1	BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION			
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3		:		
4	In the Matter of	: DOCKET NO. 950495-WS		
5	Application for a rate i and increase in service	ncrease :		
6	availability charges by STATES UTILITIES, INC. f			
7	Orange-Osceola Utilities in Osceola County, and i	, Inc. :		
8		otte, :		
9	Hernando, Highlands,			
10		Osceola, :		
11	Pasco, Polk, Putnam, Sem St. Johns, St. Lucie, Vo			
12	Washington Counties.			
13				
14		}		
15	PROCEEDINGS:	JACKSONVILLE SERVICE HEARING		
16	BEFORE:	CHAIRM SUSAN F. CLARK		
17		COMMISSIONER J. TERRY DEASON COMMISSIONER DIANE KIESLING		
18		COMMISSIONER JOE GARCIA		
19	DATE:	Wednesday, September 20, 1995		
	TIME:			
20	TIME:	Commenced at 6:00 p.m. Concluded at 10:25 p.m.		
21	PLACE:	Prime Osborn Convention Center		
22		Ballroom South 1000 Water Street		
23		Jacksonville, Florida		
24	REPORTED BY:	SYDNEY C. SILVA, CSR, RPR		
25		Official Commission Reporter NUMBER-DATE		
		09911 OCT-9 xl		

FLORIDA PUBLIC SERVICE COMMISSION

APPEARANCES:

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BRIAN P. ARMSTRONG, 1000 Color Place, Apopka,
Florida, 32703, Telephone No. (407) 880-0058, appearing on
behalf of Southern States Utilities, Inc.

MICHAEL B. TWOMEY, Route 28, Box 1264, Tallahassee,
Florida 32310, Telephone No. (904) 421-3586, appearing on
behalf of Sugarmill Woods Civic Association, Inc., Spring Hill
Civic Association and Marco Island Fair Water Rate Defense
Fund Committee.

ROSANNE CAPELESS and LILA A. JABER, Florida Public Service Commission, Division of Legal Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0870, Telephone No. (904) 413-6199, appearing on behalf of the Commission Staff.

JACK SHREVE, Public Counsel, and CHARLES J. BECK,
Associate Public Counsel, Office of Public Counsel, 111 West
Madison Street, Room 812, Tallahassee, Florida 32399-1400,
Telephone No. (904) 488-9330, appearing on behalf of the
Citizens of the State of Florida.

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## PROCEEDINGS

## (Hearing convened at 6:00 p.m.)

CHAIRMAN CLARK: Ladies and gentlemen, I would like to call the hearing to order. We like to start these things on time so we have enough time to hear from you all and we don't go to too late an hour. There are some things we have to do preliminarily before we take your testimony and one of those things is to read the notice.

Counsel, will you please read the notice?

MS. CAPELESS: Pursuant to notice, this time and place has been designated for a customer service hearing in Docket No. 950495-WS, application for a rate increase and increase in service availability charges by Southern States Utilities, Inc.

CHAIRMAN CLARK: Thank you.

We'll take appearances starting with you,
Mr. Armstrong.

MR. ARMSTRONG: Thank you, Madam Chair. Brian Armstrong for Southern States Utilities, 1000 Color Place, Apopka, Florida, 32703.

CHAIRMAN CLARK: Mr. Twomey?

MR. TWOMEY: My name is Mike Twomey, Route 28, Box 1264, Tallahassee, Florida, 32310. I'm appearing on behalf of the Sugarmill Woods Civic Association, which is located in Citrus County; Spring Hill Civic Association, Inc., which is

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located in Hernando County; and the Marco Island Fair Water Rate Defense Fund Committee, which is located in Collier County in Marco Island. That's it.

CHAIRMAN CLARK: Thank you.

Mr. Shreve?

MR. SHREVE: Jack Shreve and Charlie Beck, Office of the Public Counsel, Tallahassee, Florida, appearing on behalf of the Citizens of the State of Florida, the customers in opposition to the rate increase. (Applause)

CHAIRMAN CLARK: Ms. Capeless.

MS. CAPELESS: Rosanne Capeless, and with me is Lila Jaber, appearing on behalf of the Florida Public Service Commission Staff.

CHAIRMAN CLARK: Thank you very much.

Good evening, my name is Susan Clark. I'm the Chairman of the Public Service Commission. With me tonight are three other Commissioners; we have another one, Julia Johnson, who is not here tonight, but she has been attending the other service hearings. But to my right is Commissioner Terry Deason, to his right is Commissioner Joe Garcia, and to my left is Commissioner Diane Kiesling.

Since I am the Chairman, I get to conduct this proceeding tonight. We're here for the purpose of receiving your comments about Southern States Utilities. We want to hear about the proposed rate increase and we're particularly

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interested in your comments about the quality of service rendered by this utility.

The comments you give today will be recorded by our court reporter, who is sitting right over here, and they will become part of the official record of this proceeding. Your comments will be used by us, along with the other evidence gathered in this case, to make a decision regarding the requested rate increase.

I would like to give you some background about how we process rate increase requests. The process takes about eight months from start to finish. It begins officially when the utility files a petition asking for a rate increase. This petition is a legal document which summarizes the reason for the increase. It is accompanied by a compilation of the financial, engineering and rate information that supports the utility's request.

This case began when Southern States filed an application with the Commission for increased water and wastewater rates. The Utility has requested a two-tier uniform water rate along with a uniform wastewater rate. The Utility has requested a final rate increase of up to 45.9% for water and 30.21% for wastewater. They have also requested an interim rate increase.

I want to emphasize that this is what they have requested, this is not what we have yet voted on.

During the pendency of the proceeding, the parties who have intervened in this matter may solicit further information from the Utility through interrogatories, depositions and other discovery. And the intervenors will also sponsor their own witnesses to give testimony in opposition to the rate increase.

This testimony will be given at an evidentiary hearing, and we have set aside nine days for this hearing beginning on January 29th, 1996, in Tallahassee.

As part of this rate increase process, we are holding 14 customer service hearings throughout the state to hear from you, the customers of this Utility. Customer hearings are specifically designed to gather information about the quality of service you are receiving from this Utility.

After all the hearings have been conducted, the Commission will meet once again in what is called an agenda conference and we will decide the issues in the case and decide whether or not a rate increase is warranted.

During all the public hearings, the parties are represented by their particular attorneys. And you have heard those attorneys introduce themselves, but let me once again indicate who they are.

This is Mr. Brian Armstrong, he's with the Utility.

This is Mr. Mike Twomey, he's representing various intervenors in this case, particularly Sugarmill Woods, Spring

Hill and Marco Island. 2 Mr. Shreve is back here against the wall. With him is Charlie Beck. 3 | We have Rosanne Capeless and Lila Jaber from our 5 Staff. 6 I would also like to tell you we have brought with 7 us other Staff people who are here to assist you. Sometimes 8 you have specific service problems you would like to talk to a Staff person one-on-one with or you have other questions you 9 don't feel comfortable asking in a public forum. Let me 10 introduce some of those people today, so you know who they are 11 and if you have questions you may speak to them. 13 The first person is Marshall Willis. He's right here. He's an accountant and analyst with our Staff. Mr. Bob Crouch, who is an engineer with our Staff. 15 Mr. Troy Rendell, who is a rate analyst. 16 And Greg Shafer, who is head of one of our bureaus 17 in Water and Wastewater. 181 Gerald Edwards, who is likewise an engineer. 19 Jeanne Clark, Jeanne is an engineer. Have I got 20 that wrong? 21 Accountant. MS. CLARK: 22 CHAIRMAN CLARK: Accountant. Excuse me, Jeanne. 23

bureau is Mr. Chuck Hill. He is standing back against the

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Another engineer is Ted Davis. The head of our

wall.

And In the back of the room the person you probably met when you came in is our public information officer and head of our Public Information Division, Ms. Bev DeMello.

And finally, standing at the door at the back is my aide, Mr. Billy Stiles. He's also available to help you with any questions you may have or things you want to talk about regarding this case.

I would like to point out to you that the Commission Staff is here today and functions to make sure that the record in this case is as complete as possible and all the aspects of the case are thoroughly explored. The Commission Staff has expertise in utility rate-setting and assists the Commission in becoming as knowledgeable as possible about the cases before it. As you can tell from my introduction, we have accountants, engineers, attorneys and rate analysts, so we have brought with us all those people that should be able to help you with any problem you may have.

I would like to emphasize that the purpose for us being here is to listen to the concerns that you have about this utility. However, we have found that it may be appropriate to allow very brief opening statements from the parties to give you their positions on this particular case. In order that we may have enough time to hear from you, we are going to limit opening statements to five minutes. And what

I'm going to do is go ahead and allow those opening statements now, and then I will proceed with swearing in the witnesses, and then we will begin calling your names if you signed up in the back.

We will take you in the order you signed up. So if you signed up first, you will be the first witness to be heard.

Before I do turn it over to counsel to make their statements, I would like to indicate to you that last week the Commission made a decision regarding Southern States
Utilities; and pursuant to a decision of the First District
Court of Appeal, we voted to go to a rate structure that is more system oriented rather than one oriented toward uniform rates.

The rates will be voted on next week, so I can't tell you what they will be and how the rates may be changed.

That decision, like all our decisions, is subject to further proceedings. Sometimes we get motions for reconsideration and sometimes those decisions are appealed to the courts. But I want you to know that you will get notice of the rate changes before they go into effect.

Mr. Armstrong, would you like to make a brief opening statements for five minutes?

MR. TWOMEY: Madam Chairman?

CHAIRMAN CLARK: I'm sorry. Commissioner Kiesling

has just indicated that you will get notice of what we have done, what happens next week at agenda with respect to the rates and what we have done pursuant to a court decision.

Mr. Armstrong?

MR. ARMSTRONG: Thank you, Madam Chairman.

MR. TWOMEY: Madam Chair, execuse me. Before he starts, I have a preliminary matter if you would entertain it.

CHAIRMAN CLARK: Go ahead, Mr. Twomey.

week ago, last Wednesday morning, on behalf of the Board of County Commissioners of Citrus County, the Sugarmill Woods Civic Association, Inc., and the Spring Hill Civic Association Inc., I filed a motion asking Commissioner Kiesling to either disqualify herself or to abstain from further matters in these proceedings. I went to a hearing in Chipley -- in Sunny Hills the next day and she indicated that she had not seen it.

Now, I'm aware, I think, that she participated in a hearing last night in Kissimmee. And what I want to suggest to you, Madam Chairman, is that Commissioner Kiesling, having not read the motion, if that's the case, or the petition, or having not ruled yet, but yet participating in these proceedings, is, on its face, a denial of our petition. Any circuit court judge, any county court judge, any administrative hearing officer, I believe, faced with such a petition claiming bias and prejudice, which we did, based upon

her appearing and speaking against Senator Brown-Waite's bill
on uniform rates, against her public altercation with me in
the Florida Senate, would not participate in anything further
in the proceedings before he or she without making a ruling in
a case. Since she has not done so, I view that as an adverse
ruling under the Commission's rules. If she declines to rule
on the motion, it is the obligation of the remaining
Commissioners to so rule.

I maintain to you, Madam Chairman, Commissioners, that the pleading I filed is legally sufficient; and if it is legally sufficient, she should step down and not proceed further. So I would ask you to rule if she's not going to go ahead and rule on herself.

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CHAIRMAN CLARK: Mr. Twomey, I appreciate that. But I believe the time for ruling on that, according to our rules, has not ended, there is still time to do that.

hearing. We're here to hear from the customers. And I think that it would be beneficial to have her continue to hear what is going on in the case and hear from the customers on that in the event it maintains the status quo, if she is -- we're not going to make any decisions here today, we're simply here to hear from the customers, and I don't think there is any need to disqualify her at this point. Plus, that we do not have the full panel who is assigned to this case here today to

rule on it.

MR. TWOMEY: Very well, thank you.

CHAIRMAN CLARK: Thank you, Mr. Twomey.

Mr. Armstrong?

MR. ARMSTRONG: Madam Chair, for the Commissioners' information, Southern States did file a response to that motion today. And just briefly, on its face, the motion should be denied.

Upon consideration, you'll find that the Codes of Judicial Conduct have been repealed which were relied upon in the motion, and that the motion fails to bring to this Commission's attention case law which is applicable.

CHAIRMAN CLARK: Thank you, Ms. Armstrong, but I really want to hear your opening statements at this point.

MR. ARMSTRONG: Thank you.

Good evening, ladies and gentlemen.

chairman clark: Ladies and gentlemen, I'm going to sit down at this point. I don't think I can remain standing through the entire proceedings, but I encourage all the people participating to talk into their microphones so everybody can hear what is going on.

MR. ARMSTRONG: Thank you.

Southern States will establish through witnesses testifying under oath in this proceeding --

CHAIRMAN CLARK: Mr. Armstrong, I heard a request

that you perhaps stand up.

MR. ARMSTRONG: That's fine, I'll stand.

CHAIRMAN CLARK: The floor isn't tilted so they can see us all, so I think it would be helpful if we did that.

MR. ARMSTRONG: Good evening, ladies and gentlemen. Southern States will introduce through sworn testimony under oath in this proceeding that we have placed approximately \$100 million of plant into service to provide service to our customers since rates were last set by this Commission in 1991. The last rate investigation for the majority of the service areas in this case were based on 1991 investments. None of the \$100 million of additional equipment that I just referred to is included in the rates you are now paying to Southern States.

Another way of saying this is that the Company has not earned a return or profit on investments we have made since 1991.

We are sure that nobody here would place millions of dollars in a bank and be satisfied if the bank failed to provide you interest on that money so deposited. But that is, in effect, what Southern States has been subject to since we began placing approximately \$20 million each year in service since 1991.

What has been the result of these large expenditures? Southern States has provided proof to the

Commission that our company earned less than 3% on our investment in utility facilities in 1994. As a result of our continued investment of \$20 million a year in our facilities, in 1995 and in 1996 we expect to earn no money, no profit, no return.

It could be asked why do we continue to spend and invest such money, place so much equipment into service each year when we are losing money or earning less than 3% on our money? In large part, the answer is because we have been forced to.

We have all read the newspapers and magazines so we all now that both federal and state governments have increased the number of laws and rules regulating water treatment and supply and wastewater treatment and disposal. You have heard the water contamination that occurred in Milwaukee which caused many people to become ill. You have heard about the wastewater facilities rupturing under Biscayne Bay in Miami which caused severe impacts to the environment. Federal and state laws have been designed to prevent these types of events from occurring, and in recent years the standards have been made more strict and enforcement of public health and environmental laws has become more strict and increased dramatically. The result is that Southern States has been required to make the investments we seek to recover in this case.

particular investment was the right investment to make, such questions will be raised during the nine days of hearings that were referred to earlier. Southern States remains confident that through the production of our witnesses who will testify under oath, the Commission, the parties and any customers who attend to those hearings will be satisfied that we made prudent investments and at reasonable costs.

The last issue we would like to bring to your attention is that Southern States has requested a uniform rate in this proceeding. As the Chairwoman expressed earlier, a court recently ruled that the Commission first must find that Southern States operates as one functionally related system before uniform rates can be provided to Southern States.

As a result, it is likely that your rates soon will change. It also is likely that your rates soon will change to what has been commonly referred to as some sort of so-called stand-alone rates, which are more system-specific. However, you should know that after the court's ruling this Commission has made a finding that Southern States' facilities are functionally related such that we are one system. We have produced evidence in this case from our witnesses which is very similar to the evidence previously relied upon by the Commission to make that one-system finding. So we believe we have provided enough information in this case to support

uniform rates.

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However, the rate structure is an issue in all rate proceedings and Southern States has no control over that rate structure. It is likely that if we revert to some other structure other than uniform rates, 13 of the 16 customer groups which have been provided notice to attend here tonight will see increases in their rates.

We look forward to hearing from you tonight regarding the quality of our service, any complaints and questions and, hopefully, some compliments you might have regarding our service. And thank you for attending.

CHAIRMAN CLARK: Thank you, Mr. Armstrong.

Mr. Twomey?

MR. TWOMEY: I would like to go after Mr. Shreve, if I could, Madam Chair.

CHAIRMAN CLARK: Well, that would be up to Mr. Shreve.

Mr. Twomey, go ahead. We'll go in the order that we have proceeded in so far.

MR. TWOMEY: Ladies and gentlemen, as I told you, for those of you who weren't here at the beginning of this hearing, my name is Mike Twomey. I'm an attorney from Tallahassee in private practice. I'm representing three civic associations in this case. I'm representing two civic associations and the Board of County Commissioners of Citrus

County in the old rate case. And that's where I want to start, the old rate case, very quickly.

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And I'm going to have to go fast here, because they have asked for only five minutes, which I'm not pleased with. Because everything that you have been given, every little bit of information you have been given to get you thus far, is wrong. We know that. I'm not blaming anybody, it's just wrong. And my concern is we're not going to get a chance to educate you people about what has been happening to you the last two years, what they have on the platter for you, them and them, the next — in this case.

Uniform rates, Mr. Armstrong just talked about, myself, my clients and some others got them reversed. It took us two years to do it. The First District Court of Appeals got them reversed. Then we went to the PSC after they didn't act for a while, and we said, "You've got to lower the rates for these people from Beacon Hills, from Amelia Island, and give them back the money that was wrongfully taken from them." We filed that petition about two weeks ago.

As the Chairman indicated earlier, they held a hearing on Tuesday; they decided they're going to lower the rates. We don't know how much yet, because the Staff is making a recommendation.

I'm confident their Staff is going to try and make a recommendation that will reduce the amount of refunds you get

and increase the amount of rates that the Commissioners are going to vote on. I say that because, to Mr. Armstrong's credit, his company didn't ask for these uniform rates.

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Every time I say "uniform," think socialism, okay?

Socialism. He didn't ask for it two years ago. The Public

Service Commission Staff snuck it in the back door at the

eleventh hour, after the hearings were over, and two of the

Commissioners voted to approve it. Chairman Clark is the only

Commissioner left that voted for that. I'm hoping to change

her mind on this thing on a going-forward basis, but she's the

only one that voted for it. We beat them.

Last Tuesday the Staff, the Commission, said,
"Should we give back the money to these customers and have a
refund?" The Staff said, "No, don't give them back a penny.
Don't give them back a penny. And if you do, let SSU, poor
SSU, take two years to pay it back."

They have a rule that says everybody else has to give back refunds within 90 days. They said, "Give them two years to give back your money."

When the Commission said, "We're going to give them refunds," you know what? For those of you that are here from the systems that benefit from these subsidies, that benefit under this socialism stuff, the Public Service Commission Staff said, in order to benefit my clients and the people from Beacon Hills and Amelia Island, they said, "Take the money

from the people that benefited from the subsidies before. The people who didn't ask for the subsidies, didn't deserve them, take it from them."

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These people are so biased collectively against you people that it is an outrage.

Now, we beat them. In the meantime, these people lost \$8 million worth of overcharges. Unfortunately, the PSC and its Staff have only esured that this Company has a \$3 million bond. \$8 million plus accrued interest for two years.

They think they're not going to give it back.

They're going to appeal. I need your help to make sure that
we win those appeals and, those of you who qualify, that we
get your money back.

Now, notwithstanding -- and the bad thing about that case was that it caused the clients I represent to be pitted against the people that benefit from the uniform rates. Now, some of those people need that money. We have a plan to take care of them.

Part of the money that you people lost the last two years didn't go to needy families. It went to golf club communities, marina communities, truck stops, industrial parks -- people who make more money than you, use more money than you and didn't deserve the money even under the wildest theories of socialism. Okay.

Now, we beat them on that. They're back here again.
Okay.

We're going to make them pay about \$10 million out of their shareholders' wallets, we think, with your help.

They're back asking for it again. Can you figure that?

They're going to support it. It was their idea in the first place.

Under this new plan -- now, under the victory we had in the District Court of Appeals, the people in Beacon Hills should get -- you were overcharged \$356,000 a year approximately for two years, you should get back \$710,000, plus two years of interest.

If you're from Amelia Island, you were overcharged during that same two-year period \$396,000, plus interest you get back. Okay.

On a going-forward basis, we're looking at \$10 million in rate subsidies if this Utility gets what they have asked for.

Am I going over, Marshall?

If, in the old case --

CHAIRMAN CLARK: Mr. Twomey, I think I'm the one you need to ask and you are getting close.

MR. TWOMEY: Okay. I'll wrap it up real quick here,
Madam Chairman.

They took \$4 million from you collectively in the

last case; they want 10. Okay. The PSC's cut of the amount is \$3.4 in their regulatory assessment fees. They are making their job easier. You can no more participate in a rate case with this Company now and find out if their expenses are reasonable if their plant additions are reasonable in Marco Island than a man in the moon. You can't do it. You have been cut out.

I am going to stop because they don't want you to hear this kind of thing, and they should be curious to hear from you. But I will stay here until 4:00 in the morning and talk to anybody who is interested in finding out what they did to you collectively -- and by that, I mean the Staff, the PSC, those of them who voted for it, and this Utility -- and what they have planned for you in this next case. It is wrong.

Jack Shreve had a professional conflict of interest created by the Staff bringing this system up and the Commission approving it, so he can't defend one group of you customers that benefit and those of you who are hurt without violating professional obligations as an attorney. So it's pitted people against one another. Those of you who have been hurt by this thing need to have somebody like me and my clients helping you. See me after the meeting. Thank you much.

CHAIRMAN CLARK: Thank you, Mr. Twomey. (Applause)
Mr. Shreve?

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MR. SHREVE: I want to make one thing clear. When he pointed over to this side of the room, he was not pointing to us as supporting this. He was pointing to someone else.

I will be brief. We're here to hear from you tonight. And I'm not going to talk about the pitting of one group of customers against another; it's happening, but that's another matter. I'm not going to be involved in that.

What I am going to talk about is Southern States
Utilities, Topeka Group, Minnesota Power continually raising
their rates and having raised them an astronomical amount
since they took over the systems. None of you have been given
those figures. (Applause)

Now, you would be astounded because none of you have been given those figures. They're not even in their filings. We have filed several motions to dismiss that the Public Service Commission is going to hear later to dismiss their interim and to dismiss this case because they have not filed the proper information in their filing.

