensation to management and without any safety net for repairs or improvements of these aging systems.

The PSC focused mainly on the administrative issues. The PSC had all the opportunity to help you and our Company but they have ignored our urgent needs from the underground piping to the generator and the condition of the water tanks and to the many other important parts that we must look after.

We have complied with their regulatory rules and provided the documentations in great details item by item to establish the absolutely necessary founding to have to maintain a trouble free operation.

Hearing our repeated requests to receive a timely answer, many promises were made from their part our case will be judged fairly and help is on the way, gave us false hope.

We have also been cautioned, if we are not willing to sell to one of the Mega Corporation as being suggested, the possibilities if no adequate help will come from their end, - our customer's continuous water supply might be in jeopardy.

We have found this very uncharacteristic to their mission statement

The Mega Corporation swallowing up the privately owned small Utility Companies in Florida being pressured and are forced to sell. They already have a near monopolistic market of the electricity, gas and water services under their jurisdiction.

If we allowed this to happen, our customer will be faced with a 2 or 3 times higher monthly bill than their current rates are.

Sunrise customers will have no other choice than to allow them to recover their investment with interest and also to pay for their much higher administrative expenses that we are having.

Their legal team will be able to rush through in a short time their rate case application for your new rate.

We were, and still we are the voice to be heard in your behalf to maintain your lowest rate privileges and to protect our investments.

Since we have purchased the water system in the year of 2004 and compared to the national inflation rate established by the Government, our revenue is less today.

We are allowed to apply for a rate increase every 2 years but we have only exercised this option within the last 12 years 2 times only.

Our expenses grow just like anybody else's but Sunrise Utilities customers are still in a very enviable position to have the lowest rate in the entire Polk County.

The currently approved minimal rate increase was mainly for administrative issues only and not one dollar was approved for improvement or for additional maintenance and none of our repetitious written request was acknowledged or answered related to this subject.

Hoping to be heard at the final meeting at our case approval, - I was silenced and humiliated and not able to say one word, just allowed to listen in to their conversation.

It made me realize that all our 22 months hard work and efforts and hopes are buried.

As our current situation stand no supplier will come forward with help without any re- assurance to get paid for their services or supply.

We are expected to do the impossible to provide our customers with a trouble free operation but without any help from the PSC part to help us to have additional founding

The situation we are forced into, is the direct result of their action will be never admit.

All information revealed to you in this letter are public records, and verifiable in the Florida Public Service Commission website.

Their organization finances is based mainly on the variable regulatory contribution and licensing fees from the Utility Companies, which is a very important part of our budget.

If they do not get paid timely we are facing huge penalties and if the funds has to be taken away from our operating budget ,,it is not their concern.

Regarding the reality of the process of your complains sent to the PSC : we will receive their request to have our answer citing all their rules, and explicate your rights

We will be forced to spend more time and money - as nobody works for us free, and keep reminding them we also do have our rights and boundaries we can work within.

Our advices to you please examine the source of the problem first, and involving the PSC, your service will not be back any sooner.

Any unnecessary telephone call or written complaint to the offices of the authorities regulating water services will push your wagon to the Mega Corporation direction.

Calling the Health Department for not receiving the boiled water notice you are admitting to be aware of the situation and is nothing else than a spitefully act.

No regulatory ruling will ever protect you if we are not following consciously our commitment to never expose our customers to health hazard.

Please give us the same courtesy as we extend toward you to while looking for the solution to your complain.

It is easy to draw early assumptions without knowing the facts but it takes responsibility to admit a mistake

We always know if the complaint is a real or fabricated to somebody's own benefit...

Beside the 20 complaints through PSC we had several emails and some of them were very insufficient to deserve an answer. Let us do our job without interruption.

We do understand your frustration of the service interruption, can you and imagine ours?

In short, - think first before you shoot.. It is our mutual interest to work together instead against each other.

We sincerely hope that we came together in this letter, and it is a nice beginning.

Keeping together will bring progress. Working together will be success.