Mr. Armstrong says that they have put on proof.

Now, it depends on who accepts that proof. They paid a
\$12 million dividend to Minnesota Power. Does that sound like
they didn't make any profit? That was in 1994.

He didn't tell you that they sold the St. Augustine Shores systems that they had purchased from Deltona and made over \$6 million profit on that that they didn't count in their

profits. He didn't tell you that they sold a system in Sarasota County and made about \$19 million that they haven't counted in that.

Now, we raised the St. Augustine Shores system last time because in all of the gain on sale -- loss on sale, and in that situation that system had been supported by the customers, they made that much of a profit on it when they sold it. The last decision that was made by the Public Service Commission was a loss on sale and Southern States put that loss on sale, although it was a small one, in the rates of Lake County customers, and they paid for years on that.

When he asked that the \$6 million that they walked away with be given credit to you, it wasn't done. We'll be pushing that again, along with the \$19 million they made down there. They should be counting that as revenue to themselves instead of hiding that.

You would be astounded at the increases that have been made on a system-by-system basis. You don't have that information. We are going to insist that it be given to you.

Each one of your systems -- the way they have filed this case, they have asked for uniform rates. Now, you might as well know that if they don't get the uniform rates, they still want the money, regardless of who pays it. It may be more or it may be less from any individual customer groups, but Southern States wants the total amount of money.

We're opposed to it. We think they should refile this case, do it in a decent manner.

It sounds good and I'm all for and you're all for water conservation and water treatment in the proper way at this time. But don't just use it as a reason to raise rates and walk away with the customers' money, and that's what's happening here.

We're going to oppose it. We'd like to get back with you at a later time when you have more information, and I think you will be astounded as to what they are doing to you.

Thank you. (Applause)

CHAIRMAN CLARK: Ladies and gentlemen, we're now at this point in the proceedings where we will hear from you. And there are some formalities we need to adhere to, one of which is that you be sworn in, and I will do that in just a minute. The reason we need to do that is so that we can rely on your testimony in making our decision.

Also, I'm going to ask you to come to the podium. When you come up here, please give me your name and address and the facilities from which you receive service, such as Beacon Hill, Amelia Island and whatever facilities you are receiving service from, we would like to know that. Our engineers would like to know that so they can identify systems that may have problems.

Another thing I would ask is that you hold your

applause and your comments you might make because it takes away from our ability to record the proceedings. But I urge you to come forward if you have something to say. Please don't be intimidated by the fact that we have sworn you in and we will ask you to come up here. It merely facilitates us getting the information on record.

If you wish to testify, you should have signed up with Bev DeMello. If you didn't sign up and you change your mind at any time during the proceedings, go back and see

Ms. DeMello. She will carry your names up here to Mr. Shreve and he will read out your names and we will take your testimony.

At this point, everyone who has signed up to give testimony or will be testifying in this proceeding, will you please stand and raise your right hand.

(Witnesses collectively sworn.)

CHAIRMAN CLARK: Thank you very much. You may be seated.

One other thing I would like to say. Sometimes we start hearing the same things from customers. If you want to get up and simply say, "I adopt the testimony of another witness," you may do that.

With that, are there any other preliminary matters I need to take up?

Mr. Shreve, would you call your first witness.

MR. SHREVE: Yes, ma'am. Councilman Beam.

WILLIAM M. BEAM

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

COUNCILMAN BEAM: Good evening, Commissioners,

Staff, Counsel. I am Bill Beam, City Councilman from the City

of Keystone Heights in Clay County. I live at 705 South

Lawrence Boulevard, Keystone Heights, Clay County 32656.

Keystone Heights is located in the furtherest most point in southwestern Clay County. It's where Clay, Alachua, Putnam and Bradford Counties meet. It is a long way up here through this traffic. I represent the residents within the city limits of Keystone Heights.

We were served since 1920 by Keystone Water Company, Incorporated, a private, family-owned institution. After the owner died, the Company went down hill, deteriorated rapidly. And back in the 1980s we had contamination problems in the water system; we had frozen pipes on the fire hydrants; we had a lot of problems. We offered to buy it, Southern States outbid us and bought the system. I must say, since then, Southern States has made a lot of improvements, the water system is much better and the thing is going along very well.

Now, the main problem that we have, and I will discuss it and then Councilman Robert Alexander will see your

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aide, because we won't take up all of the little individual problems that we took up last night in the hearing.

But we're having a problem now with low water pressure on the fire hydrants. And the Clay County Fire Marshal has put -- has stopped all the building permits, commercial building permits, in the City of Keystone Heights until the water pressure comes up to the state statutes. So, we're at a point now where we can build residential structures but we cannot get an occupancy permit for a commercial structure.

We have a \$250,000 medical clinic that is standing there idle because we don't have the proper water pressure on the mains to operate that and the doctor has a vacant building. Southern States Utilities is working on this. We have had many meetings with them and we met last night with them in a city council meeting.

Now, as far as the rates go, I took my own bill -and I'm going to give you a copy of these four pages of
documents. I took my bill at my house for June of 1945, in
which I paid around \$20. Now, with the interim rate proposal,
my rate at my house for approximately 10,000 gallons --

CHAIRMAN CLARK: Mr. Beam, did -- you said 1945?

COUNCILMAN BEAM: Oh, Did I?

CHAIRMAN CLARK: Yes.

COUNCILMAN BEAM: Well, that was when I got out of

the service. (Laughter) 1995. 1945 was probably about \$3.

CHAIRMAN CLARK: Well, I thought \$20 was high for 1945.

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June 1995 as a base rate, the interim increase would be 31%.

My rate at my house would go up 31%. I use approximately

10,000 gallons. The final rate that's proposed by Southern

States would go up 67%. Now, the standard stand-alone

Keystone rate is lower, but we are not in a position now to

comment on standard stand-alone versus uniform.

However, the Florida League of Cities magazine recently put out a document on average rates for residential water in Florida; and the Southern States are higher than the Florida average and they are higher, much higher, than the Florida average for less than 5,000 connections.

So what we are saying here is that the rate seems to be very high.

Now, we have a particular problem. The records that you have placed in the Clay County Public Library make a 60-mile round trip for us to go look at those records in the Clay County Public Library. I'm asking tonight that you authorize that those records be moved from the Clay County main library in Green Cove to the branch library of Clay County in Keystone Heights.

Now, the reason I'm asking you to do that is we have

a citizens committee and we have some people with disabilities. And we think under the disability considerations that those people should have the right to come and look at those documents that are over in the library now. I looked at it, and they're a mass of things.

So what we want to do -- and I know I'm taking a lot of time here -- is we want to look those over. We want to come up with something that's other than just saying, "We think the rates are too high." We want to tell you why.

Darla Christopher is our attorney who attended your last meeting last week in Tallahassee. And as soon as we get some facts and figures together, we will send Darla out again to the hearing to make a presentation. I think we are intervenors, I'm not sure.

So, anyhow, that's my testimony. And I appreciate the fact and I will turn it over to someone these four pages of my scribbling. Who do I give those to?

CHAIRMAN CLARK: If you will give it to the court reporter right over here, or you can give it to me. I'll be responsable for making sure she gets it.

Let me ask you a question. One thing I did neglect to tell you, If you would remain at the podium after you've given your presentation so you may answer questions either from the Commission or from the attorneys.

I did want to ask you, I know there are three

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systems in Clay County, Keystone, Lake View and Postmaster Village. Would it be more convenient for all of those customers if the information was moved to that branch library? COUNCILMAN BEAM: Yes. All the systems of Southern States Utilities are in either eastern Bradford or southwestern Clay. Every one of those facilities would be within two miles of the branch library. CHAIRMAN CLARK: Okasy. We will certainly follow up on that with Southern States and get in touch with you all and make sure that that is the appropriate thing to do. COUNCILMAN BEAM: Either the library will deliver it or we will send a truck with one of our city employees over to CHAIRMAN CLARK: Thank you, Councilman. Are there any other questions? COMMISSIONER GARCIA: I wanted to ask, you mentioned -- over here. You menioned that they had tried to buy the company. When you said that, you mean the local City Council COMMISSIONER GARCIA: And you made a bid for the

COUNCILMAN BEAM: I don't know what the bid was. It 24 was a private transaction. But at that time, the Public Service Commission had a book value for a revenue return basis

of \$52,000. And you can see not much has been done since 1920. So, we offered \$75,000, the citizens committee. I 2 don't know what Southern States paid for it. 3 ∥ COMMISSIONER GARCIA: The citizens committee, 4 though, was part of the government, the local government? 5 | The offer was being made by the local government? 6 | 7 COUNCILMAN BEAM: The City of Keystone Heights 8 || offered \$75,000 to buy the waterworks. 9 COMMISSIONER GARCIA: Thank you. COUNCILMAN BEAM: Is that it, Madam Chairman? 10 11 CHAIRMAN CLARK: Mr. Shreve? MR. SHREVE: Thank you, Councilman Beam. 12 13 COUNCILMAN BEAM: Thank you, Jack. CHAIRMAN CLARK: Thank you very much. 14 15 (Witness Beam excused.) 16 17 MR. SHREVE: William St. George. WILLIAM ST. GEORGE 18 was called as a witness on behalf of the Citizens of the State 19 of Florida and, having been duly sworn, testified as follows: 20 21 WITNESS ST. GEORGE: Good evening, ladies and gentlemen. I'm just the fellow who is two years away from 23 retirement. I looked all over this city and found a location where my wife and I wanted to live in and we moved in two

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years ago.

CHAIRMAN CLARK: Mr. St. George, will you give your name and address and the facility from which you receive service. Thank you.

WITNESS ST. GEORGE: Okay. Bill St. George, 12140
Springmoor Nine Court, and I get the utilities from Beacon
Hill.

Getting back to what I was saying, we found the location we wanted to live in, so we moved there. Have been there for two years. And the water bill started coming in.

I did a comparison for a ten-month period here -and, granted, I'm using a lot more water because I have a
slightly larger yard than I had before, and I have the
sprinkler system, so I realize my consumption will be up
somewhat as opposed to the house I lived in for 27 years
before.

Well, I hit a couple of months here where the consumption was pretty close to being the same, and I see differences of as much as \$10 on just the base water amount, which to me is a significant difference.

The point I'm trying to make is you're talking about a 40-some-odd percent increase over what I currently have. My water bill with my wastewater last month was \$87 and you're going to have my water bill greater than my electric bill.

And I believe it is an issue that is a little bit out of hand.

Looking at the base rates on my bills in the two-year period

I'm discussing, it started out at 505. It went to 510 in August of '94. It went to 513 in September of '94. So there have been a couple of small increases in the last year.

The other problem I have is that the house I lived in before for 27 years, I had to repipe it the twentieth year. And I accepted that because this water in this part of the country, I realize, is probably documented as the hardest water in the country, so you are going to have deterioration in piping.

One of the things I looked for when I moved was to find a property that had copper pipe, because copper stands up better than galvanized does. Wrong, wrong, wrong. I mean, I've already had busted pipes.

And we have a Siamese cat that is very dear to us. We don't feed him the tap water, he gets bottled water just like we do, because the chlorine is so strong in that water, and I believe that's what is eating up the pipes.

Anyway, beyond that, it's just a little guy's complaint, amd I'm sure you are going to hear a lot of them.

That would be about it.

CHAIRMAN CLARK: Thank you, Mr. St. George. Hang on just a minute.

Any questions of Mr. St. George?
Thank you very much.

MR. SHREVE: Thank you, sir.

(Witness St. George excused.)

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 MR. SHREVE: Mr. David Truax?

DAVID M. TRUAX

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

WITNESS TRUAX: Good evening, ladies and gentlemen, thank you for the opportunity to be here tonight. I'm not like Mr. St. George, I don't work any more already and I like it, and that's why I'm able to be here tonight.

Madam Chairman, I received the notice a while back on your hearing here tonight, and I thought it would be an interesting study to go back and look and see what has happened across the past few years with water costs in my area.

I'm David Truax, T-R-U-A-X, 11747 Fort Caroline
Road, Jacksonville, Florida. I get my water from the Beacon
Hills area.

So what I did last night is I went back and pulled out my old bills; and I'm not sure why I had them, but I did.

In 1990 we were billed on a quarterly basis. And the total for the year was \$671 even, which amounted to \$51.42 a month average.

In 1992, I did the same thing except the utility did get an increase because they started billing you every other

month, so that gave them better cash flow and that's money, and so they did get a little increase there. The bills for that year were \$568.93 or 47.41 a month. A slight decrease there.

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In 1993, it jumped to \$741.64, or \$61.80 a month.

In 1994, it's starting to get interesting. It's \$821.88 for the year, or \$68.49.

In 1995, we have an interesting story. As of the first of September, it's \$730.58, or a monthly average of \$81.18.

So if we just go back and look at it from '90 to '92, it was flat or even down. In 1993 versus '92, I had a 30.35% increase. 1994 versus '93, I had a 10.83% increase. In '95 versus '94, as we stand here tonight, it's 18.53%. You compare 1995 versus 1992, which looks like a base year, my increase now is \$33.77 or 71.23%.

That's in 33 months, while inflation has been negligible. We're talking about things like health care, which is going up at 10% a year and everybody is raising all sorts of hell about that, and we're talking about a 71% increase here. So that's history, we all know it, it's what we have to live with.

Let's just go back and talk about just a few other things before my time is up. I recently retired from a Fortune 500 specialty chemical company, the second largest

water treatment company in the world. Let me tell you and the other people here tonight what has been going on in the real world the past few years. While my bill is up 77%, this large Fortune 500 specialty chemical company, they have been allowed to increase their prices since 1990 one time, that was January 1 this year, which was 4%.

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Wages, another factor that goes into revenue and profitability, have averaged 3% increase. Overall inflation has grown at 3% plus. Businesses have downsized to improve their profitability. And I find it interesting that our friend from the utility company talked about revenue, that's only half of the equation. The other half of the equation is all those things that go into improving profitability.

There are a lot of businesses who need more revenue because they can't stay in business and they can't make a return. But they forget one thing, sir: that's controlling costs and improving productivity. You never addressed that.

In the good old days, the company I worked for, we raised prices 5% to 10% a year. Finally, private industry has said, "No more," and they have had to improve productivity, reduce unit costs, and still maintain their profitability.

And I suggest that both sides of the equation have to be looked at.

When he says that he spent \$100 million, I'm sure that he did; but that's not for the same finite number of

customers, I would hope, or your system was in a shambles. If
that was to serve more customers, there has to be more
revenues because of the increases the old customers have
received; and now you have new customers on line, so I would
hope you would get a lot more revenue.

So once we look at revenue, then I think it's
incumbent or everyone to look at the cost of doing business.

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incumbent on everyone to look at the cost of doing business.

I have not heard one word mentioned about the efforts taken to reduce cost and improve productivity. The rest of the world is roughly flat in terms of increasing prices and I suggest that Southern States learn to live in 1995.

Thank you very much. (Applause)

CHAIRMAN CLARK: Mr. Truax, thank you very much. I have two questions I wanted to ask you.

WITNESS TRUAX: I'll try to answer them.

CHAIRMAN CLARK: The bills you have given us, was that for water service?

WITNESS TRUAX: That's water and waste. That's my total bill.

CHAIRMAN CLARK: Water and wastewater?

WITNESS TRUAX: Yes, ma'am.

CHAIRMAN CLARK: That's what I wanted to be sure of.

witness TRUAX: I got those not from the bills, I misled you and I didn't mean to. I got my old checks out.

CHAIRMAN CLARK: Okay.

WITNESS TRUAX: Those are checks, not actually bills, I'm sorry.

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chairman clark: Okay. I wanted to ask you something along those lines. Do you feel like your water consumption, the amount you have consumed, has stayed fairly level --

witness Truax: That's an interesting point and I should have mentioned it. At my age, we certainly haven't had a lot more children in my house, thank God. So we have the same number of people living in the house, my wife and myself; we have not made any additions to the house; we don't sprinkle the grass any more. As a matter of fact, since I'm gone a lot more now, we probably do it less. So I think that if we took some time to pick at every single number I think we could find excuses and we could argue until we're both unhappy —

CHAIRMAN CLARK: You're fairly confident you've used about the same amount of water?

witness Truax: Well, I mean, yes. There's no more people, there's no more yard, there's no more anything. So I think by going over a total year each time we've come out with some average numbers, and I think any number you could pick at and I think legitimately so.

CHAIRMAN CLARK: I would agree with you, if you don't have teenaged children, you probably have less water consumption.

FLORIDA PUBLIC SERVICE COMMISSION

Any questions of Mr. Truax? Thank you very much.

MR. SHREVE: Thank you, Mr. Truax.

(Witness Truax excused.)

MR. SHREVE: Mr. Daniel Schlosser.

DANIEL SCHLOSSER

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

WITNESS SCHLOSSER: My name is Dan Schlosser. I
live at 4563 Beacon Drive West, Jacksonville, Florida. I'm in
the Beacon Hills water district.

I have worked the last 25 years in a public utility industry, both in the Jacksonville area and in another part of the nation. I'm very well-aware of the degree of customer satisfaction that must be exhibited by the utility company and also the quality of the product that is delivered.

I would like to first address the quality of the product that comes into my home. I moved into my brand-new home with copper plumbing 1990. The first thing I noticed was a strong chlorine smell. Roughly a year or so after that while doing some plumbing work, because I recognized there was a problem, I found that a valve stem on a valve had completely corroded off. I also noticed in each of my plumbing fixtures green patina copper rings forming at the water line. Inside the shower stalls green patina from the water hitting the

shower stall walls.

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Several times I contacted Southern States

Utilities -- at that time I believe they had an office on Fort

Caroline Road -- over the phone. I was given the excuse,

"There was nothing we can do, that's the way the water is." I

was told it was the chlorine, maybe a high acidity problem

with the water.

Since that time, I have also written to Southern

States Utilities several times. And what is really surprising
to me is I have never been corresponded to in writing, never
been corresponded to via the telephone, never been
corresponded to in person to address these concerns.

(Applause) So as far as customer satisfaction goes, there
isn't any.

As far as quality of the service, well, I don't drink the water.

Also, working for a utility company here in Jacksonville I have access to rates and what the City of Jacksonville charges for water. What I did was I pulled up a three-quarter inch meter size, 10,000 gallons of usage for a month, base water, base sewer and water use and sewer use.

The City of Jacksonville for 10,000 gallons is \$53.92. Current Southern States charges is \$66.70; interim Southern States charges is \$85.82; and the final proposed rates from Southern States would be \$95.76 -- roughly \$44 more

expensive than JEA.

The electric utility industry is currently being deregulated because of problems with rates and this company charging less and this company charging more. Maybe the water companies should also be deregulated so I can get my water from the cheapest company in the state of Florida. (Applause)

CHAIRMAN CLARK: Are there any questions of Mr. Schlosser?

MR. TWOMEY: Yes, ma'am.

CHAIRMAN CLARK: Mr. Twomey?

MR. TWOMEY: Yes, sir, just briefly.

Given the quality of your service of water and the quality of customer service you have received from Southern States, are you at all interested in paying more than what your cost of service is to finance the services of someone else elsewhere in Florida?

WITNESS SCHLOSSER: I think they should be reduced.

MR. TWOMEY: Thank you. (Applause)

(Witness Schlosser excused.)

MR. SHREVE: Mr. Jerry Seefried.

MR. BHREVE: Mr. Jerry Seetried

## JERRY SEEFRIED

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

WITNESS SEEFRIED: Good evening, ladies and gentlemen, my name is Jerry Seefried, 3944 Chesswood Avenue, in the Arlington section, and the Woodmere filtration plant is my supplier.

CHAIRMAN CLARK: Mr. Seefried, I'm not sure I got your name correctly. Would you spell it?

WITNESS SEEFRIED: S-E-E-F-R-I-E-D.

CHAIRMAN CLARK: That wasn't at all what I heard.

WITNESS SEEFRIED: Sorry.

CHAIRMAN CLARK: Go ahead, thank you. No, no. thing I should have mentioned is you can also spell your name for us so we get it correctly. Go ahead.

WITNESS SEEFRIED: That would be fine.

I just have a couple of comments. They talk about water quality, you hear that a lot today. I'm retired and I used to be in quality control. And I have filters on my system in the house because I can't drink the water it is so bad. And they can't control the water, how can they raise the rates if they just can't control the water?

I have also had discolored water at different times during the week. And I called them quite a while ago. Somebody came out and looked in the bucket, said, "Gee, I

never saw anything like that before." That was the answer I had. So I really didn't pursue it because I was working at the time.

As far as the increase on the rate, why did they need the rate increase so much at once? Why can't they program it over a longer period of time? I understand people need money to run a business, maybe they can float a bond or something like that.

They said they didn't make any money. But I would like to know how much money they did make on their investments last year? And if they didn't make any money, sounds like a welfare system to me.

That's all I have to say, thank you.

CHAIRMAN CLARK: Thank you, Mr. Seefried. Are there any questions?

MR. TWOMEY: I have one question, Madam Chairman.

Sir, has the location of your nearest SSU customer service office changed in the last several years or do you know?

witness seefried: No, I really don't know, I have been paying everything by the mail.

That's another thing. I called an 800 number and I asked them if they could take it out of my checking account.

The usual answer, "I'm working on it." I just called this past week.

MR. TWOMEY: Last question. Are you aware that 1 under the proposal that SSU has filed in the new rate case 2 that you and your neighbors being served by the Woodmere plant 3 will become net subsidy payers as opposed to your situation 4 5 today? WITNESS SEEFRIED: No, I'm not aware of that. 6 MR. TWOMEY: Okay, thank you. 7 CHAIRMAN CLARK: Thank you, Mr. Seefried. 8 (Applause) 9 CHAIRMAN CLARK: Thank you. 10 MR. SHREVE: Thank you, sir. 11 (Witness Seefried excused.) 12 13 MR. SHREVE: Mr. Lewis. 14 CHARLES LEWIS 15 was called as a witness on behalf of the Citizens of the State 16 of Florida and, having been duly sworn, testified as follows: 17 WITNESS LEWIS: My name is Charles Lewis, 11712 18 Seaview Drive, Jacksonville, Florida, Duval County. This past 19 year, my home is a little over six years old, I have got all 20 21 copper plumbing --CHAIRMAN CLARK: What facility do you receive 22 service from, Mr. Lewis? 23 WITNESS LEWIS: What facilities? I don't know who 24 I'm with. 25

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UNIDENTIFIED SPEAKER: Beacon Hill.

CHAIRMAN CLARK: Beacon Hill. Okay.

witness Lewis: I don't know what station I'm with, it's Southern States. Could be Beacon Hills, I don't know.

CHAIRMAN CLARK: Thank you.

WITNESS LEWIS: I lived in the Fort Caroline area for about 20-something years; 13 years in Fort Caroline in Rodeo Drive and we had Jacksonville water utilities. I never ever had no problems.

I sold the home, moved out to Mariners Point.

built a new home. Unfortunately, I have copper plumbing. My

home is a little over six years old. This past year I have

spent so far \$690 on plumbing.

I called Southern States and I got a couple of girls on the telephone. And then I had to wait about an hour or two. I called them back -- I called them about three times.

And finally one young lady called me up and she says,

"Mr. Lewis, we have met all the water quality, our chlorine is okay, the PH is okay."

I said, "Well, lady, all I'm telling you is all my copper pipes are deteriorating. I have a brand-new home, I don't know what am I going to do about it."

Then she couldn't suggest any further except for me to talk to their lead operator. I don't know what his name was, but I talked with the lead operator. And I find out

after talking to the lead operator -- Which I guess is the operator in the City of Jacksonville -- that they have flunked the copper and lead standards for the State of Florida. He had told me that they have given them to 1997 to come up with some solution with the water in order to correct the problems so that deterioration of the copper and lead, whatever they are talking about, will stop.

In the meantime, I talked to the plumber I had over and he told me that by another year I would have to replumb the whole house. And the house is only a little over six years old. And I gotta figure there's gotta be something wrong someplace. Something that they should be able to do for somebody like me instead of spending \$2,500 on a brand-new home to replumb it.

I don't know who can pay this bill; but if there is some solution to my problem, I would like to know it tonight if there's anybody here from Southern States. Is there anybody here from Southern States that can help me out some way?

CHAIRMAN CLARK: Mr. Lewis, we will certainly be looking into it and asking Southern States about the quality of water. And I know our engineers are listening very carefully and we will be pursuing this.

WITNESS LEWIS: Okay. Well, I just come down here for the reason to tell you the quality of water is terrible

and the service is just as bad. And I would say that they ought to do something about -- if you call down here, they don't really have an office in Jacksonville anymore, you have to call their main 800 number.

That's all I have to say. Thank you very much for letting me talk to you.

COMMISSIONER GARCIA: Mr. Lewis, I just wanted to mention to you and to the persons who have spoken --

witness Lewis: I can't hear you.

commissioner GARCIA: I'm sorry. Hello, can you hear me? I wanted to mention to you and some of the other people that have spoken today that on the blue brochure you have, there's a 1-800 number. If you try to get ahold of Company and the Company is not responsive, please call that number.

We have people working for the Commission whose job is specifically to handle complaints. They will get back to you. There are rules guiding the response time the Company has to get back to our people, and they have to respond.

So I would ask you when you have specific problems, a specific day, specific water quality, your system is shut off, whatever the problem is, call that 1-800 number at no cost to you and our staffers will register the complaint and get a solution and they will be the ones who will return the call to you.

1 WITNESS LEWIS: Which 800 number, the one on this 2 catalog? 3 COMMISSIONER GARCIA: Yes. The one that says 4 "Division of Consumer Services" on the front. 5 WITNESS LEWIS: Oh, okay. All right, thank you very 6 much. 7 MR. TWOMEY: Mr. Lewis, a quick question. 8 you feel about being forced to pay subsidies for the services 9 that SSU's customers are receiving elsewhere in the state? 10 WITNESS LEWIS: I feel like hell. I think it's terrible. (Applause) 11 (Witness Lewis excused.) 12 13 CHAIRMAN CLARK: Mr. Shreve? 14 MR. SHREVE: Mr. Beittel? 15 BILL BEITTEL 16 was called as a witness on behalf of the Citizens of the State 17 of Florida and, having been duly sworn, testified as follows: 18 WITNESS BEITTEL: Madam Chairman, Commissioners, my 19 name is Bill Beittel, that's B-E-I-T-T-E-L. I live at 12133 20 Springmoor Nine Court in Jacksonville, and that's in the 21 Beacon Hill area. And I am definitely opposed to the rate 22 increase Southern States is asking for. 23 I'm not going to try to repeat some of the stuff 24 that's gone through, but basically I have seen an increase in

my water bill over the last three years such that if you approve the increase they're asking for I will have 100% increase in my water and sewer bill and I have not really increased my consumption.

I recall a little while ago, about two years ago, when you went through and had a hearing for a rate increase and it ended up with the state-wide rates. At that time, Southern States' position on this -- or somebody's was, at least in the hearing -- that, "Hey, this is going to make the impact of future system modifications or upgrades such that we can split it over a larger base and it is not going to cost you anything." Obviously, it didn't.

The other thing is they said it would make it easier for Southern States Utilities to file rate increases; it obviously did that.

The rates they have does not encourage conservation. Once you have used up your 6,000 gallons in the wastewater, you can double your consumption and it only costs you about \$5 or so to do that. I think there's something amiss there. They talk about water for Florida's future, it ain't going to be there at that rate.

But basically nothing has happened the last couple of years. The water that comes into my house still reeks with chlorine, the inside faucets and the external hose connections are corroded and are useless and have to be replaced. And we

still have a sewer in our subdivision that still frequently emits noxious odors. No change.

Rather than going through some things I think people have covered, I have some specific suggestions which I didn't have the last time I spoke before you people.

The basic problem we have is we have a company that has no competition. I don't know why we don't let other utilities or governmental jurisdictions like Jacksonville vote on taking over either part or all of Southern States' business. (Applause.) I doesn't think it could be any worse.

Now, if competition can't be achieved, then I think someone like -- and I beseech you, the Public Service

Commission, have got to do some things. You have to insist that Southern States Utilities provides you with both short-and long-range planning. As a business, I can't understand how two or three years ago when they went to unified rates they didn't know that over the next couple of years they were going to be spending whatever it was, \$100 million, and that just didn't come out of the woodwork. But yet, here we are now, and that's the excuse for the rate increase now is they spent all this money. And you tell me two years ago they didn't know it? I don't believe it. So somebody has to get into that.

You know, the initial opening comments by the two sides here left me kind of cold. I don't think anybody

understands how SSU conducts its business in a business sense. Somebody ought to get in there and see where the money goes, management compensation, influence peddling, acquisitions, operations and all that kind of stuff. It's just ridiculous that they can come in here with any cock-and-bull story on requirements and it seems to fly.

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I think somebody ought to make SSU obtain approval before they make any acquisitions. I don't know but what they aren't out buying up doggy utilities and asking all of us to bring them up to speed. (Applause) And I think that we ought to insist that Southern States Utilities obtains approval before they make improvements and expansions.

And at some point in time we will have to tell the EPA or whoever it is to go fly a kite. The last two-tenths of a percent or a billionth of a part may not really be necessary for the quality of what's going on. You don't have to bend over backwards just because somebody at the EPA says, "Hey, do something." You owe it to your customers to stand up to those people and say, "Hey, look, we don't need it."

Those are some suggestions I have. I don't know whether they can be done or not. But if they can't, I tell you, if there is ever another rate hearing, I'm going to go to our city government and find out why they can't take over at least those things in the City of Jacksonville's jurisdiction and provide us with a rational kind of service.

If you can't get competition, if you're not willing to make them effectively control costs, then the least thing you can do is to disapprove this rate increase. 100% in three years is ridiculous.

CHAIRMAN CLARK: Thank you, Mr. Beittel. I appreciated your testimony and you made several good points.

I do want to indicate to you with respect to the requirements of EPA, I want you to know that the Commission watches it carefully, as Public Counsel does, too, because we are concerned like you are that the requirements that EPA is considering sometimes costs more than they are worth. We are looking at that and I urge you to continue to look at that.

WITNESS BEITTEL: Thank you very much, I appreciate that.

commissioner GARCIA: Likewise, when you mentioned the 100 million investment or the Company mentioned that, our Staff looks at them and the Commission looks at them. And if we don't feel they are in the best interests of the ratepayers, then those are disallowed and they don't go into the rates.

WITNESS BEITTEL: I agree with the prior comments.

This investment must have got them more customers, it's generated more revenue. I can't see that being used as a blanket excuse to try to get another 50% increase in rates, I think it's ridiculous.

CHAIRMAN CLARK: Thank you very much. Mr. Shreve?

MR. SHREVE: Along the same linings, sir, I think

you make excellent points. On the 100 million, a very, very

large part of that has not been made but is projections on the

part of the Company, that investment.

As well as your point about having to dig into the business of the Company, you're exactly right. That's the only way to really fight a rate case. We have had seven people down in Apopka going through their books and records and have hundreds of requests out for their books and records to see if they can come close to justifying the investments and the business practices they have. You may excellent points.

WITNESS BEITTEL: Very good. Thank you.

MR. ARMSTRONG: Madam Chair, since there was quite a bit of discussion there, if I could just point out that there probably isn't a utility in the state of Florida that is doing more than Southern States is at the EPA level and the DEP level to keep reasonableness in standards setting. I don't know if there's another utility in the state doing what we have, so we are out there doing that.

CHAIRMAN CLARK: Mr. Shreve.

MR. SHREVE: Along with what Mr. Armstrong is saying, I don't think there's a utility in Florida raising their rates more than Southern States is. (Applause)

I also would like to point out, since you mentioned the City of Jacksonville, Mr. Fernety is here tonight from the City of Jacksonville Consumer Affairs Division; he is working with us and will be working on behalf of all the citizens of Duval County. Mr. Fernety. Thank you.

Mr. Croag?

CHAIRMAN CLARK: Mr. Croaq?

UNIDENTIFIED SPEAKER: Pass.

MR. SHREVE: Thank you, sir. Mr. Stewart?

UNIDENTIFIED SPEAKER: Pass.

wish to adopt the testimony of somebody who has come forward, you may do that. In other words, I would be interested, for instance, if you are passing because the problems with the water quality have already been mentioned, I would like to know that that was a problem you wanted to bring to our attention, too. So go ahead, Mr. Shreve.

MR. SHREVE: Lisa Noe.

## LISA NOE

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

WITNESS NOE: My name is Lisa Noe, spelled N-O-E. live at 11575 Arbor Lake Circle South, I'm served from the Beacon Hills subdivision.

I'm the president of a roughly 300 unit homeowners association called The Valley. I gave us credit when we started out, our homeowners association has an inground irrigation system that serves every resident off of the lake water management system. So the average resident in The Valley does not use SSU to irrigate their yards.

It has been brought to my attention that a lot of residents would like to switch to well water for their drinking water for their house use because, A, they won't drink the water they get out of their tap; and that we're already running the lakewater system, why can't we just go ahead and run it on the drinking water? Obviously, that requires permits we don't have.

When I moved into this subdivision it was roughly \$38 a quarter. I'm now paying \$50 a month for my water service. SSU has been good to me as far as working with The Valley, we have a lot of conflicts between lake water management, the pipes that are in my ground and the ones that run for SSU. The outside people I have no complaints with,

they are fantastic.

I don't understand why we can't come to terms with maybe JEA or somebody else running our water system because this is just not working. These people, A, are not willing to come out. They do not come out to the meetings. But I don't feel like they should be penalized because they don't show up to these meetings.

I would just like to close with the fact that The Valley Homeowners Association feels like they have done their part as far as environmental issues, maybe we could have a little bit of consideration in terms of SSU giving us the proper rates. It's inappropriate for these rates to go from \$38 to \$50 a month. Thank you.

CHAIRMAN CLARK: Thank you, Ms. Noe. Mr. Twomey?

MR. TWOMEY: The same type question, Ms. Noe.

Are you interested in paying a subsidy over and above the cost of your service to support the rates for the people in Burnt Stores or Deltona or any place else for that matter?

WITNESS NOE: No, sir, I'm not.

CHAIRMAN CLARK: Thank you, Ms. Noe. Thank you.

MR. SHREVE: Thank you.

(Witness Noe excused.)

MR. SHREVE: Mr. Randy Biggs.

RANDY BIGGS

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

with me, I have a cold. My name is Randy Biggs, I reside at 4762 Beacon Drive West, I'm serviced by Beacon Hills.

Unlike some of the previously people that came up,

I'm not retired; but if I were to drink this water, I probably

wouldn't make it to retirement. (Applause)

Years ago, we went through this process and some of you was here then. Southern States Utilities requested to dip into my pocket and jiggle my change and you allowed them to do it.

Mr. Armstrong said he can present witnesses -- or he has -- and he can assure this audience they have invested \$100 million. But I can also present just everybody in this room from the Beacon Hills area that you can't tell it by the quality of the water.

When we went through this before, they invited people from Putnam County up, they were pretty much supporters of the rate increase. But when I moved into this community back in '91 in October, my rate was roughly 65 cents per thousand gallons. I was getting billed every two months. I would say I was paying to water my grass as well as showers, washing clothes, I was paying roughly about \$72 for that

two-month period.

Well, for the same amount right now that I was paying for two months I'm now paying for one month.

I told you then that I was forced to go to a well to water my yard, so I have dropped but it was because my consumption dropped. I think it is silly that people would have to buy water to drink water; but I can guarantee you that people on my street within the little block that I know there, we pretty much buy water.

When I look at what happened a couple years ago, they invited the support of Putnam County. And I don't blame people in Putnam County for the old system that was there, because I think it is silly for Southern States to go buy a system that only serves only about five people. And if I'm not mistaken, looking at that system back then, they were paying probably \$30-something per thousand gallons. I would support it as well to go to a uniform rate.

But when it came to notify the people of the Public Service at that time, they gave the people from Putnam County from that area they provided rides, they also provided nice literature to let them know what was going to take place. But the people at Beacon Hills, we barely got anything; and if we did, we got it the day of the hearing.

I asked you then not to allow them the opportunity to profit off of everyone. Because it was brought to your

attention that Mr. Twomey called it a subsidy, that we subsidized other communities. I don't think that's fair. When I read in this paper towards the first of this month that the court system stated to you guys that it was unfair to allow them to go to a uniform rate, I felt that coming here a couple years ago was worth it.

But in the same article I got shot down again. They refused to give the money back because that wasn't a part of the petition at that particular time. But what's going to happen now? They're proposing that if you don't give the approval for the interim rates or the final rate that they will give that money back. Why can't they give the money back from the previous time?

The water sucks. There's no better way of telling you. I don't have copper pipe but I have the same effect that everyone else has, everything is green. Everything is green. And I have a well, I don't have a problem with my concrete or anything turning brown. I'm tempted to go drink that water. I mean, I only ask that you do not allow this increase to go into effect. Thank you.

CHAIRMAN CLARK: Thank you, Mr. Bigg. Any questions?

MR. TWOMEY: I take it you're opposed to this subsidy business? (Laughter)

WITNESS BIGGS: That goes without saying.

COMMISSIONER DEASON: I have a question. Did you say you read in the newspaper article there would be no refunds as a result of the court decision on uniform rates?

Thank you, Mr. Biggs.

WITNESS BIGGS: If I said that, that was a misstatement. What it did say is that Southern States Utilities said they didn't feel they should give it back because that was not a part of the original request or part of

COMMISSIONER DEASON: Are you aware that the Commission made a decision that there would be refunds? Southern States may appeal that decision but --

> WITNESS BIGGS: I'm sure they will appeal it --COMMISSIONER DEASON: -- but the Commission has made

WITNESS BIGGS: -- no doubt in my mind. CHAIRMAN CLARK: Thank you, Mr. Biggs. MR. SHREVE: Thank you, sir. (Witness Biggs excused.)

MR. SHREVE: Mr. Don Schunk.

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## DONALD SCHUNK

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

WITNESS SCHUNK: Madam Chairman and Commissioners,

I'm Donald Schunk, that's S-C-H-U-N-K. I reside at 11320

Portside Drive, Jacksonville, Florida, 32225, in a subdivision known as The Harbor. I receive water and sewer service from SSU's Beacon Hills plant. I was requested by Mr. Stroup, the president of The Harbor Civic Association, to make comments before your Commission.

Rate information furnished by SSU is not always easy to decipher. However, from information available to me, the final rate increase proposed by SSU will result in a 77% increase in water rates over present rates and a 33% increase in sewer rates over present rates.

Prior to these proposed increases, SSU has increased water and sewer rates seven times from 1991 to 1995.

Assuming that both the interim and the final rate increases are granted, water rates will have increased 232% and sewer rates 187% since I purchased my home in 1991. This percent of rate increase over a five-year period is totally unreasonable.

When purchasing a home, an intelligent buyer should consider many factors: Location, schools, taxes, insurance, and utility bills, among other things. To artificially

increase water and sewer rates in order to subsidize other company-owned utilities is neither fair nor legal.

I understand that the SSU Beacon Hills plant is efficient and that the stand-alone rates would be substantially lower than the combined rate. I have read that the First District Court of Appeals has ruled that the uniform rates charged by SSU are illegal. If so, residents serviced by the SSU Beacon Hills plant should receive an immediate refund of excess illegal charges and an immediate rate reduction.

On a disturbing note, I also, as Mrs. Noe had indicated, have heard rumors to the effect that should the unwarranted increases be granted that a number of customers are considering putting in their own wells for household purposes, whether it is legal or not. I do not think any of us desire that to occur.

In closing, I wish to thank you for the opportunity to speak to you and request that you do everything to responsibly represent the Citizens of Florida and to abide by the decision of the First District Court of Appeal. Thank you.

CHAIRMAN CLARK: Thank you, Mr. Schunk. Questions, Mr. Twomey?

MR. TWOMEY: Yes, ma'am, thank you, Mrs. Chairman.
Mr. Schunk, are you aware that the Public Service

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Commission has rendered a decision in the last year or so that SSU at least and perhaps the PSC Staff thinks is going to cure the problems with the uniform rate? I mean, I'm saying do you realize that SSU thinks over here by its filing uniform rates that the PSC has now made uniform rates okay again? Are you aware of that?

WITNESS SCHUNK: No, I'm not.

MR. TWOMEY: Are you aware that in the last year the Public Service Commission has entered an order that they think would preclude the City of Jacksonville from retaking the water and sewer authority from the PSC and taking it back into the bosom of the City Council in order to protect you? Are you aware of that?

WITNESS SCHUNK: I'm not aware of that, either.

MR. TWOMEY: Okay.

CHAIRMAN CLARK: Any other questions? Thank you.

MR. SHREVE: Thank you, sir.

(Witness Schunk excused.)

MR. SHREVE: Carol Ossmann.

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## CAROL OSSMANN

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

WITNESS OSSMANN: I am Carol Ossmann. I reside at 11640 Hidden Hills Drive. That's in the Beacon Hills service area.

I recently moved up here, say, about a year-and-a-half ago from South Florida. I was astounded when buying my house, which is seven years old, to find stains in all of the sinks and the showers. And I just -- we immediately noticed the chlorine smell to the water and started looking. It took an extraordinary amount of time to get the hot water from our hot water heater to our shower in the morning. It would be a matter of turning on the shower, waiting 15 minutes, literally 15 minutes, before we had hot water.

So bringing a plumber out, we come to find out that the connection between the hot water heater and the pipes taking it back to our shower needed to be replaced. When the plumber cut the piece out, I didn't bring it with me, but this is one-inch copper pipe that you can fit approximately two toothpicks through. This was a seven-year-old house. not acceptable.

So for speaking to the quality of the service, the smell of the water, the hardness of the water, the stains

caused by the water, it is not acceptable.

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It seems to be the norm in our neighborhood in Hidden Hills to have to replumb your house, completely replumb your house, when your house reaches between 10 and 12 years old. That's not acceptable. I have to ask if we're having to replumb our house in that amount of time, I can't believe that this is truly healthy water for us to be drinking and to be running over our bodies every day.

Southern States states that they are not making a fair return on their investment. And I concur with those people who have come before me that said, maybe you need to review your budget. Because if are you investing that much money and you're not improving the efficiency -- and, obviously, from what people are saying here, you're also not improving the quality of the product -- then maybe you need to be cutting costs somewhere.

I would just like to go ahead and adopt

Mr. Schlosser's statements further. And as far as Mr. Twomey,

no, I'm not interested in subsidizing anybody. (Laughter)

CHAIRMAN CLARK: Thank you, Ms. Ossmann.

Any questions?

MR. TWOMEY: One. You spoke of budgets. Are you aware of or can you tell from anything you have received from either Southern States Utilities or the Public Service Commission that the massive rate increases that Southern

States is requesting from the PSC are based upon its capital 1 expenditures through the end of 1996? That is the amount they 2 say they are going to spend in the next year-and-a-half? 3 you know that? 4 WITNESS OSSMANN: I did gather that from the 5 information I have seen, that there are proposed improvements. 6 7 MR. TWOMEY: Okay. Thanks. CHAIRMAN CLARK: Thank you very much. 8 9 (Witness Ossmann excused.) 10 CHAIRMAN CLARK: Mr. Shreve, before you call your 11 next witness, we have been going for about an hour and a half, we have one court reporter, and we'd like to give her a 13 ten-minute break at this point. We're going to take a 14 ten-minute break and come back at 20 to 8:00 and resume public 16 testimony. 17 Thank you. (Brief recess.) 18 19 20 CHAIRMAN CLARK: Ladies and gentlemen, if we could 21 reconvene the proceedings? 22 It has just been pointed out to me that I failed to remind you that on the back of your handout there is a sheet 23 that you can mail to our Consumer Affairs Department where you 24

can make your comments regarding Southern States.