Feel free to send us an e-mail about your concerns, or ask your questions with confidence.

Sunrise Utilities LLC

.....

We must resent all your fabricated reasoning to derail our rational reliability to look after our customers' needs and to comply and respect our responsibilities to them.

All the interest on customer deposit was paid and all the deposits were returned to all credit worthy accounts.

Regardless of Mr. Vilson beliefs we always had a financial and operational planning, - otherwise the business would not survive due the forced upon circumstance from the PSC refusal to come forward with any help.

All the Triaholomethane and Haloacetic Acid Test were completed in the timely manner as ordered by the PCHD.

As of date we are 100 % aware of all our meter location and they are read monthly and are tested for accuracy - for all parties benefit.

We have never demanded from our customer to pay any higher amount than their actual gallon usages are, but we need to get paid also for our services.

Realistically the **51** Sunrise complaint (including 8 for outages) from 05/26/ **2011** up to 02/17/ **2017** are multiple generated complaints from the same individuals with various and unfounded excuses to not to pay their bill on time, - or not at all.

Many of the complaints are repetitious from 3 to all the way to 15 times from the very same people.

Looking them individually it is less than 3% of our customer base, - and it should not be the most major concern to the PSC.

We have earned our customers trust by an unusually high 90% ratio due to our billing records and customer service satisfaction performance all through the years.

It could not have been accomplished without Maria Mitra qualification and devotion to Sunrise and Alturas Utilities.

We have decided not to submit the 21 pages of M. Mitra detailed explanation of each case complaints made by Sunrise or Alturas customers pointing out all the wrongful resolutions of the PSC made, - to not to stretch this letter any further.

They clearly shows the PSC never reprimanded the notorious complainers for their repetitious and obvious artificially submitted claims, - but rather encouraged them.

It has caused many additional and unnecessary works to Utility.

They were answered within the very same day explaining the actuality of the circumstances and the truth, and submitting all the accounting records requested by the PSC.

Always being very cooperative and truthful to the facts - the PSC declared hastily the Utility being in Violation.

They are public records and cannot be altered and will show the reality.

They are the positive proof of Mr. Vilson inconsiderate assassination of the actual background of each case, and his eagerness to damage Sunrise and Alturas reputation in every possible way.

The following will be good examples how far are you willing to go and altering the facts of a customer wicked concern, - and to became a complaint.

A Sunrise complainant was told by a neighbor that teens were trespassing on his property. When confronted, the teens apparently stated, " they were helping their father with....reading the water meters.". In response to the complaint, the utility acknowledged that the teenager was assisting with the meter reading.

CALLER NAME: SANTIAGO ALEXANDRA

Details:

I'm not quite sure if this would be categorize as a complaint, more of a concern. Last weekend 01/29/17, one of our neighbors let us know that we had kids that were searching through our property. When he went to confront them, they let him know that they were helping their father (Robert Owens) with reading the water meters. My concern is whether or not this is legal? Can the person who is supposed to be reading our meters enlist the assistance of minors (even if its his own kids) to do his job? I actually searched the man that is in charge of reading our meters (we are on the same Facebook group page that William M Scott made) and at least one of his kids looks under 15 years of age.

Facebook group page that William M Scott made) and at least one of his kids looks under 15 years of age.

Another concern is whether or not the gentleman actually has worker compensation with Sunrise Utilities and is his son covered as well? How do I or any of my neighbors know that we won't be sued if something happens to either Mr. Owens or his kid on our property? I also saved a picture of a post that Mr. Scott made on Facebook stating that he had acquired high visibility vest for Mr. Owens and his son. Among the multiple issues this company has, could it be possible that some of the issues of incorrect meter reading be because a teen is doing it and might have issues reading the numbers and guessing and causing incorrect billing? Along with faulty meters that Sunrise swears there's nothing wrong with? I'd like to see this concern addressed. I don't feel comfortable with a minor walking on my property doing his fathers work, just because the father can't keep up with his job

Since MS. SANTIAGO is not making a Complaint but expressing her CONCERN about being informed from one of her neighbor-.

"I'm not quite sure if this would be categorize as a complaint, more of a concern"

NOTE: CASE may be logged in as a complaint or as an information request we consider this case as information request.

Mr. Ethan Nixon, 2561 Edmond Circle has an Account with Sunrise LLC since December 2015.

Ms. Alex Santiago wasn't present on this occurrences as she informed us, one of her neighbor was the one who prescribed her the events.

This "neighbor" when confronted the "kids" and they identified Mr. Robert Owens as the meter reader, should turn immediately and directly with his/her concern or questions to Mr. Robert Owen.

This situation and occurrences are not evident since Alexandra Santiago wasn't witnessing but only describing her concern based on her beliefs.

We are in the same shoe : we were not present and anything what we believe can be stated accordingly.

I confronted personally Mr. Owens and here is the truth and his version:

He was reading the meters with his son's help; who was only writing the numbers given from his father who was cleaning with his hand the dirt, debris or plant in order to get to the meters.

He has even show us pictures how inconsiderate are some of the Customers by not making available their meter for reading once a Month and this makes impossible for him to read the meters by himself.

For the information Mr. Owens's son is over 16 year old and both can be very proud for choosing to help his father because this only shows his character and good will.

I believe that Ms. Santiago can relate to what it means to be a proud parent or will experience and in this lights now understands exactly what happened.

Mr. Owens and Mr. Scott, both have a full time job and they are only working part time with Sunrise as independent contractors.

M.Mitra

Management Audit – Debbi Valle 1

Instead of accepting and re-examining the given circumstances you have decided to categorize and to label Leslie Szabo not only as an uncooperative person but also not being able to handle the affairs of Sunrise and Alturas Utilities, - based on your assumption and believes, - including your findings from Debbie Valle

1) Please update the information in the company's October 14, 2016 status report to the Commission that relate to changes in utility employees or contractors. Please describe the reasons for any changes that occurred recently and provide detailed relevant background information regarding why any changes were made.

Our complete answer.

We have replaced Ms. Debbie Valle being in charge for customer billing and collection and deposit of customer payments received.

Ms. Valle did not follow our instruction or were cooperative regarding handling some of the written off accounts. Her reasoning of already having a daily full time job, and she only have a limited time to spend on our business, - we have acted upon of her repetitious suggestions and to the many numerous warning to find somebody else to fill this position.

It is my responsibility that all active or existing accounts should be billed to protect our revenue.

Ms. Valle become revengeful to our decision and unlawfully has deleted our entire our software program without any prior warning to us, - knowingly that we are in parallel line with her computer and we will lose all our data's from our end, creating an immeasurable problem for Sunrise and Alturas Utilities.

Always acting responsible to our business we have kept on saving on the daily bases all our data's in our software program in a separate and secured location.

Ms. Valle as of date have refused to return our check processing machine (she has never installed by not having the time to start to activate) claiming she has received it broken when we asked for to be returned.

We have received from Ms. Valle many enraged letters, and threatening us to contact the PSC directly, for reason of her own.

I will not speculate if this Management Audit was the direct result of her action, - but it also gives us an opportunity for the PSC to realize there were no irregularly activity were committed, and we have nothing to hide.

Ms. Debbie Valle duties were taken over by Ms. Barbara Crozier who is a resident of Sunrise

We are discussing with her on a daily base all the necessary action to be taken regarding any of the individual customer status.

Any questions regarding to customer issues or billing should be addressed to M Mitra at yourwaterutilities@gmail.com

We also had to hire another person for the meter reading and to replace Mr. Mike Watkins being a close Family member of Ms. Valle and not willing to continue to work for Sunrise or Alturas Utilities any longer.

Meter reading and maintenance was taken over by Mr. William Scott who is very knowledgably in all phase of the water utilities operation and maintenance with 20 years of experience.