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MS. DEMELLO: Or they can hand it to me in the back 1 2 here. I'm sorry. Or you can hand it to 3 CHAIRMAN CLARK: Bev Demello in the back if you don't want to mail them, if you 4 don't want to come up and give testimony, or if you want to 5 add to your testimony, please use these forms to communicate 6 7 with us. 8 Ms. Noe. 9 WITNESS NOE: Can they be duplicated? CHAIRMAN CLARK: Yes, absolutely. All right, 10 11 Mr. Shreve. MR. SHREVE: Mr. Donald Buck. 12 13 14 DONALD BUCK was called as a witness on behalf of the Citizens of the State of Florida and, having been duly sworn, testified as follows: 16 17 WITNESS BUCK: Hello, Madam Chairman and Commissioners. My name is Donald Buck. That's B-U-C-K. 18 live at 4430 Honeytree Lane, Jacksonville, Florida, and I use 19 Beacon Hill's water service. 20 21 I don't want to spend too much time on the rates. I'd like to adopt the testimony of the earlier speakers on the 22 rates. Obviously, the rates are high and going higher. 23 would like to talk about the water itself.

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I moved in this area before Southern States owned

it, and I was there when Southern States took over. And during this time, there were a lot of problems with chlorine that I identified. I tested the water. I had the board of health come out and look at the water.

What I was told when I called Southern States is that there is nothing we can do about it. I was told that, obviously, I don't know how to test water. There's different ways of testing for chlorine water -- for chlorine in water.

But, anyway, when the board of health came out they verified everything that I said, that the rates of chlorine were high, they were even off the scale of what he could measure. Over the years you would get in the shower, it would burn your eyes and I complained continuously and to no avail.

My family and I decided at that time that we would quit drinking the water, we'd quit cooking with the water and we bought Zephyrhills water. I've spent about \$30 or more a month on Zephyrhills water for my family, for my kids, and to protect them from what happens to this water.

Unfortunately, the water not only contains chlorine, it is very highly corrosive water. The water eats at copper pipes, as you all have heard. You've heard the testimony of people that talk about the green stains in their toilets, the green stains in their sink, the green stains in their bathtubs.

That green is actually copper that has been

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dissolved in the water. Now there are EPA standards of three parts per million with copper in the water. Probably most of the houses with copper pipes here probably don't meet those standards.

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The problem with the corrosiveness of the water has cost me about \$5,000 in the last four or five years. When I first bought the house, I had Moen faucets in the kitchen.

And every year and a half I would turn on the water, the water would start spurting out of the side of the faucets in little pinholes. And originally I thought it was just maybe a defect in the manufacturer. So, I went out and bought the same faucet, supposed to be a good faucet. Every year and a half I was replacing these faucets. Finally, it dawned on me that I bought one with a plastic pipe inside of it and I had no problems with it any more.

But then I had seven leaks in my house. I have had three of them in the walls; I've had four of them in the slabs of the concrete. I have had to have plumbers over. I've had to rip out walls. Finally, I got tired of that, so I had the entire house repiped with polybutylene four-and-a-half years ago.

Four-and-a-half years ago when they put the polybutylene in, they were using copper fittings in the polybutylene. I have the copper fittings here.

Four-and-a-half years from the day -- almost to the day that

that was put in, the house had been repaired, I had to remodel the house, all the walls had been patched up, new wallpaper, and I got leaks in the walls. So about three months ago, I had to rip the entire plumbing out and put new plumbing in.

This time I went to CPVC.

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I also put a new water heater in. I go through water heaters about every two-and-a-half years to three years. And I kind of thought that was the norm until I was talking to my father on day, who lives in St. Augustine. He had been living in the same house for 38 years. I asked him, I said, "How often do you replace your water heater?"

He said, "I've never replaced it."

I said, "Well, how often do you replace the elements, the lower element on the water heater?"

He said, "I've never replaced it," and I didn't believe him. I drove down and looked at it, and it is the same one that put in the house.

Well, I'll tell you about water heaters. This is an element out of the bottom of a brand-new water heater. It came from Home Depot, installed. Three-and-a-half months this element is totally eaten through, the core that heats the water is exposed to the water, and I replace these things quite often.

Now, you can sit here and some people will say, "Well, that comes from bad grounds, bad electric grounds,

maybe." Well, the first time the plumbing was replaced, the plumbing had no grounds in it from electricity, other than what would happen in a water heater because I had plastic pipe. I got to thinking about it, and I said, "Obviously, it couldn't be electrical. It must be something else." The house was grounded outside; it has dual rods outside, eight feet in the ground. So I got to wondering about it. But still I had to replace this thing.

My house right now, I'm just getting it back in order. I have lots of pictures of my house here that will be glad to leave with you, with holes in it, holes in the walls, holes in the eaves, stuff ripped out of it.

Talk about rate increase, I've paid \$5,000 in the last five years to repair plumbing that this water eats up.

Not only have I paid \$5,000, I have paid an average of \$80 a month for the last year for water rates. And now they want to raise the rates.

I have a problem with the water. I don't think they should have a rate increase. I think they ought to fix the water first.

You go through my neighborhood and you see water heaters laying out by the side of the road all the time being replaced. You see plumbing trucks that pull up to houses that are going through slabs. A guy that lives four houses from me has been through his slab 14 times. He still has not repiped

his house. He'll get the picture some day.

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They talk about a refund, a \$270 refund. That's not going to replace the \$5,000 that I've spent.

But beyond that, the water is unhealthy. If you have copper in the water, if you have dissolved lead in the water, if you have extremely high amounts of chlorine in the water, it's unhealthy for you and your kids to drink. Probably most people here get bottled water, because they're not going to drink it.

I go to McDonald's at Cobblestone, which is on the same water system, they have a sign on their board where you put an order in for the drive-through, that says, "We're not serving any drinks today because of the high amounts of chlorine in the water." McDonald's is not able to sell drinks, and this happens guite often.

So I talked to the manager of McDonald's. The manager of McDonald's told me that he has machines, the Coke machines that are eaten through, the copper pipes in them, that he's got a lot of problems with it. He's unable to sell drinks, and he's getting all his bills together looking for a lawyer.

Well, Southern States Utilities decides that they are going to fix McDonald's. They're going to give them a filtration system and a poly-whatever-it-is injector system to take care of the corrosiveness in the water. They don't have

to go to court. They also told them that they were going to pay their cost to have the new machines fixed by the Coca Cola Company.

But what about the rest of us that drink the same water, that drink the same stuff through copper pipes. I think the safety of the water is paramount here, and I don't think we should be paying a uniform rate increase or any rate increase until they take the money that we pay them and fix the system and make it safe for the people that use the system. (Applause)

The other problem I have is I don't want someone in Palatka deciding what I'm going to pay for water and deciding if my water is safe. I call Southern States, they don't have to listen to me. They'll get the rate increases from you all.

You're the ones that decide what happens to this system. You're the ones that decide if the people have safe drinking water. You decide how much they pay. And I think that you all have a responsibility to the customers of this system.

I can't go anywhere else; the people that live in this area can't go anywhere else unless they sell their house. So it is incumbent upon you all to look out for us.

Obviously, you have to look out and make sure they make a profit. But the safety of the men and the women and the children that drink this water is the most important thing

that we should be concerned with.

And I think it is important that you look at this; I think it's important that you consider this; because we can't go any place else. The only place we can go to is you. I can't go to JEA. I can't go anyplace. I think you need to look at that.

I think before a rate increase occurs, I think you'd better look at the safety of the water and find out what Southern States is doing with the money that we give them. If they're opening up new plants in some other town with our money, then that should be addressed. They should certainly be taking care of this place first.

That's basically all I've got to say.

CHAIRMAN CLARK: Thank you, Mr. Buck. (Applause)
Questions?

commissioner GARCIA: I wanted to ask you. What did you say happened in the McDonald's? Did the company pay for that, you said?

wITNESS BUCK: Southern States Utilities is paying or providing the filtration system or the --

UNIDENTIFIED SPEAKER: Polyphosphate injection system.

witness buck: -- polyphosphate injection system to take care of the corrosiveness in the water. There are ways to take care of the corrosive water. You don't have to take

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your house apart and put in polybutylene. You don't have to take your house apart and put in CPVC. The corrosiveness of the water can be addressed. The corrosiveness, what acts against the copper pipe from this article I have here --

COMMISSIONER GARCIA: Incidentally, you can give us those pictures while you're here.

WITNESS BUCK: I'll be glad to. If you have a copier, I'll give you copies of this.

But, supposedly, the problem that affects the copper pipe is dissolved oxygen, the PH of the water and dissolved carbon dioxide in the water. And, supposedly, that if you increase the PH of the water to about 8.2 or 8.3, that you can stop the corrosiveness of the water and its effect on copper.

COMMISSIONER GARCIA: You said that the Company paid for this water system for McDonald's?

WITNESS BUCK: I don't know if they paid for it.

They provided it for McDonald's. McDonald's is not having to pay for it. And, also, they told McDonald's that they would reimburse them for the funds they have had to pay for having the machines fixed from the water eating them up.

CHAIRMAN CLARK: Mr. Buck, I would -- you have pictures and an article?

WITNESS BUCK: Yes.

CHAIRMAN CLARK: I would like to mark them as a composite exhibit. What I would like to do is go ahead and

take them, and we can make photographs of them and we'll send them back to you, if that's acceptable to you?

WITNESS BUCK: That will be fine.

CHAIRMAN CLARK: Okay. Can you give them to me? WITNESS BUCK: Yes.

COMMISSIONER DEASON: Mr. Buck, I have one question, also, concerning the McDonald's situation. This is a local McDonald's within the neighborhood where you reside?

WITNESS BUCK: That is correct. It is at Cobblestone, which is about a mile or two, a couple miles from me. It is on the same Southern States system. It is at the corner of Monument and McCormick Road.

I'm asking is I'm going to ask our Staff to investigate that situation and find out what was done there, and get some information on costs and if those costs are being requested to be recovered in this rate proceeding. And just check into that entire situation and see if there needs to be something done to this system to address all the customers' problems and see what the cost of that would be.

witness buck: I appreciate that. I don't want to be presumptuous, but I think by the fact that they provided that system to McDonald's that they have admitted there is a problem with their water. And, by doing so, I think that pretty much says everything.

MR. TWOMEY: I have a question. I'm sorry.

CHAIRMAN CLARK: Go ahead, Mr. Twomey.

MR. TWOMEY: Yes, sir. For the purposes of my question, I want you to take it that -- accept that SSU is collecting from -- you're served by Beacon Hills?

WITNESS BUCK: Yes, that's correct.

MR. TWOMEY: That the Public Service Commission is allowing SSU to collect about \$355,000 a year more than what it costs to provide you and your neighbors service, okay? Which is about 27% or 28% more than what your service costs. It's the subsidy I was talking about.

I want you to also accept the fact that the Public Service Commission in the past, not all the Commissioners up there, has stated that one of the express reasons for taking money out of your pockets was to help fix up systems elsewhere.

If you accept that, if that is true, my question is would you be willing to see more of that money you're seeing sending out in subsidies spent on SSU cleaning up your water here, even if it resulted in your paying higher rates than what you should be paying now?

Is that too convoluted for you?

witness buck: No, I don't think that we should have to pay higher rates. Obviously, if they're making more money than what it costs them they could certainly fix up the system

with what they are already getting.

I think the profit in this area comes second. If they are making a profit, they should take care of the system that is providing that money to them, and provide safe drinking water for the people there and money that -- or water that doesn't cost someone a lot of money and peripheral repairs and stuff on their house. And I think they could probably do that. If, like you say, they are taking quite a bit of profit out of the system, they should certainly return that profit to the system and make it a viable system first before they do anything else with it. (Applause)

I don't think they should take that money and send it to Orlando or some place to build a system in Orlando before they take care of the needs of the system that is supplying them money.

When Southern States first came into the area, when they first bought the system, most of the people in there had been on the service, and I forget, Hidden Hills Water Service is I think what it was. Anyway, immediately when Southern States took over the system, they assessed everyone a deposit. They sent out letters to everyone and said, "We want a \$25 deposit from you to provide water to you."

And I complained about it. Everybody in the area had been on the system for years. They have been paying money for years and then this corporation comes in and immediately

wants more money.

I called them up and I said, "Look, I have a problem with that." I said, "I have been paying money to the water system for years, why do I now have to provide a deposit to you?"

And they said, "Well, what we're trying to do is raise capital to put into other systems."

And I think that's what they continue to do is they take the money out of this system, they go build or buy an old system, fix it up and probably make it profitable and then sell it. But they are using our money to do it.

Whatever they are doing, they may not be making a profit, but they could be making one large corporation that some day is going to be worth a lot of money that they can sell and walk away from. You don't have to make a profit every year. What you can do is put it back into the system. You can show a loss every year, but you can build one hell of a system doing that.

commissioner GARCIA: Sir, let me ask you a question. You have lived here long enough, has the water quality gone down since the acquisition?

witness buck: I would say that it's been pretty constant, bad. I haven't seen any improvement in it and it's hard to tell exactly. But that's about --

MS. CAPELESS: Madam Chairman, concerning the

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composite exhibit, that would be Composite Exhibit No. 4?

CHAIRMAN CLARK: Okay. I want to identify an exhibit, Composite Exhibit 4, consisting of 25 photographs, that's what I counted, and an article from Scotty's Contractors' Advantage, dated August, September 1995. That will be Composite Exhibit 4, and we'll return these to you when we have copied them.

WITNESS BUCK: Okay. That will be fine.

(Exhibit No. 4 marked for identification.)

CHAIRMAN CLARK: Thank you, Mr. Buck.

WITNESS BUCK: Thank you.

(Witness Buck excused.)

MR. SHREVE: Wayne Brooks.

## WAYNE BROOKS

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

witness brooks: Good evening, Madam Chairman. My name is Wayne Brooks. I live at 3826 Mission Hills Drive East, Jacksonville, Florida. I'm here representing Hidden Hills Country Club Estates Homeowners Association, about 330 families this evening.

I don't want to be redundant, but I would like to capitalize on a few things that were said this evening and just run down through my notes representing the community. I

have also talked, and you can ask me questions afterwards, with the community as a whole. I was the president of the Association, so I'm pretty well in-the-know what's going on out there with the water.

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Let me give you a quick brief, though, of costs, because we've got apples and oranges here, and I want to make it very simple, because I'm a simple person. In December 1991, we were paying .00650 per gallon of water. Today we're paying .001230 per gallon of water. That's an 89% increase.

Wastewater, the basic charge has gone from \$7.49 in December 1991 to now \$12.67 a month, with absolutely one increase officially by the Commission. Everything else has been self-endowed by the SSU.

Sewer charges, for simplicity's sake, was \$1.65 per 1,000 gallons processing, and now it's \$3.66. \$3.66 is 122% increase in costs.

Now, I know the Staff has looked at all this and they probably were glazed over by all these statistics, but for us, the consumers, that's a large increase. My CPI has gone up about 12%, and we're look at a 100% increase. And that's been a pretty big complaint this evening on rate.

I want to set that aside now, because I think the big thing you need to be concerned with is quality. The quality of water we're talking about, it sucks, okay, bottom line. And I hate to use that word, but it does.

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The quality of service, we used to have a local office. We do not have a local office any more. And if you have ever tried to call a 1-800 number in your life that's busy with a utility, I wish you luck. Because I, as the president, tried to contact these folks. I tried to get response to community issues, and I got zero response, or I got the runaround. And there is no place to pay our bill locally or even to complain locally. So we would appreciate your assistance when you look into that as far as management goes.

Water pressure, I realize that if you look at the area and you've talked to people that are knowledgeable, that particular area has had some expansion and construction. But our water level -- and I've lived in that area, not just in the community I'm in now, but I've had 15 years in that particular water district of Beacon Hills. And the expansion has taken place but the water pressure is a constant problem. I, being on the homeowners association, have received complaints; and as I walk around I receive complaints all the time about water pressure variation. So it's a real concern out there.

And I have not tapped our fire hydrants, and I'm afraid to do that, so we may want to do that some time now.

About quality of water, I have got a new homeowners district. Our subdivision is fairly new. I've lived there

for eight years, but most of the homes are relatively five years of age. I have repiping problems going on in the community. I have not had that problem, but I'm trying to relate to you what the community has had. I've got major issues going on with water heaters; anything that comes in contact with water at all, faucets, toilets.

It looks like a garbage dump out there about once a month when people put all the utilities factors out the garbage pickup. So it's really becoming appalling to us, and we don't understand it.

So what did we do? A few people on their own have gone out -- and I wish I could remember this injector business, but I apologize, I don't know those terms. But some people have gone out and actually purchased those things for their homes to prevent this. Because we went out and did independent studies, found the quality of the water was terrible. We tried to go out and get local water tested. We couldn't do that because of conflict of interest, because they test SSU is their contractor; so we, as individuals, couldn't get the water tested. So there are conflicts everywhere.

It's been very frustrating to our organization. And all the consumers out here this evening, you can understand that.

The costs involved are phenomenal. Depending on your economic background, it doesn't matter where your level

is, it still costs money.

I'll give you a rough figure. It costs us anywhere from \$300, as I've seen in our area, to \$3,000 to put a filtration system in. Above and beyond what we're paying these high rates for, that's to protect your plumbing and try to protect your home. And that's appalling. I've never lived anywhere, ever, where that kind of expenditures you had to, you know, expend.

So all I know from being a novice to this, I'm not a chemist; I'm not an engineer, there's something wrong somewhere. And something stinks. And it's hard for us to swallow, excuse the pun, of all of this stuff that's going on this evening. So I hope you take it all in heart.

I know there's a lot of bleeding hearts, and I think you probably think I'm a bleeding heart. But I want you to listen very carefully to what everybody is saying, because it's really important. You make the decision; we don't make the decision. If we made the decision, we won't be here. It would be aloha. (Applause)

I've got a couple of side notes, too, about their business practices. For years we have been paying their electric bill. I say "we," my subdivision has been paying our own electric bill for the substation life for SSU, and they didn't say "boo." So finally I called them up one day, and says, "Hey, why are we paying your bill?" I had my attorney

to get it taken off, because we were paying their bills.

And that shows me that they do not even know what they have on their books. If I'm paying their electricity for the lift station for my substation, and they don't know about it for years and years and years until I call them up, that's frightening. That just to me is not even a businessman. That frightens me that we're paying their bills and they don't even know it. We had the bills directed to JEA, now they're paying it, baby.

One last thing about service. Continental Cable came in and put down new fiber-optic cables in our neighborhood recently. We tried to contact SSU to assist in locating water pipes. They were totally uncooperative, said they were too busy, didn't have the staffing, couldn't do it. So I ended up -- we ended up -- or SSU ended up with consumers without water. We broke pipes. "We," I say, the utilities broke pipes; we were without water service.

Obviously, we had other problems. We broke one of their main pipes, and SSU had to come out at their expense and repave a road. It seems like their business practice there leaves a lot to be desired. And I sit there watching us pay these bills, pay these bills and watch them just throw things away.

I'll give you another example of business practice that bothers me, too. I have a resident that left town for

one month. Now, he's gone for one month from his house. He returns to his house -- and put yourself into this situation -- and all of a sudden he gets a bill. And he gets notified from SSU saying, "We think you had a water problem, because you were gone for a month, so we replaced -- you didn't use any water this last month, so we replaced your water meter. We came out and did everything else. Oh, by the way, since we couldn't find anything really wrong, we're going to charge you an average cost of your previous three months and that's what you owe us." And he wasn't even in his house for a month.

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And they not only came out and put the expense of putting a new water meter in, because they assumed something was wrong. They didn't even wait long enough to even ask the question. Those are the business practices that bother us.

That shows lack of concern. It shows lack of, you name it, management. "Mismanagement" is probably the best term of all. So that's just another example, and I've got more and more to go on with.

But, basically, I think I want to paraphrase it:

As a good neighbor, I couldn't put them on, SSU, the resume at all. They haven't been a good neighbor to my association and my neighborhood and my residents. So I plead to you to take a good look at all their facets, not just the rate hike, take a look at everything.

I want you really to look at this monthly weather

normalization clause, too, because that thing jumped out at me as fraud, waste and abuse. And if you allow anybody to have that type of capability to take a look at monthly weather normalization and raise charges to it, you've opened Pandora's box, and I guarantee you we know where you live.

Thank you very much.

CHAIRMAN CLARK: Thank you, Mr. Brooks. Mr. Brooks,
I was -- (Applause)

Thank you. Let me ask you one question about the gentleman who had them come out to reset his meter because he wasn't using any water.

WITNESS BROOKS: Replaced it completely.

CHAIRMAN CLARK: Could you ask him to contact the Commission so we could follow up on that?

WITNESS BROOKS: You want to do that? We can do that. But that's not the only one that's happened to. I have other residents in there that it happened -- the same problem is that -- in fact, it happened to me. I checked my meter. I called them up. I said, "My meter is squirrelly."

And they said, "No, it's not. It's not squirrelly."

They'd tell me on the phone, "No, it couldn't be."

And a month later, I called them up and I said, "I think it's really squirrelly. It's not doing anything. It's not registering."

Boy, as soon as I said it wasn't registering, they

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were out there in a flash. They ripped that sucker out of the ground and then they turned around and said, "How long has it been out, Mr. Brooks?"

And I said, "How in the hell do I know how long it has been out?"

And they said, "We need to charge you for how long it's been out." I went back in my house at that time.

I will be glad to inquire and have people contact you on that.

CHAIRMAN CLARK: Thank you.

WITNESS BROOKS: Any other questions?

CHAIRMAN CLARK: Are there any other questions?

MR. TWOMEY: Yes, I have a question, Commissioner.

COMMISSIONER GARCIA: Just to let you know -- excuse me, Mr. Twomey.

MR. TWOMEY: Yes, sir.

COMMISSIONER GARCIA: On issues such as this, again, the Commission is the forum for those issues. And the Company has to come into a hearing process with us, and those issues can be solved if the Company is doing something that's not right. And they will correct the problem, and they will return your money if they have done something they shouldn't have done so -- (Simultaneous conversation)

WITNESS BROOKS: Well, it's not the money issue here. This whole issue is just as a business corporation,

whether it's a utility or not, that's what we're concerned with. I know what you are saying.

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commissioner GARCIA: One of the unfortunate things is that we are in Tallahassee, and so our office is there, and that's why we have a 1-800 number. I mean, any time you have a problem, that's registered, it's on the books with the Company, and we're aware of it and we can react to it.

WITNESS BROOKS: Will somebody answer that number?
COMMISSIONER GARCIA: Yes.