Management Audit – Debbi Valle 2

7 Please describe the process for generating bills, receipt of payment, and processing of payments for both companies.

We are using the same software program within the last many years and the bills are generated based on the customers' gallon usages with our current rate base already programmed in.

The software program does not allow making any changes regardless who is using it

The November monthly billing were prepared and mailed to the customer by Barbara Crozier being in charge at this area.

The customer payments received is deposited the same way as before.

Mr. Vilson extract from our original answers and conclusion for Debbie Valle defense !

Yet in the same letter, Mr. Szabo contradicting himself stating

We are using the same software within the same many years and the bills are generated.... with our rate base already programmed in. The software program does not allow making any changes regardless who is using it. " (sic)

The rate bases are public knowledge data and are part of the software program. When the actual gallon usages read based on the individual customer water consumption the software creates the bill.

Debbie Valle **DELETAD all our customer data's from** : their actual names addresses, --meter ID number , - latest meter reading position of each of and all of our customer base **and THEIR ENTIRE BILLING HISTORY** !

In a simple term, if somebody brakes into your house to take your life possession away or with an intent to kill you, and the alarm system prevented from happening, - there is no crime committed ?

Management Audit – Debbi Valle 3

We did not wanted to fuel Debbie Valle anger any further because of her replacement after receiving her first very disturbing letter, and our disappointment in her.

Therefore neiether I or M Mitra had any written or verbal communication with Debbie Valle since her separation from Sunrise and Alturas Utilities as of October 9, 2016.

Unfortunately I am forced to bring to the PSC attention her last e-mail received February 3, 2017 - within the many similar and insulting and falsified accusation letters in between.

I did not feel the necessity to expose her true feelings and her offensive characterization against me and M Mitra, - but after receiving the Management Audit one sided and bias conclusion prepared by Mr. Vilson, - gives me no choice than straight out the facts.

No Subject]

People

Debbie Valle <mmvalle58@aol.com>

To

yourwaterutility@gmail.com l.szabo@rogers.com

CC

sallen74647@gmail.com

February 3, 2017

Today at 8:35 PM

This message contains blocked images.

Show Images

Change this setting

You are such a bitch. It's time to realize that you are the scumbag here - both you and Leslie are nothing more than lying, cheating assholes. I've already filed a complaint with the attorney general of Florida for you **falsifying documents to help your rate case.** You know you falsified them, **the PSC knows you falsified them** and now so will the attorney general and Bruce Alumbaugh will swear to it in a court of law. You picked the wrong person to use their name falsely. Are you getting it yet? **We all hate you,** that should tell you something. By the way - it's a crime to submit false documents to a government agency punishable **my** jail time.

You have the gall to call yourself Reverend? Well Reverend - I hope you burn in hell for your actions, you damn sure deserve to. **Those people out there might not know how to bring you down but I damn sure do** - I'm smarter than the two of you will ever think about being so go screw yourselves. Liars and cheaters never win and all of us at Sunrise are going to see you get EXACTLY what you deserve. **The news media will be out soon to do a story on all of this and I'll be right there to give them every bit of information that I have and trust me, I still have it ALL!!!!!!!!!!!!!!!!!!!!!!** Now, I'll tell you what you told Sherry Allen, it's time YOU recognize you can't blame anyone but yourselves!! Choke on that will ya Reverend!!!

Debbie Valle

The only validity we are willing to accept within this letter that she has called M. Mitra as reverend, and she really is.

She become an ordained Minister in the state of Ohio in the year 1998.

She was exposed to the many faces of human behavior from joyous occasions from conducting marriages, - all the way to burry many of her followers, and comforting the families left behind in their deepest sorrow.

M Mitra always treated all customer complaint with fairness and compassion as her commitment to the people.

I am certain you have already noticed within her respond to the PSC as she has devoted most of her time previously with the Hungarian Community, - English is not her first language.

I hope Mr. Vilson will realize his valid source of information regarding Debbie Valle willingness to help the PSC need to be reconsidered.