CHAIRMAN CLARK: Absolutely. And if they don't,

I'll give you my card and you can call me if they're not

answering it.

WITNESS BROOKS: It's very frustrating. We've had a lot of frustration, bear with us.

CHAIRMAN CLARK: We have recently moved to a new building and have reconfigured the system so that more calls can get through.

WITNESS BROOKS: My taxes have gone up, I can tell.

CHAIRMAN CLARK: Well.

WITNESS BROOKS: Any other questions?

MR. TWOMEY: Yes, sir. Would you find some measure of irony, Mr. Brooks, in SSU's bragging that by cutting out your local service center and installing an 800 line that they have become more efficient and thus are saving you money? Would you find that ironic?

WITNESS BROOKS: Well, no. That's typically what 1 they do. If you read their literature and if you follow their 2 program, it is that, "We're more efficient, we're cutting out 3 programs, and we're cutting out office space to save money," 5 that's exactly right. But they are not more efficient because they weren't efficient to begin with. So you can't make 6 7 efficiency out of inefficiency. CHAIRMAN CLARK: Thank you, Mr. Brooks. 8 MR. TWOMEY: Thank you. 9 CHAIRMAN CLARK: And I'm going to label as Composite 10 Exhibit 5, the petitions from the Hidden Hills Country Club 11 Estates Homeowners. 12 (Exhibit No. 5 marked for identification.) 13 WITNESS BROOKS: Thank you very much for your time. 14 CHAIRMAN CLARK: Thank you, Mr. Brooks. 15 (Witness Brooks excused.) 16 17 MR. SHREVE: Andrew Herbanek. 18 19 ANDREW HERBANEK was called as a witness on behalf of the Citizens of the State 20 of Florida and, having been duly sworn, testified as follows: 21 22 WITNESS HERBANEK: Andrew Herbanek. 23 CHAIRMAN CLARK: Would you spell that? H-E-R-B-A-N-E-K. Address 12132 WITNESS HERBANEK: 24

Spiney Ridge Drive, Jacksonville. It's a development of

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Hidden Hills. We're served by the Beacon Hills facility.

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I came here to this meeting with a prepared statement. And I'm going to tell you, frankly, after the remarks, opening remarks, by Mr. Twomey and Mr. Shreve, I was appalled. I was appalled that -- not that I accept all their facts or their statements as to what the situation is, but I was appalled that that could be possible.

I have heard a lot of innuendoes for years about the goings on between SSU trying to run a business, which they are obviously incapable of doing, and being supported by a Commission, State Commission, appointed by our Governor. And then, of course, you throw the EPA in there, and we wonder a lot. We know a lot of factual cases where the EPA has been taken on and forced to change arrogant decisions that they have made. And I'm not sure that we don't have that situation here.

To make it brief, I had a prepared statement and a list of subjects to cover and experiences to relate to you to look for help and to improve the situation, but, frankly, I'm rather dismayed about the whole thing. So I'm going to shorten my remarks greatly.

I'd like to say that I concur entirely with Mr. Beittel and the earlier speaker, with his remarks, and also with Mr. Brooks.

I'm a member of the Board of Directors of the Hidden

Hills Homeowners Association. I know a lot of experience we've had with Southern States Utilities. I'm not going to get into slinging mud at Southern States. I'm just going to say that I don't think they are not fit to be in business if they run the business the way they do.

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They run it on a basis of a socialistic society.

Take our money to build somebody else's plant. And I'd like to make the Commission aware that we have some darned hard-working, low income families living right in our area, and we have people on fixed incomes living in this area. So before we are going to be spreading money out over to other people, we're going to take care of our own. We have no objection to helping other people, that's the Christian thing to do, we want to do that, but first things first.

I really think that this situation is not tolerable and it will not be able to continue to exist. I hope that you are hearing what is being said here tonight.

I can add my list of plumbing failure, hot water failure, hot water heater failures. I have been replacing my tank innards, flapper valves, fill valves, and so forth, on a much more regular basis.

The water is unpalatable. It was 16 years ago when I moved here, and it is just as bad today, except it has different problems. I am waiting with a bated breath to repipe my house at 16 years old. I expect that is probably

going to fall on me at any time.

Now, you hear all these complaints and then these things are happening. And I cannot believe for one moment that your Staff is not fully aware of what is going on. You have engineers, you have chemists and you have analysts, and I just can't believe that they don't know the things that were going to happen under the conditions that prevail that they are overseeing and are involved in.

So I'm saying be prepared for change. Because I think this is ridiculous, outrageous increase that you're proposing that is being proposed by SSU. I think it may have pushed us over the edge.

I hope that somehow or another we can get together.

I hope you're going to heed and help our community. We need your help. We need you to stand up for us and do the right thing. If you think 100% increase in three years is the right thing, then I don't know where you are living. It's not the real world.

I hope something can be done with SSU. I think that if SSU doesn't learn how to manage a company, they ought to get out of the business, and let somebody do it that can. And I say that, not disparagingly at all, but just as a matter of fact.

I have been in the business as a management engineer for many years. I'm a Professional Registered Engineer in the

98 state of Florida. I worked in the paper industry. about corrosion; I know about effluent treatment; I know about 2 | air treatment; I know what it takes to do that, and I know the conditions that they work under. The conditions here at SSU 5 are nothing, nothing, compared to that. So I know that it's not that bad a condition if you wanted to do something about 6 7 it. 8 I hope you take my remarks and my comments in the spirit that they are intended, and I hope that you will help 9 10 us. 11 Thank you. CHAIRMAN CLARK: Thank you, Mr. Herbanek. Could you 12 wait just a minute? 13

Are there any questions of Mr. Herbanek? There are no questions. Thank you. (Witness Herbanek excused.)

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CHAIRMAN CLARK: Mr. Shreve?

MR. SHREVE: Mr. Heilman.

GEORGE R. HEILMAN

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

WITNESS HEILMAN: Good evening, Madam Chairman, fellow Commissioners. My name is George Heilman. I live at 4276 Captains Way, Amelia Island, Florida. I brought with me this evening several petitions protesting the planned rate increase.

There's been much said about the management and the corrosion problems associated with the water service. I don't want to plow up already plowed ground again, so I'd like to talk primarily about the Commission.

Approximately two years ago when this Commission proposed this uniform rate increase I wrote a letter of protest. Which, to me, that plan was the dumbest thing I ever heard of in my life. I never received an answer to my letter.

When this recent proposed increase came about, I got the notice the latter part of July or very early August; and about the first of August I wrote a second letter to the Public Service Commission outlining the reasons I thought were unrealistic as far as the uniform rate basis goes. And I received back a standard computer printout type letter telling me how great a job the Public Service Commission was doing, how they reviewed all the rate cases, et cetera. I responded with a third letter to that.

Some of the comments that I made in those letters have been recited here tonight about SSU is a very poorly managed company; they obviously don't know what they are doing; if you continue to raise people's water rates, their rates will be higher than their electric bill.

The Commission may or may not know this or be aware

of this, but I put the uniform rate case very similar to the case that the U.S. Justice Department has against McDonald Douglas at the present time where McDonald Douglas has been switching charges against the Defense Department. In other words, if a given project costs too much money, we'll just put the cost for that project over here into another account and charge another account for that basis.

That's exactly what you are doing with the uniform rate case. I'm surprised but proud to hear that the court system has overturned that.

From the statements I have heard here, though, this evening from the Public Service Commission, I don't understand exactly what it is that you propose to do about the refunds. It seems to me that there has been a little double talk going on about how the refunds will be treated, et cetera. It seems that if customers have been overcharged for the last two or three years their rates at today's basis should be less than what we are already paying. Therefore, if there is a rate increase, it should probably not be any higher than what today's rates already are.

But the proposed rate increase, the notification that I received and my neighbors received from SSU, propose a rate increase of approximately 50%, as I think everyone knows by now this evening, over the current charge, not past charges.

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As the gentleman just spoke and said he was a Registered Professional Engineer, I, too, am a Registered Professional Engineer and understand about pumping water and treating water and the cost of treatment plants and instrumentation. I agree wholeheartedly with him that what SSU does is nothing. It ought to be the lowest simplest cost for any utility there is. Yet their request for rate increases outstrip all other services. And the Commission ought to consider this when they look at what SSU is doing.

I believe that everything that I really think that needs to be touched on has probably already been addressed by the previous speakers. As far as our service goes, I don't really have any complaints with our water but we don't have a local office. Their line broke in front of my house approximately two years ago. I had to call three times to get someone out. Then when the guy came out and looked at the line, he told me that it was my problem, it was my line that was broken -- which I knew it was not -- and he left.

And I had to call again a day later after it had washed out my front yard to get somebody to come back out and take the issue seriously.

One of the other neighbors in our development complains because an alarm system on their treatment plant goes off frequently and disturbs the peace in the area. And they call continuously to SSU to get the problem fixed, and

that.

the problem has not been fixed. And the reason, they say, is because they don't have the money to do anything about it.

So I don't know what they are doing with the money other than as I have stated in my letters they are buying up other utilities and using our money to do it.

CHAIRMAN CLARK: Thank you, Mr. Heilman. Are there questions?

MR. TWOMEY: Yes, ma'am. One second.

Sir, you understand, don't you, that despite their protests that they don't have any money that they are, under the current rates being allowed by the PSC, they're shipping out about 200 grand a year from you people over and above your cost? You understand that, don't you?

witness Heilman: I understand that very well and I put that in my letters to the Commission that they are using our money to buy other utility systems with.

MR. TWOMEY: I take it you're opposed to that?
WITNESS HEILMAN: Yes. I certainly am opposed to

MR. TWOMEY: Thank you.

witness HeILMAN: The systems ought to be stand-alone systems. One thing about the rates in our area, our area is a very high growth area. When the system was put in in our area, SSU determined what the cost should be at that time. At that time, they probably had about 50% of the

customers that they have now.

If those costs were properly amortized they ought to be making a pot full of money or our rates should be going down if it was on a stand-alone system basis because they have got a lot more service to supply and the plant hasn't gotten any larger.

But that's not what's happening. They're back wanting, last year we got a 20% increase, this year they want a 50% increase.

CHAIRMAN CLARK: Thank you.

MR. SHREVE: Thank you, sir.

MS. CAPELESS: Mr. Heilman, did you want to have those petitions marked as an exhibit?

CHAIRMAN CLARK: We'll mark as Composite Exhibit 6 a

15 petition -- I'm trying to -- from Southern States Utilities'

16 customers in Amelia Island in Nassau County. That will be

17 Composite Exhibit 6.

(Composite Exhibit No. 6 marked for identification.)
(Witness Heilman excused.)

CHAIRMAN CLARK: Go ahead, Mr. Shreve.

MR. SHREVE: Karen Sanford.

## KAREN SANFORD

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

WITNESS SANFORD: My name is Karen Sanford, and that's S-A-N-F-O-R-D. My address is 4843 Medway Hall Place, Jacksonville, Florida. And I am a customer of the Beacon Hills area.

I basically just wanted to relay one of my experiences with the water in my home. We moved into our home in the Beacon Hills area in 1988. And shortly thereafter I began to notice yellow spots on my family's clothing. blamed it on my carelessness at first; but then I noticed that I would wash new clothing that had no stains on it, remove it from the washing machine only to find yellow blotches.

After speaking with several people including plumbers, I felt my machine's transmission was leaking, so I purchased a new washing machine. Needless to say, this did not correct the problem.

I then began trying different detergents; my husband put a filter on my washing machine; I did not use fabric softner, and so on, but the stains still continued to ruin my family's favorite articles of clothing. Also, nothing I did seemed to remove the stain once it was there, and I tried all sorts of products on the market.

I even took one article of clothing that was white,

I took it to my dry cleaners. He said he had a special bleach that he used under pressure that normally took out any kind of stain. That did not budge the stain either.

At this point I'm beginning to wonder if I'm the only one with this problem. I began asking some friends of mine and people that lived down my street if they had a similar problem. I took some of my articles of clothing and I showed them. Quite a few people I talked to had a very similar problem and they were going through the same process of blaming themselves for the spots on their clothing.

I did bring an article with me in case some of you would like to see what these spots looked like.

Anyways, in February I called Southern States

Utilities and explained my problem. They sent a field

representative out and I showed him some of the things that
had been ruined. He told me to send them to Apopka with a
letter.

Needless to say, I did not do that because of my busy schedule and also because I was kind of leery of just sending my clothes with a letter. I was not sure what would happen. So on May 18, I did call Southern States Utilities again and I asked if someone could call me regarding the problem. Gene Manning did; he said he would send someone out to pick up my clothing; they would run tests on it to see if they could determine what the problem was. That afternoon, it

was picked up by a field representative.

On August 17, I still had not heard anything, so I called Southern States Utilities again. I was told they probably would test my clothing at the end of August and that I would be called back by Gene Manning to confirm this; and he did not call me back.

I called once again this morning and was told I would be called back by Gene Manning this afternoon, and I was not called back.

I guess at this point I'm feeling rather inconvenienced. I'm inconvenienced by the fact that perfectly fine clothes are being ruined; and I'm inconvenienced at the tremendous cost that it takes to replace the clothing that has been ruined; and I'm just plain inconvenienced at having water that I do not feel is of an acceptable quality.

I agree with many of the people who have spoken tonight. I am personally just waiting for more things to happen in my home because of the water. And I have small children at home; and we do at times drink the water when it is more convenient to get a drink out of the spigot than it is to get the bottled water, and I'm really concerned what can and may happen to them.

So at this point I cannot see any justification for a rate increase. I would quite frankly just really like to see the water fixed. And that's about it.

1 CHAIRMAN CLARK: Thank you, Ms. Sanford. 2 questions? Thank you. 3 WITNESS SANFORD: Would you like to see this? 4 CHAIRMAN CLARK: Yes. I will return it to you. though, you won't have to call me. 5 6 This is what are you talking about? 7 (Witness shows article to the Commissioners.) 8 Thank you. Go ahead, Mr. Shreve. 9 MR. SHREVE: Thank you, Ms. Sanford. 10 (Witness Sanford excused.) 11 12 MR. SHREVE: Charlotte Temple. CHARLOTTE TEMPLE 13 was called as a witness on behalf of the Citizens of the State of Florida and, having been duly sworn, testified as follows: WITNESS TEMPLE: Charlotte Temple, 11106 Sail Point 16 Lane, Jacksonville, Florida, 32225, served by the Beacon Hills 17 water system. 18 I have two small children. They have already spoke 19 20 frequently this evening. We moved into our home two-and-a-half years ago. 21 had an 18-month-old at that time, and two weeks later I had 22 another child. We're fairly high water consumers with two 23 small children in the house. At that time my bill was approximately \$48 a month average. We considered that when we

considered moving in that area, we talked to people and we considered that to be acceptable. Now they're a little over \$80 a month average. Twice already they have been higher than my electrical bill.

This is become being unacceptable. But the most unacceptable part is the fact that we do not consider the water safe to drink or to cook with so we use bottled water. Our bottled water bill is running in excess of \$45 a month. That brings our total water bill in excess of \$100 to \$130 a month. That to me is becoming very, very unacceptable.

Someone mentiond the fact that the water lines had been broke in our neighborhood. We have had at least three if not four boil your water notices that have lasted approximately a week. But this didn't inconvenience us because we had already been doing these procedures.

We have CV-CB-whatever pipe in our house, so we have no copper, but yet we still have the green stains. This means the copper is coming from somewhere outside of our home and staining our plumbing.

The amount of chlorine in our water is extremely of great concern to us. There are times of the day that I will not bathe my children because when I run the water in the bathtub the fumes are so excessive I don't even want them in the bathroom, I just drain the water.

There are times that I won't take a shower myself

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because you turn on the water and it burns your eyes. Worse than jumping in a pool that has been shocked with chlorine and you realize immediately you must get out of that situation.

I called Southern States Utilities several times about it. And it is something that they apparently do release a lot of chlorine in the system at different times during the day, I guess, and I just happened to hit it more often than other people. Maybe because I bathe late at night. Small children, you have odd schedules.

That brings us to another subject. I am now having to buy my husband dress socks at least once a month because the chlorine in the water is bleaching our clothes. So the clothing bill has gone up tremendously due to the breached clothes. We don't use chlorine in our house, we don't use Tide with bleach, we don't bring in a bottle of chlorine and pour it into our water. But when you open the lid of the washing machine after you do your wash, the chlorine fumes are extremely strong at different times; it's not constant but it's enough that it is ruining enough of our clothing that it is of great concern to our family.

My father lives three miles down the road. He is not served by a public service water at all. He has a deep artesian well. He's lived there 30 years, he's never replumbed his house. He has done some remodeling work. We've taken the pipes apart and the horror stories about the pipes

being so shrunk are not there.

So I don't know where they are getting their water. If they are getting their water from the Floridan Aquifer like my father is with a deep artesian well, then obviously something is happening to the water prior to it reaching my home. His water is drinkable, my water is not.

In consideration to other people that use SSU services in other parts of the state, I have great sympathy for them. We have a choice where I live. I chose to live where I live because I thought at the time the rates were acceptable. If my rates were to change and their rates were to have to go up substantially to make a rate system due to the location where you live and the service that you have, I would feel very sorry for them because they may be faced with the same choice I'm having to be faced with. If our rates continue to increase, we're going to have to move. It gets to be quite simple economically after a while, you have to sell your home and move on.

They may be faced with that consideration quicker than I am; however, I feel it is very unfair for me to have to sell my home to subsidize their rates. That's part of the problem.

You know, maybe it would be best if I pursued the right to have an artesian well on my property that I may have drinkable water where I live, whether through the legislature

or something else. It is very tedious to have to purchase water to drink and to cook with when we have in this day and age in this country, in this city, water piped into your homes and I have to physically bring it in every day or at least once a week.

I would appreciate any help that you can give to the people that are faced with similar situations as ours.

CHAIRMAN CLARK: Thank you, Ms. Temple. Any questions? Mr. Twomey?

MR. TWOMEY: Yes, ma'am.

You spoke about the possibility of having to sell your home. Are you aware -- these are my numbers and someone can challenge them if they want. I'm going to make a statement, I want to ask your reaction to it.

Are you aware that one of the systems that benefits from your subsidies that flow south is an industrial park called South 40 where the sewer customers there get annual subsidies of over \$4,000 apiece?

WITNESS TEMPLE: Well, like I said, you know, I -
MR. TWOMEY: If that's true how do you feel about

them taking money from you in order to --

WITNESS TEMPLE: Well, that's what I say. I feel it's unfair that I would have to sell my home in order to subsidize their rates.

MR. SHREVE: We're not talking about poor people.

witness temple: I'm not talking about poor people, industrial or anything. We all have a choice of where we put our business, or where we leave our business, or where we leave our business, or where we leave our home. Some of this is reflected in the fact that, you know, if this gets noised abroad very loudly my home value may go down because someone else would not consider this a good situation to move into.

But we still have those choices here in the United States. We have the choice of where we put our business based on our research of what our monthly costs are going to be to live there, do business there. And if it is unacceptable for them to pay that \$4,000 extra that we are subsidizing now, then they can move their business just as easily as I can move my home.

CHAIRMAN CLARK: Thank you, Ms. Temple.

MS. CAPELESS: Ms. Temple, one question. How close do you live to the Beacon Hills facility?

WITNESS TEMPLE: I live in Harbour North on Sail

Point Lane. I'm not really sure where their actual water

facility is, six blocks? So I probably get the brunt of all
the chlorine coming in that's coming in at that point.

MS. CAPELESS: Thank you.

CHAIRMAN CLARK: Thank you Ms. Temple.

(Witness Temple excused.)

MR. SHREVE: Noel Cox.

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NOEL COX

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

WITNESS COX: My name is Noel Cox. I live at 11357 Beacon Drive, Jacksonville, 32225. I'm serviced by the Beacon Hills treatment plant.

There may be a better word for this than "service." Because I have been there seven years and the house has been repiped, the hot water heater has been replaced and another one is going to have to be replaced. And I agree with most everything that everyone has said so far about the taste of the water and it being undrinkable and everything.

The main problem I have, I live at the end of a loop, a water loop. During the dry periods when most of their neighbors have their sprinklers on, if I flush the toilet it will not refill the tank the pressure is so low.

My neighbor across the street, who has a two-story house, he can't take a shower in his second story when anything is on downstairs. His water pressure is extremely low. This results in air locks in the hot water heater and in pipes. An already bad situation of bad water is stirred up more by the sludge and it really gets bad when this happens.

The other day I was running the washing machine and I kept hearing noises in the garage where my water heater was at. I looked out there and it was filling up with air instead of water and I was getting all kinds of strange noises. I thought I had a ghost in the house or something or other.

But the rate increases has been sufficient in the seven years that I have lived there that it's gone up now where that it's higher on my monthly bill than it was seven years ago on a quarterly bill. Now how can they justify a rate increase of over 300% in seven years? That doesn't even seem feasible.

Another thing that happens is the lack of meter readings. Last month my bill was \$60.22 for one person since my wife passed away. I was gone 17 days of that. On the 13th of this month I had a plumbing problem, another one. I had to shut the water off at the water main at the meter; and I had to dig approximately a wheelbarrow full of dirt out of the meter just to get down to it, which indicated that obviously it hadn't been read.

In addition, I recorded the meter reading and it indicated 538 gallons had been used since the last time it had been read, and that was 27 days had gone by. They had been billing me at 491 gallons a day prior on that while I was gone. So you tell me what they are doing. They're obviously just guessing at it, just taking a computer average and billing you and apparently adjusting it periodically, I suppose.

Thank you.

CHAIRMAN CLARK: Thank you, Mr. Cox.

MR. SHREVE: Thank you, sir.

CHAIRMAN CLARK: Any questions? Thank you.

(Witness Cox excused.)

MR. SHREVE: Barbara Mazer.

#### BARBARA MAZER

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

WITNESS MAZER: Good evening. My name is Barbara Mazer, M-A-Z-E-R. Mrs. William E. Mazer. I reside at 4542 Oak Bay Drive West, Jacksonville, Florida, 32277. I'm serviced by the Woodmere facilities.

I live in Charter Point, a subdivision of 240 families. I am currently the vice president of the Charter Point community. We have 178 members among the families out there who belong to our association.

In my capacity as vice president, I am a liaison to any civic groups; and it was at the Southern States Utilities hearing at the Greater Arlington Civic Council that I first became very much aware of this public hearing coming up and the various issues that would come before us.

We did a survey in our neighborhood asking if people had complaints or if they had any concerns. In reviewing

those, many of our concerns were the same as previously mentioned in the other neighborhoods. Although I would like to say, in all fairness, in my ten years on the Charter Point board we have had a very good working relationship with southern States. They have been very responsive to our concerns. Our neighborhood, like many others who are not very old, have underground utilities. Often times there is coordination between the cable company, water, electric and what not. We appreciate the cooperation Southern States has

given us with that respect.

I think our major complaints have come from, aside from not wanting to pay higher rates, the same issues people have mentioned with respect to the copper piping. Many of our residents have spent thousands of dollars in replacing systems. Other still complain about water that does not taste good: There's an odor, perhaps, some type of a residue or other components in the water, they're not sure what they are.

However, despite these, I want to get back to the rate issue, the money side of it.

In researching Southern States Utilities, at first I knew very little except I had been told it was the largest privately owned utility in Florida. Hearing that, I thought that's wonderful, we're dealing with a Florida corporation; and we're the third most liveable city in America, this is fantastic, and they're going to be fairminded. And I though I

would learn more about this.

I went down to the Haydon Burns Library where I was told there would be documents where I could learn about Southern States Utilities. I would like to reiterate something that the Councilman from Clay County said. It would be wonderful if these documents would be made available in the regional and the area libraries. The downtown library is not always the most accessible to all the citizens.

However, the librarians there were not familiar with where these documents were located. It took a search of four departments before we finally found the documents. They were in the basement of the library; they were in a restricted staff area; you had to go through locked doors into a staff office and they had shelves set up.

There were many volumes, I believe there were 12 volumes that I spent some time going through. There were, I believe, triplicate or quadruplicate copies of these available; however, they appeared not to have been touched. The pages were perfectly straight. And once you go into those you wonder, "Maybe I shouldn't have looked at these, either."

I was very surprised to learn Southern States
Utilities is a wholly-owned subsidiary of I believe the Topeka
Corporation, which, in turn, is a wholly-owned subsidiary of
the Minnesota Power and Light Company.

The first thing I read was the statement from the

Chief Executive Officer of the Minnesota Power and Light
Company. In his appeal for the rate increase, of course he is
looking at the stockholders' concerns for the Minnesota Power
and Light Company. I learned approximately 14% of Minnesota
Power and Light Company's equity is invested in this
subsidiary. They have a great deal at stake for the

operations and the results of the subsidiary.

Their rate of return on equity for the past five years I believe was quoted to be less than 3%. Their projections are also dismal. The outlook for water utilities in Florida for water is dismal.

So I know he is giving a great deal of pressure on the Florida unit, on SSU, to perform. But I'm a proponent of the free enterprise system; and of course we want Southern States Utilities to continue, we are a captive audience — especially in Charter Point where I live, that's our water supplier. So we're very concerned when there are these red flags about operating results are not what they should be.

We believe in a fair rate of return. However, the Chief Executive Officer thought 12.25% would be a fair rate of return. I don't know about you, but I'm not getting that return on my investments.

I know a lot of businesses are not in as risky an industry with all of the environmental concerns that the water utilities are; and it is very complex, it is something that

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you just can't learn at a brief perusal of the records.

However, in looking at the studies they had hired a Georgia

State University professor to perform, the models he used, and then looking at water utility standards, I felt that Southern

States Utilities, if it were standing on its own as a corporation, a local corporation that was not a subsidiary, maybe I might buy into some of that. But I took a different substance because I felt that a parent company has an obligation — not necessarily a fiduciary obligation but there is an obligation — to provide adequate capital infusion into their subsidiaries. Especially when they are providing a service that is a commodity that is a basic commodity that we all need.

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And if the Company was under-capitalized to begin with, of course they are going to be highly leveraged. This wholly-owned subsidiary cannot very easily go out on its own to borrow money, to float bond issues. Of course they cannot sell capital stock because they are a subsidiary. They enjoy the guarantees of the parent company when they do borrow money. They may have intercompany loans, I'm not sure of the extent of these, but I know there are a lot of restrictions as to what they can and cannot do.

I have read indications that this should have no bearing that they are a wholly-owned subsidiary of another entity. However, I think that is an alternative source of

financing or funding their expenditures, especially capital expenditures. This industry, as I have read, is very heavily involved in fixed asset acquisition.

This is not an unusual thing. With all of the new environmental regulation, all of the competing utilities will be making these expenditures; it is just the normal course of business.

There will be depreciation from the additional capital expenditures will help them recapture some of their costs. There may be federal income tax incentives, there may be down the road possibly even more investment tax credits available. But I think looking to the customer to bear the bulk of all this expenditure is unreasonable, especially in the case of Charter Point where we are not beneficiaries of these types of expenditures. We may down the road get certain capital expenditures in our area to bring us enhanced water systems but we haven't seen it now.

So we are opposed to receiving this hefty almost 50% increase in our area for water and wastewater.

We are also concerned, again, with the quality of the water system wastewater but we would like some consumer advice from our public utility, from SSU, we would like to know before we build a home that we select the right type of equipment, the right type of plumbing pipes that would not be subject to corrosiveness.

 And I know there's a lot of -- this probably isn't politically correct to say, but I don't know to what extent we can blame the water company for our failure to know what type of pipes we should have in our homes. And I don't know a copper pipe from any other type of pipe; but I think we should have some advice from our utility before we move into our homes that, "We would like to put you on warning if you are building you may want to select this type of pipe which is not corrosive; or if you have something, you may consider replacing it."

I don't know that the water utility, but someone should let us as consumers know that before we make these investments.

Secondly, with respect to customer service. So often I hear remarks from people in our neighborhood, "Well, the cable people broke a water main. There's water everywhere. Is it safe now to use the water? Five to seven days they said to boil it."

I myself have made calls to the water company and I had a clerk tell me, or whoever spoke to me, "Well, I really don't know, it's up to you. If you want to use the water, fine. Otherwise, continue to boil it."

I don't know if you monitor the calls and perhaps some education would be in order for those clerks. But basically I guess what I'm thinking about is the rate increase

being applied uniformly to every area, whether or not you enjoy the enhancements that have been made. And to the extent and with the frequency of these price increases, I just feel it really is almost unconscionable. And that's what I wanted to convey about my neighborhood.

But I did want to say that water is one of our most precious commodities. And I think we all realize we are going to be paying more for water down the road. I guess the incremental approach in small increments is more palatable to us. It is somewhat of a shock where every few years we're hit with the prospects of a 50% increase.

I thank you, Madam Chairman, the fellow

Commissioners, the representative here from SSU and the others

who are really promoting the fair pricing and safe water for

all the residents of Florida. Thank you, I appreciate your

attention to us tonight.

chairman clark: Thank you, Ms. Mazer. Thank you for taking the time to go to the library and look at what was filed and read the testimony of the witnesses. That does help you gain a better understanding of the basis for what they have asked for in this case.

WITNESS MAZER: Thank you, were there any questions?

CHAIRMAN CLARK: No questions? Thank you again.

MR. SHREVE: Thank you very much.

(Witness Mazer excused.)

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MR. SHREVE: Sandi Hibbard.

CHAIRMAN CLARK: Mr. Shreve, let me ask you: How many more witnesses do you have? Quite a few? After this witness, we will take a break again. Go ahead.

## SANDI HIBBARD

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

witness Hibbard: My name is Sandi Hibbard, I reside at 4636 Harbour North Court. I am on the Beacon Hills Cobblestone plant.

I have been asked to speak for The Harbour North Civic Association board, which represents approximately 156 SSU users, some of whom have spoken here tonight.

Most of what I really wanted to say has been said but I would like to add a few things to some of the other comments. About 50% of our homes are built with quality copper plumbing. On the average between seven and ten years our newer homes with copper plumbing are having to completely replace their plumbing. We have had one case where a three-year-old home had to be replumbed.

We have discussed this with SSU and they have said they admit the water is corrosive to our plumbing. And a lot of the homes in our community because of the hardness of the water have added water softeners and we have been told by SSU

to disconnect them. We have been told if we have water softeners we shouldn't use them because our copper plumbing will degrade that much quicker.

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In response to those who heard about the copper plumbing, it is a city problem. The city code determines what what we have, and that is being taken care of, if anyone here is interested in that. The code is under revision right now and it will eliminate copper from Jacksonville.

We do live with this green residue all over everything in our house. That is a result of the copper. The polyphosphate injector is really great if you want to put it on your house. We put it on our home when we added our water softener. But it costs about \$60 a month to run polyphosphates through there when you have to go to Ace Hardware and purchase it. I'm sure commercially it's available at a better rate, but we don't have access to it.

One problem that hasn't been brought up here tonight that has been a concern in our neighborhood, we have a lot of problem with sewage flow in our neighborhood. Over the years, it backs up in manholes and floods the streets. We have some manholes in yards on private property; it backs up into their property and saturates their yard with sewage.

It flows into our canal system; once it's in the street, we live on a canal system, you'll see it wandering all through the canal system. It also floods our community

retention pond. They had to come in and drain our pond after it has been saturated with raw sewage on at least one occasion.

I have a newsletter here, The Harbour North Horizon, that's printed in our neighborhood. It's dated March 14, 1991. And I had spoken with Gene Manning with SSU concerning this problem. He told me at the time that we did have some flow problems and that they were in the permitting process and the job should be under way soon once the permits were secured.

And like I say, this was March of 1991 he told me exactly what the project entailed, it entailed rerouting from one street to another. That has not been done. It is now 1995. If they have found another alternative then maybe that's the answer there. If not, why hasn't it been done?

I will say this. Probably this is a guesstimate but I think it's fairly accurate: about every three months they send pump trucks into our neighborhood and they run these big flexible pipes from one manhole into the other and they redirect the sewage. At least that's what I have been told they're doing. But perhaps that's how they have decided to address this issue, I don't know.

We haven't had raw sewage, I will say, in our streets since they have been rerouting it and pumping it.

When the cablevision people which we heard about

earlier were coming through with their fiber optics in our neighborhood, on about four occasions within about a month and a half, lines were broken and we did get the boil water notices.

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According to the Health Department they have to have three consecutive days of clean samples before we can stop boiling our water. I really don't understand why we are boiling our water on each occasion from seven to ten days. I do know that they don't test water on the weekends; but it would just seem that if you have a break on Monday by the end of the week you should have gotten three consecutive clean samples. Why would it go into the next week and toward the end of that week?

It just seems like it's a rather lengthy process.

We just over the last two weeks were boiling our water for two days because a pipe just mysteriously broke. It is really an inconvenience, even though we use bottled water, most of us.

I know on one occasion when a pipe broke when the cablevision company was coming through, we were without water for an hour or so, they got it repaired very quickly. I went in later that night and turned on my bathtub to fill it to take a bath and I had green water, it was very, very green. My husband turned on a faucet and filled a jar and it had a green slime, an excessive amount of green slime on the bottom of it. We never found out why all of a sudden our home was

invaded with so much of this green after a water outage.

Along with that, we have neighbors who complain about turning on their faucet after a break and getting an inch of sand in the bottom of their bathtubs or sinks. It just seems a little excessive.

I do complain about not having a local office any longer. I recently went on vacation this summer having intended to mail all my bills, but somehow I did not get my SSU bill mailed. I returned to town and realized what had happened. I think it was like a weekend coming up and I had two days before they indicated my water would be turned off.

I have been on this system before SSU even owned it, that represents a number of years as a customer who pays their bill. I called them in Apopka, explained my situation, and said, "Could you note that I'm putting it in the mail?"

No, they could not do that. They told me it would only cost me three more dollars to send it next day air. So I did that. I knew I might not be around the house and I did not want to go out and come home and have my water turned off because something hadn't been put into the computer or whatever.

So my husband out of concern wrote a second check, put a note in it, stuck it in a zip lock bag and laid it on top of our water meter in the event they should come to turn off our water. It sat there for three months. It was three

months when we said, "Gee, we put this check out there, I wonder whatever happened, it hasn't come through."

Well, it was still laying there with bugs and dirt and everything else on it. So if they removed it to read our meter, I wish they would have just shaken some of the dirt and bugs off of it for me. My guess is it was not being read every month.

I guess really all I would like to say is that I feel our rates are really high as it is. And then I look at what we spend on bottled water; I look at what we spend on expensive chemicals to try and get the green off everything in our house; I look at expensive items, beauty items that some of my neighbors buy to keep their hair from being green; I look at what we're spending to replumb our homes, and I look at what we're spending to replace water heaters, and I guess I just have a problem. And if I add my \$60 for my polyphosphate injector, we are spending a lot of money. I just feel like we should be able to turn on our faucet and have good water and good service.

As a result of the uniform rates I understand my system has overpaid and has helped subsidized other areas. I just feel like my money should not be put in to be sent somewhere else when my own problems and needs in my own plant are not being met adequately. I would just like to say, if we're going to pay this money that it go to our plant and take

care of some of our problems.

I appreciate your hearing our testimony and I hope you will listen and take it under advisement when you consider it when you are looking at this rate increase.

MR. TWOMEY: I have one question. Ms. Hibbard, are you aware that the Florida Public Service Commission right now is trying to get back an opinion of theirs, an order of theirs, before the First District Court of Appeals so that they can retake jurisdiction over the case and say grace over it and make uniform rates good again? Are you aware they're doing that?

witness Hibbard: I would hope if they are doing it it's not for the reason of allowing uniform rates because that would make a lot of customers very unhappy.

MR. TWOMEY: That's precisely their reason. Thank you.

CHAIRMAN CLARK: Ms. Hibbard, just a minute.

COMMISSIONER GARCIA: Ms. Hibbard, I wanted to ask

You about that injector. Is it something your house has

specifically?

witness Hibbard: It's a little unit you can add on to your water softener. We could not deal with the hard water; we put the water softener in, and then we found out it would make our copper plumbing disintegrate even faster, so we added the polyphosphate injector which puts a film on your

1	pipes which helps cut down on the corrosion.
2	COMMISSIONER GARCIA: Thank you.
3	CHAIRMAN CLARK: Thank you.
4	(Witness Hibbard excused.)
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6	CHAIRMAN CLARK: We're going to go ahead and take
7	another ten-minute break and we will reconvene at 9:20.
8	(Brief recess.)
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10	CHAIRMAN CLARK: We're ready to reconvene the
11	hearing. Mr. Shreve, would you call the next witness?
12	MR. SHREVE: Mr. John Alonge.
13	CHAIRMAN CLARK: While he's coming up to the
14	lectern, I would like to indicate that Ms. Mazer gave me a
15	folder of customer complaints well, customer protests, and
16	I'm going to mark that folder as Composite Exhibit 7.
17	(Composite Exhibit No. 7 marked for identification.)
18	MR. SHREVE: Mr. A-L-O-N-G-E, Mr. Alonge? 13656
19	Mount Pleasant Road? (No response.)
20	Coleman Cosgrove.
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#### COLEMAN COSGROVE

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

WITNESS COSGROVE: Madam Chairman, Commissioners, my name is Coleman Cosgrove, C-O-S-G-R-O-V-E. I reside at 12206 Springmoor Two Court, Jacksonville, Florida 32225, in the Hidden Hills subdivision. We are users of the Beacon Hills facility.

I won't take up a lot of time, it's getting late, everybody is tired. I would like to adopt the testimony of Mr. Beittel, Mr. Schunk, Mr. Brooks, Ms. Osborn, Ms. Sanford. I would also like to call the attention of the Commission to the fact that there's been an awful lot of testimony as to why SSU doesn't seem to be able to function as a company. part of the problem that they have is complying with some of the federal regulations.

I work for a marine transportation company, probably one of the most regulated industries in the nation. We feel that a 3% to 5% profit on a billion dollars plus worth of revenue is sufficient for us. I don't understand why they need to have more than that.

I would also like to point out that many of the neighbors in my area of Hidden Hills are registering the same complaints as the folks you have heard from here tonight. have marble tubs that are green with whatever happens to come

out of the faucet. We have expensive fixtures that started out chromed that are now pitted and wasted away, and our home is only seven-and-a-half to eight years old. We have also recently replaced our hot water heater.

We have two little girls. My wife had the same concerns about the quality of the water. I sympathize with the lady who lives so close to the facility. Every time we turn on our facet, it smells like you are drinking out of a swimming pool.

We installed our water softening system. We installed a reverse osmosis carbon filter for drinking water. We have done what we thought we needed to to make the water drinkable. All the percentages everyone else has quoted, I did my own tabulations all the way back to 1988, and I'm within a couple of the percentage points of what everyone else is quoting.

I think the increases are excessive. I don't think they're called for. I think poor service does not justify an increase. I would like the Commission to deny any increase for this company.

I would ask the Commission to take serious actions into the business practices of SSU; and I think the Commission would have the full support of all the communities here and their representatives if they did so.

Thank you.

CHAIRMAN CLARK: Thank you, Mr. Cosgrove. Questions?

MS. CAPELESS: I have one question, Mr. Cosgrove.

Did you find that the reverse osmosis filter helped with the drinkability of the water at all?

witness cosgrove: It has improved the taste, I'll put it that way. But because of the system it is not really -- a large capacity system would be very, very expensive and right now we have it on the small line which supplies the icemaker and the water that comes out of the refrigerator. It gets by.

I'm sorry, one other point I wanted to make. I'm originally from the North. And I don't know what the regulations here are, but one of the things that the water utilities did in the North to consolidate some of the their expenses was they allowed customers, particularly long-term customers -- and most of the folks we heard here speak tonight have been here for eight, ten, 15 years, usually in the same communities using the same services -- the utility companies developed an average usage pattern and allowed you to pay annually without having to have somebody come out and read your meter, which I agree they don't do on a monthly basis.

It seems like every time they increase the billing period we get an increase in costs. We went from reading it once every three months to reading it once every two months to

reading it every month. That obviously takes more people, it takes more trucks, obviously increases the expense.

What's the benefit to us? There is none.

The annualized fee seems like it would make a lot of sense. It would definitely reduce some of SSU's operating expense and may be a small way to get a little money back.

MS. CAPELESS: Thank you.

CHAIRMAN CLARK: Thank you, Mr. Cosgrove.
(Witness Cosgrove excused.)

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MR. BECK: Paschal Carr.

## PASCHAL CARR

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

WITNESS CARR: I'm Paschal Carr, I live in Bradford County, near Keystone Heights. You have my address, do you need it again?

CHAIRMAN CLARK: Would you please give it again.
WITNESS CARR: Okay. Box 373, Keystone Heights,
Florida.

Bradford County is probably one of the least capable of paying high rates for anything. We have a very low per capita income. We live right close to Keystone Heights and some other areas that their water rate is very much lower than our rate, so we do not understand that with the exception of

one thing. When SSU took over our water system, we were not under the Public Service Commission and they were behaving like the old robber barons and charging as much as they could get away with, which we are still suffering from that. So I'm very much in sympathy with the unified rate, it would eliminate some of those problems.

When SSU took over our area, we were paying \$2,400 a year -- by the way, I'm the president of a small condominium association there, I'm speaking for 20 people.

When SSU took over our area, we were paying \$2,400 a year or water. Last year we paid over \$4,100 a year for water. So they have had substantial rate increases.

There has been, to my knowledge, very little or any improvements in the water system in that area. They have the same meters that's in there. I noticed there's over an 80% increase for a meter charge, so I don't understand where this cost is coming from.

Our water rates are already higher than the interim water rates that they are proposing for the people that live just a mile and a half from us. So I feel like we have been discriminated against because of the fact we were not under the Public Service Commission at one time.

In fact, it seems odd to me and it is almost an impossibility in the interim rate increase they are wanting to raise our rates even higher and then the final rate increase

they are wanting to bring our rates back down. This is per charge for water.

It doesn't take a rocket scientist to figure out that doesn't make sense. Kind of like the old boy in the woods says, "That dog don't hunt." That just doesn't make a bit of sense. I don't think we should be raised up any higher than anyone else just because we have been overcharged in the past.

On a final thing, I would like to say something. There's fortunately a lot of people left so they can't throw too many tomatoes at me. I have been in administration all my life and uniform rates make a lot of sense. If you had to keep 50 or 60 or 70 sets of books in order to keep all these rates different from one area to another, you're going to automatically increase your costs. There is no justification whatsoever.

There is not another utility that I know of that does this. You buy a telephone service or a electric service or gas or whatever, those rates are the same, they're uniform. They have to be. If you did not have that, you would have chaos. There is no way you can justify not having uniform rates.

That's all I have.

CHAIRMAN CLARK: Thank you, Mr. Carr. Any questions? Thank you very much.

(Witness Carr excused.)

MR. BECK: Darlene Jones.

# DARLENE JONES

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

WITNESS JONES: Good evening. Darlene Jones, 11472

Sweet Cherry Lane South, Jacksonville, Beacon Hills water treatment plant. In fact, I live right next door to the water treatment plant.

I want to issue all of you an invitation to spend one night and one day in my home, I would be delighted. And bring one load of laundry with you. It can be dark or it can be light. I want you when you fill my washer to get a whiff of those fumes. Your sinuses will be open, your eyes will be running, and your navy blue things will now be this color. So Liz Clayborne with her acid wash has nothing on me.

I also want you to shower in my bathroom because I have lovely fixtures corroded all the way through. I have lived in the home seven years. When we moved there we paid in three months what we are now paying monthly. The water has gotten no better; in fact, it has probably gotten worse. Every three-and-a-half years I replace all towel bars,

This is not improving. I don't know how many of you

everything that had contact with the water.

know the Beacon Hills plant has recently been renovated. They have put a large tank in to hold the water, it would not fit in this room. It's 30-foot tall. It's wonderful. It's pretty. They have landscaped in there, they have put sod down. They put a chlorine house in so they can bring the large tank of chlorine in. They have a panel that is computerized that chlorine goes in just like that. Except it doesn't work.

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But then I asked two Southern States people tonight and it's up and running perfectly. But I'm still getting all of this.