Debbie Valle accusation should be recognized of being revengeful and to be reexamined due to their self serving purposes,

Management Audut - Annual Reports 1

Alturas and Sunrise have exhibited o history of disregard for regulatory compliances by filing annual reports late and not filing o written request with the Commission for an extension on time.

The reality is that all the Annual Reports between 2008 and 2016 was mailed and received on time.

The 2106 Annual Reports was also mailed prior to Mach 31 as per regulation requirements, - but was lost in the mail.

When it was brought to our attention we have submitted immediately electronically the copies of the 2016 report for Sunrise and Alturas, - already being completed.

We did not file a written request as it was not called for, - not being aware it was not received

Management Audut - Annual Report 2

We must bring to Mr. Vilson attention a serious error of the accounting from his or the PSC part, not acknowledging the actual Regulatory Assessment Fees payments made.

In May 2014, Alturas and Sunrise agreed to payment plans negotiated with Commission staff for delinquent RAFs. Alturas and Sunrise agreed to submit monthly payment of \$ 85 and \$ 250 respectively to the Commission beginning November 2014 and continuing until the balance of outstanding RAFs are paid in full, including penalties and interest.

Audit for **ALTURAS**

Alturas Audit shows No payment received in the year **2014**

The actual payment made in **2014** - \$ 85.00 each - Aug, Sept, Oct, Nov, Dec totaling **\$ 425.00** - versus no payment at all.

Alturas Audit shows 01/01/**15** – 12/31/**15** **\$ 623.48**

Alturas actual payment made in 2015 - of \$ 85.00 each - Jan, Feb, March, April, June, July, Aug, Sept, Oct, Nov, Dec, Totaling **\$ 935.00** - versus \$ 623.48

Alturas Audut shows No payment received in the year **2016**

Alturas actual payment made in 2016 of \$ 85.00 each - Jan, Feb, March, April, May, June, July, Nov, Totaling **\$ 680.00** - versus no payment at all.

Audit for **SUNRISE**

Sunrise Audit shows No payment received in the year **2014**

Sunrise actual payment made in 2014 of \$ 250.00 each - Nov, Dec, Totaling \$ 500.00 - versus no payment at all.

Sunrise Audit shows only one payments of \$ 250.00 for – 01/01/**15** – 12/31/**15**

Sunrise actual payment made in **2015** of \$ 250.00 each - Jan, Feb, March, April, May, July, Sept, Oct, Nov, Dec, Totaling **\$ 2,500.00** - versus \$ 250.00

Sunrise Audit shows – 01/01/16 – 12/31/16 - No payment received in the year **2016**

Sunrise actual payment made in 2016 of \$ 250.00 each - Feb, March, April, May, Aug, Nov, Totaling **\$ 1,500.00** - versus no payment at all.

I am certain the PSC will rectify the error occurred for Alturas \$ 1,417.00 and for Sunrise \$ 4,250.00 and we will be credited with the actual payments made.

I was not aware of the accounting error, - and had the impression that I have angered some of the PSC officials for the reason of not continuing with our agreed payment arrangement since mid 2016.

As per our records, - we have faithfully complied with the negotiated arrangement until mid 2016 when the major breakdown occurred at Sunrise.

We were forced to allocate any available funds to restore and to maintain water services for Sunrise customers.

Not remembering my exact quotation I have stated, - not feeling guilty about that I have chosen to provide Sunrise customers with their life essential , - instead of paying the RAF dues as the PSC have enough funding to maintain operation, - but we don't.

We are in the process to re-build the already deteriorated Sunrise system within the next 8 - 10 months and hopefully there will not be any failure in between, - not having any reserved funds to rely on.

As part of our financial or business plan we will continue as of June 25, 2017 with the agreed payment plan of \$ 85.00 and \$ 250.00 in every second month until the system will be rebuild and our operation will become worry free.

Of course after the task accomplished, we will continue make the payment plan on the regular monthly bases until all outstanding RAF dues are fully paid.

My Closing Thoughts:

I wish your Audit was independent and accurate as it was promised to be within your November 2014 letter, - but is NOT.