Just yesterday I called because I had gray sludge coming through my water system and no water pressure. Well, things happen, either it's not rained and they are using lots of water and I have no pressure, or it's raining a lot and nobody is using it so I'm getting a heavy dose of chlorine.

I've had it, quite frankly. So I really wish you all would spend some time with me. I don't know how many people are here, but I wish they would tour that area over there where that water plant is. It's state-of-the-art, it just doesn't function.

The last thing. If they are having money problems, I have a great suggestion. I know what goes on at that water plant; and today when I left for work, there were three new white Fords sitting over there all manned by Southern State

employees and there were four new pickup trucks. All those men could not put humpty dumbty back together again, we still have rotten water. So if all else fails, I want a job with Southern States because I want a white pickup truck.

I urge you to please do something. It cannot go on.

CHAIRMAN CLARK: Thank you, Ms. Jones. Questions?

COMMISSIONER GARCIA: Ms. Jones, you said that the water quality had gotten worse since you moved?

WITNESS JONES: Yes.

COMMISSIONER GARCIA: What do you think that is, is that Company servicing more areas so they are having to put more chlorine in to get it to the end?

MR. JOHNS: That's what they tell me, that I'm the first house out of the system and I get the initial jolt and there's nothing they can do about it.

In fact, there is something they can do. They could have put a filter between me and them, but that would be quite expensive. And I'm not asking them to do that, I just want quality water. It has, it has gotten progressively worse.

This is nasty.

COMMISSIONER GARCIA: Next time you have the problem where you have no pressure or when you see things that are specific, please call the 1-800 number so that we --

WITNESS JONES: On the blue sheet?

COMMISSIONER GARCIA: Exactly. And the --

WITNESS JONES: That's not Apopka, is it? Because I talked to --

COMMISSIONER GARCIA: No, no, no, that's our number.

And so that at least we're aware what's going on --

WITNESS JONES: Do you want me to call you every time I have a high chlorine content? Because you and I will be on the phone all day long.

commissioner Garcia: Let us know. Let us know so our Staff can open a complaint; and that complaint, the Company has had a certain amount of time to respond to. When you speak with the Company directly, that complaint isn't handled the same way. So if you could let us know whether it be high chlorine or whether it be lack of pressure, whatever it is, call our 1-800 number and let us intercede for you.

mr. Johns: Sure. I'll document my calendar. But my calender will have every day with a call on it. I can assure you it is horrific, you just cannot believe what we are going through out there.

And I'm probably the worst because I live next door to that water plant. But they are wonderful neighbors. I mean, they are not intrusive, I don't have a problem with that. The tank is not necessarily unsightly. None of that. The men who do work over there are very courteous, I do have to give them that credit. But darn, oh, acid right out of the faucet.

CHAIRMAN CLARK: Thank you, Ms. Jones. Any other questions?

MR. BECK: Thank you.

(Witness Jones excused.)

MR. BECK: David Mynatt.

#### DAVID MYNATT

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

WITNESS MYNATT: My name is David Mynatt. I live at 4523 Breakwater Row West, Jacksonville, Florida.

I represent the 110 homes at the Harbourwood Civic Association. On behalf of those homes I would like to adopt all the statements made tonight in opposition to the rate increase. Also regarding the poor quality of the water, I can just echo what's going on.

The only thing I would like to put in the record and make a statement about is earlier in the year, 1995, this year, we all got a educational booklet or notice stating that some homes in Beacon Hills have elevated lead levels in their drinking water that can pose a significant risk to your health.

After I got that, I called Southern States and asked them about this health risk. They asked me what year my home was build; I replied I believed it was in 1989. They said,

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"Oh, you don't have any problem, it was only with homes built in 1982 to '86. That's when they used copper pipes or lead solder or something like that." So they did not think it was a big deal except for these homes that were built during that time frame and they just kind of like sluffed it off.

Later this year in August, I had my water tested.

And here's the results. I had my water tested by the Clean

Water Lead Testing Company Incorporated, One University

Heights, Asheville, North Carolina. I had it tested where it

comes into my house at the entrance to my house. And the

first draw was 10.4 parts per billion lead. I had it tested

in my kitchen before it got to the water filter after it goes

through a water softener. It was less than two parts per

billion. Safe.

I had it tested after the reverse osmosis filter I have; it was less than two parts per billion; it's safe. So from that it does appear that lead is coming into my home from the Southern States Utilities' system.

I looked up in the encyclopedia about lead. It tells me the effects of lead are cumulative, they don't necessarily show up immediately. That means all this time I have been drinking this water and my grandchildren we have been accumulating lead in our bodies. It's not showing up yet but it could show up a few years from now. But I'm sure that applies to the other people that have been getting water from

the Beacon Hills.

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That's all I have to say. Thank you for your attention.

CHAIRMAN CLARK: Thank you, Mr. Mynatt. Any questions? Thank you.

(Witness Mynatt excused.)

MR. BECK: Tom Millican.

#### TOM MILLICAN

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

witness millican: My name is Tom Millican, I reside at P.O. Box 373 in Keystone Heights. I live outside the city limits but I receive water service through the Keystone Heights system.

I came to protest this obscene rate increase that's been applied for. But I feel somewhat uncomfortable because I think Keystone Heights benefits from the uniform rates, and I'm not here to debate that except to say that uniform rates aren't unusual in the utility business. Florida Power and Light serves the City of Miami, City of Daytona Beach, Palatka, the Village of Theressa with 100 people. The telephone companies do the same thing and their residential rates are exactly the same thing to everybody. So much for uniform rates.

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But I suppose we'll get a double whammy if that situation changes. Because if it changes we'll have a rate increase from not being on uniform rates as well as the ridiculous rate increase that's been applied for by Southern States, which is what I primarily wanted to address.

But other essential utilities haven't gone up hardly at all. In fact, our electric costs have gone down in the last four or five years. My telephone bill is the same as it has been for several years. So it is hard to understand why one utility has to have such increases when others have very little.

Nothing in our budget -- nothing in my budget has increased 70% all at one time that I can remember since the 1970s oil crisis. We know what caused that, a bunch of oil sheiks holding us up. I don't know what could be causing this except that I think this Company buys up systems and throws tons of money at them in order to get it into the rate base to get the kind of return they're asking for here.

I agree with many of the things that were said by others here tonight, and I think that covers what I had to say.

CHAIRMAN CLARK: Thank you, Mr. Millican. Any questions?

MR. SHREVE: Thank you, Mr. Millican.
(Witness Millican excused.)

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MR. SHREVE: Mr. Hale?

#### LYNDEL M. HALE

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

WITNESS HALE: Lyndel M. Hale, Keystone Heights, Florida. I live at 7744 Highway 100.

I would like to adopt Mr. Millican's statement. I have lived in Keystone Heights for a year now; it's the first time I have ever been on any type of water other than well water. I do have a well and I feel comforted that I do have that available to me because if this rate increase does go through I will no longer be with SSU.

I do want to make another comment. In our area there was a little restaurant, Lake Geneva -- I'm sorry, what subdivision? Geneva Springs Country Cabin. When we used to go to eat there I couldn't drink the sweet tea because when you walked into the restaurant you could smell the chlorine. I even tried; I thought that maybe they had been cleaning. I tried the tea a couple of the times, I couldn't drink it.

I don't have a problem with my house. My house is going on probably 18 to 20 years. I do have copper pipes but I have a water softener, and I'm sure that slows up the process of the chemicals. I have replaced two valves on my hot water heater, and the upstairs faucets are starting to get

clogged up. I'm not sure if that's the case, I haven't done any work on that. But from what I've heard tonight I'm going to go home and look into it.

Thank you very much. Any questions?

CHAIRMAN CLARK: Thank you, Mr. Hale. Any questions?

MR. SHREVE: I would just like to make a comment,
Mr. Millican. I know for Mr. Hale and Mr. Millican it may be
a little tough with all this going on and there is a
difference of opinion between the customer groups, we
understand that. But I think you have done the right thing in
coming in and expressing your objection to the rate increase,
because that is a real thing that you have to be concerned
about. I thank you for coming forward.

witness hale: I didn't comment either way on that really because I don't know the facts. But I do know that these are my friends and I know that all the other utilities do operate that way. I think the people should have the facts in front of them. And I know we live in a small community and if that penalized me uniform rates wouldn't be the way to go.

MR. SHREVE: Are you both on the Keystone system?
WITNESS HALE: I'm on the Keystone Heights system.
MR. SHREVE: As opposed to Postmaster Village?
WITNESS HALE: Right.

MR. SHREVE: Okay. Thank you.

WITNESS MILLICAN: By the way, we have good water.

CHAIRMAN CLARK: Mr. Millican, you need to come up to the microphone so she can hear you.

about Southern States Utilities, we have good quality of water. I think it's because they have a good water source to start with and it doesn't require too much treatment, but I can't complain about the water or the service.

CHAIRMAN CLARK: Thank you, Mr. Millican.

(Witness Hale excused.)

MR. SHREVE: Geraldine Atkinson.

#### GERALDINE ATKINSON

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

witness atkinson: My name is Geraldine Atkinson. I reside at 44 -- pardon me. I reside at 3831 Rogero Road. My zip code in Jacksonville is 32277-2026.

The reason for the disreferency in the address is that in addition to my own home, which fortunately is served by water from the Jacksonville city system, I am legal guardian and caregiver for a handicapped brother who owns a home at 4417 Maywood Drive in Charter Point. That house is served by Southern States Utilities.

However, my purpose in being here tonight is to tell

you about the experience that Greater Arlington City Council has had in gathering information from members of our association.

Greater Arlington Civic Association is a umbrella association of homeowners groups, some 40 of them, in the Greater Arlington area of Jacksonville. It's been my privilege for two years now to serve as Chair of the Environmental Concerns Committee for that association.

You have heard some representatives from our association speak: Mrs. Mazer and Mrs. Hibbard are two, and I believe they are the only two other than myself that are here to speak tonight.

When the rate increase notification first came to residents in Greater Arlington, because Greater Arlington Civic Council tries hard to gather information and to disseminate it to association groups, they immediately came to the committee that I chair and asked for help in assessing what this problem was.

Southern States had notified customers that they would be willing to speak to any group, and so we invited them to come to one of our association meetings, which they did.

They made a very lengthy presentation to a large group of members from our association. They fielded the questions from our members very skilled, in a very skilled manner, and they justified to our members present at that

meeting their requested rate hike by saying that they were indeed upgrading service.

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Well, you've heard contradiction to that tonight from some of the members of our association. They did indicate that part of the upgrading of service would be done down in Tampa and all over the state.

We always pride ourselves on trying to gather facts. And so the Greater Arlington Civic Council has, indeed, acted as a facilitator for sharing of information between homeowners groups. We also have had a speaker who gave us from the point of view of an oponent to the rate increase a very forthright presentation, and so we heard the other side of the coin.

We're delighted and very grateful that the City of Jacksonville, through its Consumer Affairs Department, has now agreed with the good services of Mr. Dana Fernety to take over Greater Arlington Civic Council's role as a facilitator. And we will continue to work with them in trying to solve the problems that are plaguing those of us who are customers of Southern States Utilities.

Out of our discussions in the group, Greater
Arlington Civic Council, or GACC, there were three primary
concerns. When we started out, the thing everybody was
absolutely appalled about was the precipitous rise in rates;
and we thought that was probably the greatest problem that
needed to be addressed and researched.

As the discussion went on between homeowners who had had no contact with one another previously concerning water, probably the most pressing problem is safety of water -- which you have heard amply addressed here tonight -- as well as the quality of water. At one of our meetings a lady brought her dog's watering bowl and it was green. And she said since that bowl turned green she had begun giving even her dog bottled water to drink.

She also brought a whole array of the very expensive hair care products that Ms. Hibbard so eloquently alluded to. And she said only by using those very expensive products could she keep her beautiful blonde hair blonde and she didn't think her husband wanted to be married on a woman with green hair permanently.

So out of our discussions, to wind this up, we are, like all the persons here tonight, concerned about an undue, huge rate increase -- particularly since there have been smaller increases for the last three years requested by Southern States.

We are terribly concerned about the quality of water. And I guess maybe I need to say thank you for our group to Southern States in a sort of a backhanded kind of way. Had they never demanded these exorbitant rates, we probably would never have begun sharing information and would have never realized that we do have probably very unsafe water

and very poor quality water.

Thank you for your attention. And we would adopt all of the stands of the persons here tonight except those -- we still have some thinking to do about this uniform rate increase. I myself do not believe that we need to send money from our area which has problems with its water to other sections of the state. I think we need to begin to clean up the water here and get it good quality.

Thank you very much. Thanks, too, to the Commission and Staff for coming. It's a long way from Tallahassee to Jacksonville and it's just as long from Jacksonville to Tallahassee. And when you are young mothers like so many of our association mothers are and you have to arrange for babysitters, and when you try to go over and back in a day, that's hard work. So we're grateful to you for coming and allowing us to express our opinions to you. Thank you.

CHAIRMAN CLARK: Thank you, Ms. Atkinson. Are there any questions?

MR. TWOMEY: I'll say good night, Ms. Atkinson.

was the speaker who brought us many facts dealing with the uniform rates issue. We are very grateful that he came at his own expense to be a resource to Greater Arlington Civic Council. He did that as a courtesy and a pro bono act and we are very grateful to him.

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CHAIRMAN CLARK: Thank you.

MR. TWOMEY: Thank you, Ms. Atkinson.

(Witness Atkinson excused.)

MR. BECK: JoAnn Collier.

#### JOANN COLLIER

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

WITNESS MS. COLLIER: My name is JoAnn Collier, C-O-L-L-I-E-R. I live at 4552 Bay Harbour Drive in Harbour North. I am serviced by the Beacon Hills.

I'm sure you all are weary with all this, but we are, too, with our water problems. I would like for it to be part of the record also that I called the Public Service Commission in Tallahassee to ask them about the procedures in this meeting and I was passed to three or four different people. Some of them told me who they were, some did not.

Finally, the last one said that I should call
Mr. Shreve, and I believe that's you. I appreciate your help.

I manage Hidden Hills Community Association. We're the original Hidden Hills. It's a Florida corporation; I'm an officer in that corporation. We have about 285 single family homes representing 700-plus people.

We receive calls every week from residents complaining about their water. Particularly when new people

come in they always call and ask, "Is there anything we can do about the water?" I used to tell them to call Southern States, but I don't do that any more. I just tell them to go down to Publix and buy them some water and that will solve their problem. I don't know what they're going to do about their plumbing, but that will solve their drinking problem.

They call me back, even when Southern States

Utilities had an office in Jacksonville, they didn't respond.

They still don't respond. They do not respond. Of course now we have no office in Jacksonville.

This is particularly, to the builders in Jacksonville, this is an inconvenience. Because you have to get a water letter from Southern States to take to the city before can you get a permit, so this is an inconvenience to them.

I would like to address the quality of our water.

It's yellow or green or dingy, it's ugly, it is not drinkable.

You cannot drink iced tea or coffee that's made from that

water. It's dark, the tea is, and it is thick and it is not

palatable. My sister-in-law is the Temple, Charlotte Temple

who spoke here. And we do haul water home every two or three

times a week because we can't drink what we have that comes

out of our spigots.

For several days when Continental Cable was in our subdivision and Southern States did not cooperate with them in

 locating water mains in Hidden Hills and in Harbour North, we were without water for one whole day, and then we were told to boil our water.

Now, that, to me, is a horrible thing to have to do.

I understand there are other utilities in Jacksonville and

Duval County that can cleanse their lines in 15, 20, 30

minutes. Southern States does not have that ability so we

were without drinkable water or useable water.

One thing that bothered me tremendously about that is we have people in our subdivision who are older. I don't know that they got the notices, if they paid any attention to them. I didn't get the notice on my front door. There was not one on my door. My son down the street called me and told me that we were not to drink the water. So the news was not around like it should have been. This, to me, is very, very dangerous. I don't know what the end effect would be, but it's certainly not good for you.

Also, Southern States certainly could have helped Continental Cable; together they might not have cut so many lines.

If you lift the washing machine while the clothes are running, the chlorine just smacks you in the face. I too have clothes that are bleached and clothes with yellow spots on them.

I live at 4552 Bay Harbour Drive, as I said, in

Harbour North. I am second door from the lift station there.

My son lives next door to the lift station. There is not a

time that you can go outside that you don't smell sewer. And

it is not, not good. It is bad, it is strong and you can

smell it all the time. We have lost home sales because of the

foul odor of the lift station.

I believe it's unsafe and I certainly think it's a detriment to our community.

Charles Collier is my husband, and I think he is going to speak later, developed Harbour North. We have tried to work with Southern States to improve the situation there. We have many times -- it has been said already -- had raw sewer in our streets. We are unable to let the dog out. Other people that had small children would not let their children out to play because it was in our front yard. It smelled awful, it was terrible.

One time there was a manhole cover off of its hole.

I called Southern States and said, "The sewer gas is so strong today until it blew the manhole cover off." Southern States said -- now we have strong teenagers in Harbour North, and you can enjoy this. They said, "Some of the teenagers picked that manhole up and put it in the street."

I said, "Well, we need to put those same teenagers to work doing something else, then, because they have to be awfully strong."

Of course our untreated sewer was in the street and in our canal and going into our river and into the ocean. It was raw sewage not treated; you could tell by the odor and the sight and the content, it was all very obvious.

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In Hidden Hills, our office is in the front of Hidden Hills on Monument Road. We are asked frequently to come to people's homes to try to help them figure out what the odor is in their house because they feel like that it's sewer odor and it is.

That's because of the overload that comes through Hidden Hills. And lots of times when you go into some of the different homes in there, you can smell it when you open the door. Of course, I don't believe this is safe for people, I just honestly don't. We recommend that they call Southern States. Southern States, of course, does not respond.

I don't believe that we deserve a rate increase but

I do believe that we deserve good water. A lot of other

people in Jacksonville have it.

And I would like for everybody here to take this home with you, that we are very serious about what we said tonight. This is not an idle threat. It's not a threat. It's just a promise that we are very serious and we intend to do something about it.

I hope that the Public Service Commission is here to serve the public. If you are, I believe that our water will

improve, I believe that the odor in our neighborhood will improve, I believe we will have good service from you. 2 that whoever you are, that the Public Service Commission is 3 going to serve us. Thank you. Any questions? MS. CAPELESS: Ms. Collier, I have one question. When did that problem occur with the open manhole cover? WITNESS MS. COLLIER: It was New Year's weekend in 1992. MS. CAPELESS: Thank you. CHAIRMAN CLARK: Ms. Collier, let me follow up on that.

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We had another witness testify that there were problems with the sewer and that there was raw sewage and that she indicated that there was supposed to be some change in the flow and she had noticed trucks out there?

WITNESS MS. COLLIER: Yes.

CHAIRMAN CLARK: And it had improved since then? WITNESS MS. COLLIER: When the trucks come --

CHAIRMAN CLARK: Can you tell me --

WITNESS MS. COLLIER: Yes, when the trucks come, when they pump -- now I don't know the technical term because I don't know anything about this business except what I smell and see, and that's enough.

What I understand is that they come and pump the

FLORIDA PUBLIC SERVICE COMMISSION

lift station. My understanding is that when this was first built, this system, it was built for X amount of homes; and 2 | now there is probably four or five times that much on this 3 4 same system. It cannot possibly hold it. 5 CHAIRMAN CLARK: Let me ask you this. Do you think 6 this is a continuing problem? 7 WITNESS MS. COLLIER: Oh, yes. 8 CHAIRMAN CLARK: You've had it quite recently? 9 WITNESS MS. COLLIER: Yes. 10 CHAIRMAN CLARK: Okay. 11 WITNESS MS. COLLIER: If they didn't come and pump it out we'd have it in the street. Now, that's what I've been told. 13 CHAIRMAN CLARK: But you still have the odor? 14 WITNESS MS. COLLIER: Oh, we still have the odor. 15 It never goes away. 16 CHAIRMAN CLARK: Okay. Thank you. 17 MR. SHREVE: Thank you. 18 (Witness Ms. Collier excused.) 19 20 MR. SHREVE: John Fiori? (No response.) 21 Mr. Collier. 22 23 24 25

#### CHARLES COLLIER

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

witness MR. Collier: I'm Charles Collier. I live at 4552 Bay Harbour in Harbour North. We're on the Beacon Hills system, too.

I'm a developer, I developed Harbour North, I developed the most of Hidden Hills and have dealt with Artesian Utilities, which was the name of the company before Southern States bought it out.

I have tried to work with Southern States and have worked with them ever since they have owned the system. We have spent many hundreds of thousands of dollars putting in systems for them, paying them tap fees, and all this other kind of stuff developers have to do nowadays.

This is also reflected in the price of homes. We have to add this to our cost. So the people on this system are paying a premium for new stuff.

For Southern States to be able to go out and buy an old dilapidated system that is run down and at our expense built it up to something that would probably be worth a lot of money to them that they can sell for a profit in the future doesn't sound like a very good idea or very good reason for uniform pricing. This is in a system that is expanding and new customers being added on to daily and their revenues

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picking up daily from these new customers, you can see where I'm coming from as to why I think our system ought to stand on its own.

I also believe if the Public Service Commission members lived in our subdivision it would be shut down, it don't think it would even be operating because of some of the things we have had to go through.

I will give them credit, they are doing better. Our water pressure is almost back up to what it was when they took over the system. Also, because of a slight increase in the dependability of their lift stations, we haven't had near as much sewer in the street, not near as much sewer in our retention ponds recently in the last year or almost a year; there's only been a very few times this year. It used to be almost a monthly occasion.

Nobody seemed to believe us. I called the Public Service Commission, I called the Better Business Bureau, I called DER, I called Charles Sweat and his wife, Mrs. Sweat. They knew me on a first-name basis. I have also not been able to get Southern States to give me a call, to return one of my calls or be able to talk to either of them in over two years. This really bugs me bad.

The only response I can get, occasionally they will call somebody at the local people down here and they'll come by and talk to me. They are very courteous, very nice. But

they have no authority, they can't do anything. They can smell the odor, they can watch the sewer, they can smell the chlorine and they can do whatever else is happening and probably go back and tell the people at the home office what is going on, but nothing ever transpires from there. Nothing ever improves.