We were hopeful that the report finally will create a strategic partnership between Sunrise and Alturas Utilities and the PSC, - for the true benefit to all their customers.

It did not happened...and it is immaterial if the report was written solely on Mr. Vilson personal conviction to hurt and to discredit Leslie Szabo in any way possible - or his action were influenced by higher authorities within the PSC.

It was never our intention to disappoint or to anger any Public Officials, having respect to their authority and always acted responsible to any of their impartial order or recommendation

In the late 2014 we have initiated our SARC and the relationship between Leslie Szabo and the PSC since than.. not only not remained impartial compared to the previous years, but was routed to run on a collision course.

We have never asked the PSC to share our pain, but never asked either to be forced to defend the truth continuously with one hand, and to run the business with the other hand.

Leslie Szabo

7.0 Appendices

7.1 Appendix A Sunrise Utilities – PSC Complaints

Sunrise Utilities Complaints filed with the Commission (2011-March 31, 2017)										
CATS No.		Receive Date / Response Date	Response Timely (1) or Late (0)	Closeout Date	Closeout Code/ Apparent Rule Violation	Customer Reported Issues 2011 – March 31, 2017				
						Billing	Customer Service	Disconnect	Metering	Service Quality
1	1010939W	05/26/11 06/16/11	1	07/01/11	GI-25: Improper Billing	1	0	0	1	0
2	1012226W	06/06/11 06/15/11	1	08/10/11	GI-25: Improper Billing	1	1	0	1	0
3	1043298W	12/09/11 01/31/12	0	02/07/12	Violation- WB-49: 25-22.032(6)(b) - Failure to Respond to FPSC w/i 15 days	1	0	0	0	0
4	1064303W	05/16/12 05/23/12	1	06/22/12	GI-15: Outages	0	0	0	0	1
5	1069564W	06/28/12 08/16/12	0	08/21/12	Violation- WB-04: 25-30.261 - Inaccurate Meter Reading	1	1	0	1	1
6	1070686W	07/06/12 08/16/12	0	08/20/12	Violation - WB-50: 25-22.032(6)(b) – Failure to Respond to Cust w/i 15 days	1	1	1	1	0
7	1075376W	08/09/12 10/12/12	0	10/12/12	Violation - WB-50: 25-22.032(6)(b)	1	0	0	0	0
8	1087018W	10/25/12 12/11/12	0	12/18/12	Violation - WB-49: 25-22.032(6)(b)	1	0	0	1	0
9	1099980W	02/04/13 03/05/13	0	03/15/13	Violation - WS-49: 25-22.032(6)(b)	0	1	1	0	1
10	1114019W	06/21/13 07/09/13	1	08/21/13	GI-05: High Bill	1	1	1	1	0
11	1149352W	06/09/14	0	12/08/14	Violation - WS-49: 25-22.032(6)(b)	0	1	0	0	0
12	1149764W	06/12/14 11/05/14	0	11/14/14	Violation - WS-49: 25-22.032(6)(b)	0	1	0	0	0
13	1159150W	09/11/14 10/21/14	0	01/12/15	Violation - WS-49: 25-22.032(6)(b)	1	1	0	1	0
14	1166411W	11/21/14 12/15/14	1	02/10/15	GI-08: Rules/Tariffs	1	1	1	0	0
15	1172870W	01/30/15 04/29/15	0	10/01/15	Violation - WB-49: 25-22.032(6)(b) WB-51: 25-22.032(6)(e) – Failure to Respond to FPSC w/i 7 days	1	1	1	0	0
16	1176047W	03/06/15 04/30/15	0	05/01/15	Violation - WB-49: 25-22.032(6)(b)	1	1	1	1	0
17	1178106W	04/01/15 04/30/15	0	05/07/15	Violation - WS-49: 25-22.032(6)(b)	0	1	0	0	0
18	1180403W	04/30/15 05/01/15	1	06/04/15	GI-25: Improper Billing	1	1	0	1	0
19	1186456W	07/16/15 08/17/15	0	03/24/16	Violation - WB-50: 25-22.032(6)(b)	1	1	0	1	0

Sunrise Utilities
Complaints filed with the Commission
(2011-March 31, 2017)

CATS No.		Receive Date / Response Date	Response Timely (1) or Late (0)	Closeout Date	Closeout Code/ Apparent Rule Violation	Customer Reported Issues 2011 – March 31, 2017				
						Billing	Customer Service	Disconnect	Metering	Service Quality
20	1189057W	08/13/15 08/18/15	0	11/28/16	Violation - WB-28: 25-22.032(6)(c) – Failure to Provide Full/Accurate Report	1	1	1	1	0
21	1190043W	08/25/15 09/18/15	0	10/30/15	Violation - WB-28: 25-22.032(6)(c)	1	0	1	1	0
22	1193439W	09/29/15 10/01/15	1	11/03/15	Violation - WB-22: 25-30.335(1) – Payment Not Credited Error; WB-28: 25-22.032(6)(c)	1	1	1	1	0
23	1193554W	09/30/15 11/03/15	0	04/18/15	Violation - WB-49: 25-22.032(6)(b) - Failure to Respond to FPSC w/i 15 days	1	1	1	1	0
24	1193600W	09/30/15 10/16/15	1	11/06/15	GI-11: Repair Service	0	1	0	0	1
25	1205644W	02/17/16 03/18/16	0	03/29/16	Violation - WB-49: 25-22.032(6)(b)	1	1	0	1	1
26	1206935W	03/03/16 03/10/16	1	04/12/16	GI-29: Connect Delay	0	1	0	0	0
27	1207817W	03/15/16 03/16/16	1	06/27/16	Violation - WB-04: 25-30.261 – Inaccurate Meter Reading WB-51: 25-22.032(6)(e) – Failure to Respond to FPSC w/i 15 days	1	0	0	1	0
28	1208087W	03/18/16 03/21/16	1	04/29/16	GI-25: Improper Billing	1	1	0	0	0
29	1211481W	05/02/16 06/09/16	0	07/13/16	Violation - WB-16: 25-30.335(2) – Bills Not Marked Estimate	1	1	0	1	0
30	1211566W	05/03/16 06/07/16	0	06/08/16	Violation - WB-49: 25-22.032(6)(b)	1	1	0	1	1
31	1211896W	05/06/16 05/10/16	1	05/26/16	Violation - WB-24: 25-30.345 – Improper Billing of Reconnect/Service Charges	1	1	0	1	0
32	1214332W	06/09/16 06/24/16	1	07/15/16	GI-15: Outages	0	1	0	0	1
33	1214339W	06/09/16 06/27/16	1	07/15/16	GI-15: Outages	0	0	0	0	0
34	1215984W	07/01/16 07/06/16	1	07/08/16	GI-25: Improper Billing	1	1	1	0	0
35	1217687W	07/19/16 08/09/16	1	08/24/16	GI-15: Outages	0	0	0	0	1
36	1217704W	07/19/16 08/09/16	1	08/24/16	GI-15: Outages	0	0	0	0	1
37	1217726W	07/19/16 08/09/16	1	08/24/16	GI-15: Outages	0	1	0	0	1
38	1217728W	07/19/16 08/09/16	1	08/24/16	GI-15: Outages	0	1	0	0	1
39	1217823W	07/20/16 08/09/16	1	08/24/16	GI-15: Outages	1	0	0	0	1

Sunrise Utilities Complaints filed with the Commission (2011-March 31, 2017)										
CATS No.		Receive Date / Response Date	Response Timely (1) or Late (0)	Closeout Date	Closeout Code/ Apparent Rule Violation	Customer Reported Issues 2011 – March 31, 2017				
						Billing	Customer Service	Disconnect	Metering	Service Quality
40	1217920W	07/21/16 08/09/16	1	08/29/16	GI-15: Outages	0	0	0	0	1
41	1217998W	07/22/16 08/09/16	0	09/30/16	Violation - WS-28: 25-22.032(6)(c) – Failure to Provide Full/Accurate Report	1	0	0	0	1
42	1219107W	08/05/16 08/09/16	1	09/09/16	GI-30: Service Quality	0	1	0	0	0
43	1219967W	08/12/16 08/15/16	1	11/30/16	Violation - WS-51: 25-22.032(6)(e)	1	1	1	0	0
44	1226926W	11/02/16 12/09/16	0	12/14/16	Violation - WS-12: 25-30.320(5)(6) – Service Improperly Disconnected	0	0	1	0	0
45	1182487W	05/28/15	0	12/03/15	GI-11: Repair Service	0	0	0	0	1
46	1207276W	03/08/16 03/21/16	0	04/27/16	GI-11: Repair Service	0	0	0	0	1
47	1232339W	01/04/17 01/04/17	1	03/31/17	Violation - WB-13: 25-30.320(2)(g) – Improper or No Disconnect Notice WB-48: 25-22.032(3)– Disconnect Protection during Complaint Process Violation - WB-14: 25-30.335(1) – Inadequate information on bills	1	0	0	1	0
48	1235086W	02/02/17 02/02/17	1	02/28/17	Violation - WS-12: 25-30.320(5)(6) – Service Improperly Disconnected	0	1	1	0	0
49	1235221W	02/03/17 02/03/17	1	03/14/17	GI-25: Improper Billing	1	1	0	0	0
50	1235681W	02/08/17	1	03/03/17	GI-30: Service Quality	0	0	0	1	0
51	1236441W	02/17/17	1	03/29/17	Violation - WB-22: 25-30.335(1) – Payment not Credited	1	1	0	1	0
Apparent Rule Violations (CATS closeout code): 33						31	33	14	22	16

7.2 Appendix B Alturas Utilities – PSC Complaints

Alturas Utilities Complaints filed with the Commission (2011-March 31, 2017)									
CATS No.		Receive Date / Response Date	Closeout Date	Closeout Code/ Apparent Rule Violation	Customer Reported Issues 2011 – March 31, 2017				
					Billing	Customer Service	Disconnect	Metering	Service Quality
1	1005510W	04/26/11 05/11/11	06/07/11	GI-25: Improper Billing	1	1	0	0	0
2	1005688W	04/26/11 05/11/11	05/31/11	GI-25: Improper Billing	1	1	0	0	0
3	1005756W	04/27/11 05/11/11	06/02/11	GI-25: Improper Billing	1	1	0	1	0
4	1006193W	04/28/11 05/11/11	06/02/11	GI-30: Service Quality	0	1	0	0	0
5	1027281W	09/01/11 09/27/11	10/12/11	Violation - WS-12: 25-30.320(5)(6) – Service Improperly Disconnected	0	0	1	0	0
6	1032388W	10/03/11 11/02/11	11/08/11	Violation - WB-49: 25-22.032(6)(b) – Failure to Respond to FPSC w/i 15 days	1	1	1	1	0
7	1172953W	01/30/15 05/01/15	05/01/15	Violation - WS-49: 25-22.032(6)(b)	0	1	1	0	0
8	1206194W	02/23/16 03/15/16	03/29/16	GI-30: Service Quality	1	1	0	0	0
9	1207988W	03/17/16 04/07/16	08/03/16	Violation - WB-51: 25-22.032(6)(e) – Failure to Respond to FPSC w/i 7 days	1	1	0	0	0
10	1207995W	03/17/16 03/17/16	04/21/16	GI-29: Connect Delay	0	1	0	0	0
11	1210193W	04/14/16 04/18/16	05/25/16	GI-25: Improper Billing	1	0	0	1	1
12	1230140W	12/07/16 12/15/16	01/24/17	GI-25: Improper Billing	1	0	0	1	0
Apparent Rule Violations (CATS closeout code): 4					8	9	3	4	1