What our problem is with the sewer -- and that's really what I wanted to address, that's what bugs me so bad. Our water is bad. They get perfectly good water out of the Flint River and screw it up. I ain't figured out how they do that yet. I know in Atlanta they took recycled water out of the Flint River that had been through how many sewer systems before it got to Atlanta, cleaned it up, chlorinated it properly, shipped it to us and hardly anybody ever complained and they drank it. And here we take good, clean artesian water out of the aquifer and screw it up before it gets to our house. I ain't figured out how that happens but it does.

We started off with Beacon Hills, then we added the Harbour, then we added Harbour North, Harbour Woods and Hidden Hills. All that sewer runs right through and ends up and we're the last place; Harbour North is the last place it comes through.

It is all pumped from the one lift station to the next lift station to the next lift station. It was never designed to carry even the subdivisions that were put on

initially hardly, much less all the new shopping centers, all the new McDonald's, all the new apartment complexes, the Hidden Hills Country Club, all these other new subdivisions are all still being pumped through that same -- right back through each one of them subdivisions. The sewer and the fumes from it are so toxic that it is actually eating the concrete up and the pipes and the manholes.

They were in Hidden Hills the last few months trying to coat the manholes to keep them from falling completely apart. Which means that over some short period of time they will be out there replacing sewer lines, replacing manholes, ripping up our streets, tearing up our subdivision to replace the pipes that have to do the job.

They have been promising me every since probably about 1987 they were going to put in a force main, a master force main that comes from Cobblestone and all these apartment complexes and shopping centers and stuff that's up the road on Monument up there and pipe it directly to the sewer plant that would take the load off of us, it wouldn't come through our subdivisions. And they haven't done that yet.

They wouldn't give me any engineering on it, they won't show me that they are doing anything except promising me they are going to do it.

They still haven't done it. I still haven't seen a plan. I haven't seen anything on it, and none of them will

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talk to me.

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That's the relationship we have with Southern 2 States. Everybody that has tries to contact them, everybody 3 that's tried to do anything about it, they get the same response, which is absolutely nothing.

That is what I wanted to address.

CHAIRMAN CLARK: Thank you, Mr. Collier. questions?

> MR. SHREVE: Thank you, sir.

(Witness Mr. Collier excused.)

Charles Hoeppner. MR. SHREVE:

#### CHARLES HOEPPNER

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

WITNESS HOEPPNER: Good evening. My name is Charles Hoeppner; I reside at 5387 Riverbreeze Court, Jacksonville, Florida. The zip is 32277 here in Duval County. I'm not sure which station I'm on; I believe I'm on the Woodmere station, down at the far end by University Boulevard.

I'm the President of the Emerald Bay Homeowners Association. There's 30 homes that are occupied there, probably 90 to 100 people in our neighborhood.

I adopt the testimony that everyone else has been reiterating tonight, the quality of the water, the smell of

the water, the lack of response from service. I propose that Southern States Utilities, which is a rural utilities company, sell their interest in Duval County to JEA. I used to be on JEA's system for eight years over in Sandalwood. I never had a water outage.

The water in Florida is hard, there's no way around that. It was hard water over there but I never had a problem. My rates were greatly lower, about four times lower than they are now. I believe JEA could maintain and provide service at a lower cost than SSU.

I live in the middle of Jacksonville, a new subdivision. Since moving there about a year and a half ago I have been under several boil water orders, some lasting over a week.

Some of the outages have been caused by utilities digging each other up, cable companies cutting water, and the phone. If there was a local utility, the cooperation between utilities would probably have been better.

Right now, the latest water outage we had was due to someone cutting their grass. They were out cutting their grass and the water line was above the ground and their lawn mower cut a hole in it. So water was spraying up over the top of their house and they called the utility.

They came out relatively quick. The gentleman came out, realized the problem. So they went down to the end of

the street to turn off the water; but in the act of that, they broke the entire water main. So water starting flying out of that end of the street.

They ended up digging up my neighbor's yard directly across the street. Dug up his front easement and had to replace a water main. The water was out the entire day. That was the longest boil water order we had.

A lot of people in my neighborhood did not know that they were under a boil water order. We had our monthly association meeting and this was news to the people, this was three days into the boil the water order. Their method of notifying the homeowners to boil the water doesn't seem to be effective.

That's all I have.

CHAIRMAN CLARK: Thank you Mr. Hoeppner. Questions?

MS. CAPELESS: I have one.

Mr. Hoeppner, what is the Utility's method of notifying you that you are under a boil water order?

witness Hoeppner: They place a note on your front door. Not everybody goes in their front door, some go into the garage and into the kitchen, and so forth. Not everyone goes in and out their front door all the time. That's probably the fault of that, that was a breakdown in communication. But the communication didn't take place properly.

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MS. CAPELESS: Thank you.

MR. SHREVE: Thank you, sir.

(Witness Hoeppner excused.)

MR. SHREVE: Beverly Ingram? Beverly Ingram?

Marshall Henreik? 11717 Seaview Drive.

Tilly, Mr. Or Mrs. Tilly? (No response.)

Fred Zeiler?

#### FRED ZEILER

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

WITNESS ZEILER: Good evening. My name is Fred
Zeiler, Z-E-I-L-E-R. I reside at 44822 Woodsong Loop West,
Harbour Woods subdivision. I also work at the drug store on
Cobblestone, so I have Cobblestone service both at home and at
work.

First, the quality at the home level is not that great, the smell is bad. And four years into a new home I had to repipe my whole house. After four slab leaks, I could not see spending \$600 to \$800 for each slab leak so I had to have it repiped.

On the business side, I have managed there eight years, and on the average once a year I have had to replace all the plumbing flushers both the women's restroom and the men's restroom. Having managed a store on the north side five

years and on the west side for five years, I never had that problem there.

Just recently for the second time I have had to replace the elbow coming in from the outside meter.

Unfortunately, this last time the water broke on the outside of the meter, which would be the SSU responsibility. We called them at 11:00 in the morning and they did not respond until after 5:00 that same day. And if they are concerned about water conservation, there was from 11:00 to 5:00 water going out on the street all the long.

That's all I have to say, thank you very much.

MR. SHREVE: Thank you, sir.

(Witness Zeiler excused.)

MR. SHREVE: Terry Gallagher? Terry Gallagher?

Mr. John Simmons or Simons?

Mr. Ted Walker? Mr. Ted Walker? (No response.)

That's all we have.

anyone here who has not signed up who would like to provide some testimony in this proceeding? I don't see any hands raised. I would like to thank you all very much for coming here and participating in this proceeding, and for those of you who have stayed until the end. This hearing is adjourned.

(Jacksonville Service Hearing concluded at 10:25 p.m.)

STATE OF FLORIDA) CERTIFICATE OF REPORTER 2 COUNTY OF LEON 3 I, SYDNEY C. SILVA, RPR, CSR, Official Commission Reporter, 4 DO HEREBY CERTIFY that the Jacksonville Service Hearing in Docket No. 950495-WS was heard by the Florida Public Service Commission at the time and place herein stated; it is further 61 7 CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript, consisting of 167 pages, constitutes a true transcription of my notes of said proceedings. 9 DATED this 9th day of October, 1995. 10 11 12 Official Commission Reporter 13 (904) 413-6734 14 15 16 17 18 19 20 21 22 23 24

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In 1971 the District entered into an agreement with Lehigh Acres Development, Incorporated (Lehigh Corporation), a major developer in the District, wherein it was mutually agreed that, because Lehigh Acres Development had donated and will donate substantial amounts of rights-of-way to the District, any excess spoilage existing on or to be placed on such rights-of-way in the future will be the property of the developer. It was not practicable to make a determination as to whether the value received by the District from donated rights-of-way equaled or exceeded the value of spoilage to be received by the developer.

- Contracts and bid specifications that we reviewed indicated that where work was done on lands and rights-of-way other than those donated by Lehigh Corporation, ownership and disposal responsibilities were made a part of the bid specifications to be considered by prospective bidders.
- One project which deviated somewhat from the above practice was the Mirror Lakes, Phase II project. On September 19, 1984, the Board decided to include in the bid specifications for the Mirror Lakes, Phase II construction (and excavation) project, that bidders take into consideration the payment to Lehigh Corporation by the District of 15 cents per cubic yard for the privilege of depositing the spoil material, owned by the Lehigh Corporation per the 1971 agreement, in areas designated by Lehigh Corporation near or adjacent to the excavation.
- (247) The District and Lehigh Corporation entered into an agreement on November 6, 1984, which specified that Lehigh Corporation shall hold the District harmless from any claim which may arise from the deposit of spoilage by the contractor (for the Mirror Lakes excavation) on Lehigh Corporation's land, including any claims from adjacent landowners where the spoil spills over The District paid Lehigh Corporation a total of onto their land. >\$74,385.90 (495,906 cubic yards at 15 cents each) for the placement of spoil material in accordance with the agreement. Correspondence from the District's Engineer indicated that alternative means of disposal were considered at the time and that the arrangement with Lehigh Corporation was the most economical for the District. However, the only alternative means of disposal referred to by the Engineer involved moving the spoilage to a site further away which would obviously result in additional costs.
  - It is not clear to us from the District's records made available for our review why the Board did not request Lehigh Corporation to remove, at the Corporation's expense, the excess spoilage not wanted by the District. If upon request the Corporation did not remove the excess spoilage, then the Board should have sought other parties through newspaper advertisement, inquiries, etc., who may have been interested in acquiring the spoilage from the District. In the absence of documentation indicating that such actions were taken by the Board, it was not apparent to us that the payments to Lehigh Corporation were the

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most economical means of removing the excess spoilage from the District's rights-of-way.

(249) In his written response to paragraphs 243 through 248, the District Manager states that the disposal of the spoil material was accomplished in an economical manner and the District saved the taxpayers approximately \$446,000 by its actions. While the method used may or may not have resulted in the most economical disposition of the spoilage, the point of our finding is that the District's public records do not document the procedures followed to determine that, in fact, the method used was the most economical.

#### STATEMENT FROM AUDITED OFFICIAL

- (250) In accordance with the provisions of Section 11.45(6)(d), Florida Statutes, a list of audit findings was submitted to the Board of Supervisors of the East County Water Control District. The written response to the audit findings included in this report received by this Office was signed by the District Manager, an employee of the District. That response is shown on exhibit E.
- In his response, the District Manager has referenced paragraphs which relate to the preliminary and tentative audit findings that were submitted to the District Board of Supervisors. However, for the purposes of referencing the District Manager's response to our comments contained within this report, the reader should refer to the report paragraph numbers set forth in the margin of the District Manager's response. The District Manager's written response included two maps (referred to in the response as exhibits A and G) which are public records on file at the District Office and not reproduced in this report.

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DOCKET 950495-WS EXHIBIT NO. 5 CASE NO. 96-04227

# HIDDEN HILLS COUNTRY CLUB ESTATES HOMEOWNERS BEACON HILLS WATER SYSTEM DUVAL COUNTY

WE IN THE BEACON HILLS WATER SYSTEM HAVE BEEN FACING INCREASING WATER SERVICE BILLING CHARGES, NOT ONLY WHAT IS PENDING BEFORE THIS COMMISSION, BUT SIGNIFICANT INCREASES OVER THE PAST 4 YEARS.

SOME EXAMPLES: IN DEC. 1991 - WATER CHARGE PER GAL. WAS \$.000650 TODAY THE CHARGE IS \$.001230 - 89% INCREASE!

IN DEC. 1991 - WASTE WATER BASIC CHARGE WAS \$7.49 A MONTH.

TODAY IT IS \$12.67 A MONTH. - 69% INCREASE!

DEC. 1991 SEWER CHARGE WAS \$1.65 PER 1000 GALS. TODAY IT IS \$3.66 PER 1000 GALS. - 122% INCREASE!

NOW YOU CAN SEE WHY THIS PROPOSED INCREASE OF 34% IS HARD TO SWALLOW BY THE CUSTOMERS OF SOUTHERN STATES UTILITY (SSU).

WHILE WE HAVE BEEN PAYING THESE HIGH WATER BILLS, WE IN THE HIDDEN HILLS SUB-DIVISION HAVE NOT SEEN THE QUALITY OF SERVICE. IN FACT THE QUALITY OF SERVICE IS GOING THE WRONG WAY. IN ADDITION, THERE ARE SOME QUESTIONS ON THE ACTUAL QUALITY OF THE POTABLE WATER IN THE SYSTEM.

QUALITY OF SERVICE: THERE IS NO LOCAL OFFICE TO DISCUSS PROBLEMS OR PAY OUR BILL TO. WE ARE FORCED TO CALL A 1-800 NUMBER. THUS, SERVICE RESPONSE OR TO GET AN ANSWER TO A QUESTION IS DELAYED OR NOT RESOLVED AT ALL, UNLESS IT IS IN SSU'S FAVOR TO RESPOND. WATER PRESSURE COMPLAINTS ALMOST NEVER GO AWAY!

THE QUALITY OF WATER REMAINS AN ISSUE. WE HAVE HOMES OF LESS THAN 6 YEARS OLD REQUIRING EXPENSIVE WATER PIPE REPAIRS, RE-PIPING, AND VISIBLE DAMAGE TO PLUMBING HARDWARE I.E. FAUCETS, TOILETS, ETC. THIS HAS LEAD TO INDEPENDENT STUDIES AND EVEN TOO CUSTOMERS INSTALLING WATER FILTRATION SYSTEMS COSTING FROM \$300 TO \$3000 TO PREVENT FURTHER DAMAGE TO THEIR WATER PIPES. EVEN AN ADJACENT COMMERCIAL PROPERTY IS FACING A MAJOR COMPLEX RE-PIPING. CHEMICAL BALANCE IN THE WATER IS ANOTHER CONSTANT COMPLAINT. WITHOUT WARNING WE EXPERIENCE AN OUT OF CONTROL CHLORINE INPUT IN THE SYSTEM.

ON A SIDE NOTE - WE QUESTION THE BUSINESS PRACTICE OF SSU. FOR YEARS OUR SUB-DIVISION PAID SSU'S ELECTRIC BILL FOR OUR LIFT STATION WITHOUT EVEN A PEEP FROM THEM.

WHEN THE CABLE COMPANY CAME INTO OUR AREA TO PUT DOWN FIBER OPTIC CABLE, SSU WAS UNCOOPERATIVE IN ASSISTING IN LOCATING PIPES. AS A

RESULT PIPES WERE BROKEN, CUSTOMERS EXPERIENCED WATER SERVICE DISRUPTIONS AND CONTAMINATED WATER FOR A SHORT WHILE AFTER SERVICE WAS RESTORED. " A GOOD NEIGHBOR" IS HARD TO PUT ON SSU'S RESUME!

ALSO, THE COMMISSION SHOULD LOOK VERY CLOSELY AT SSU'S PROPOSED MONTHLY WEATHER NORMALIZATION CLAUSE ADJUSTMENT. THIS CAN ONLY LEAD TO ABUSE BY THIS UTILITY AND THE CUSTOMER WILL BE PAYING MORE FOR LESS.

IN CLOSING, IT IS HARD TO JUSTIFY AN INCREASE AT THIS TIME WHEN WE ARE PAYING 43% MORE FOR WATER THAN OUR NEIGHBORS CONNECTED TO THE JACKSONVILLE PUBLIC UTILITY WATER SYSTEM.

Docket No. 950495-WS

Name	Address	Telephone
Herry Ouderson	1465 marten Ledge Drue 3225	642-8350
Bty 7 anderso	1246 52 as In Say Drive Brown	
Wagne I Brooks	3826 MISSION HILLS DR. E.	641-2792
Hany Kogers	12628 Shiristock Way	642-5319
Steplane Honewooder	/	641-5621
Genome & Woln to Clean	12660 Skinnocock Way 32225	642-6018
Barbana Valdovia	12728 Shinnecock Way 32225	642-5077
Entrem Parson	12734 Showark way 32228	442-0530
Lean More	12739 Shinicach Way 32225	646-9130
Robin Blank		646 3901
Kohenk XI. Kesenglih	12738 11 CT 11	646-3664
al 23-	12753 Shumececk Ct 3225	641-7882
Mary Satayo	12953 Shimnecock Ct. 32225	641.7552
Eilen Wutek	12746 Shinnecock Ct. 32225	646-3664
AlaxBellado	12741 Shinkcoch CH 3225	645-9924
ChahShare	12661 Shinnead Ct 3225	646-0516
Affected	12542 Mosters Ridge An. 32225	646-4188
Martin Con		64-8872
1 Shundet	12583 Harlarskide	641-3118,
Michael W Bust		645-0637

Docket No. 950495-WS

Name	Address	Telephone
Jusa Williams	12565 Masters Ridge Dr.	641-6770
Ou da Inc Doroug	12559 11 11	
Walter Bulfui	12549 masters Ridges Dr	642-8152
Jabsly Thomas	12523 Masters Ridge DR	645-8586
Mary Lay Thomas	12 12 14	645-8586
Maricy L. Peck	12672 Shinnecock CT.	645-3087
Dan Egan	17507 Mas Lens Ridge D	641758
		641-6197
Ed & Brenda Spiney	12466 Masters Redge Dr	646-3124
0 (1) 1/4	12488 Mastin Rige Or.	645-5667
11	12532 Masters Ridge Dr	642-0137
O we & May Pat Kneis	12736 MILIRARLO BLUD N.	646-5730
lord May Hatela	12808 minh 2018 d. M.	646-0247
Patal Holey	12830 MUIRFUELD BI.N	645 5353
Melus allina	12789 Munfield Blad. North	645-8514
		642-2401
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Docket No. 950495-WS

Name	Address	Telephone
m/m Rich Hatfeld	12930 Sypiter Hills C. S., Jax	845-7362
Janet Morton	3255 Jupiter Hills Dr. Jax	645-9946
JOHN HAYT, JR.	3278 JUPITER HILLS DR. JAX	904 928-9164
The & Mr. W.T. McMares	4	904.998-9806
Walley Geff Heuly	3266 Supiter Hills Dr	904.998-9306
Nons John Bass	14919 DAKLAND WILLS CF	641-8094
Motor Savig Mys-	12918 Takland Hills C.S.	646-9687
Senda Dunn	12906 Oakland Hells Ct	641-7952
Ed Sonnie Hite	12894 Oakland Hills C4.	642-6120
Rutham + F.E. Abbey	12882 OALland Hills Ct	645-6465
Jackie Ferna	3053 Southers Hill Cir W.	642-7517
Kittilli	3041 Southen Hills Carolo W.	642-0478
anne. Birkelback	3029. Southern Hills C.W.	646-0380
	of 3017 Southern Hille CW	645-5616
William G. Amuch + Janet	Smid 3005 Inaken Hills Ci W.	641-4711
	2993 Souther Hels Cir W	928-087)
Martha McDonnell	2981 Southern Hills Civele W.	442-1002
CHARCES S. Younks	2957 SOUTHERN HILLS CIRCLE WEST	646-3861
	2945 Southern Hills Cir. W.	565 9169
Cathie Bleech	2920 Southern Hills Cir. W.	646-0064

Docket No. 950495-WS

Name	Address	Telephone
Agy Cannahan	12481 TURNBERRY DR	642-9257
Sharox Bardel	12498 TURNBERRY Dr.	441-9584
Katié Ripley	12506 Tunberry Dr.	642-7956
galande Laberta.	12497 Turnburry De.	928-0282
Frome Home	4012 TURNBERRY CT	696 5654
Mauryen Fulls	4020 Turnberry Ct	645-9832
fryh //m-	4019 TURNBERRY CT	646-1958
B. Lmo)	12522 TURNBERY DR	642-0659
Michelethetheny	12521 Tumberry Dr	565-1338
Derree & Jacks	12529 Surnberry Drive	646-1123
Lisa Shrower	12538 Tumberry Dr	642-6097
Bedry Stanlin	1254 Tumbery Dr.	1041-5351
Ray manard	12599 Luryboory dr	585-2262
Alam Oud want	12546 TURNBERRY DR.	642-4321
Elex Disection	12554 Terriberry Dr.	641-7122
Marcha Groce	12555 Tournberry Dr	642-6059
We Shuft	12505 Tumbery Dr.	645-0891

Docket No. 950495-WS

Name	Address	Telephone
11		
Me and Mes Dyker	2944 Souther Hills Cir W. Jax	6426652
Mr. and Mrs. Markey	3054 Southern Holls Cir Wi	565-1976
Guerry & Mary Ellin Doolitt	te 3104 Southern Hills Cir. W. Jax 32225	645-5685
Doug + Susan Thomas		5651170
Peto Sinesai	12869 Southon Will Circ.	6417376
July Muzzy	12872 Southern Kills air E.	646-3053
William S. Graney	12872 Southern Kiels air E. 12872 Southern Hells arch East	641-6353
I red P. Bech	3773 Southern Hills Drive	642-2475
Taren Son Illal	12866 Southern Hills Cor E.	642-0906
C.a. m Nauxta	12885 JUPITER HILLS CIR NO	645-3457
Peter Ekhstin Sullivan	12897 Typiter Hills C.N.	641-0631
Glover & Kim Scott	. 0	642-2960
	: 12921 Jupiter Hills Cir N.	645-7316
Tony & Janize Mels	in 12929 Jupiter Hills Cir &	646-5627
Mhe + Keller Hest	12917 Jupiter Hills Cir. &. 12917 Jupiter Hells CIRS.	642 2589
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Docket No. 950495-WS

Name	Address	Telephone
Diane Opo	3765 Fine Farms Ct.	642-8355
Diane Birlox	3762 Fine Farm Ot	646-0171
Joie James	3766 Juie James Ct.	645-6628
Patricia O Schweizer	12516 Mission Hill Dr. S.	646-0232
Matops L.V. Steer	12520 Mission Hills Dr. S.	645-0519
	12526 Mission Hills Dr S.	641-8931
_	12532 MISSIN Thees De S.	1046-1457
	n 12525 Mission Hills Dar So.	641-5646
	12533 Mission Hills Drive So.	646-1626
	12538 MERRIWHY CT. JAX	642-4212
	12538 MISSION HILLS DR SO JAX	641-9639
	12608 Munfield Blvd S Jax 32225	646-5688
	12753 Aurfred & Blod &	642-8518
	12620 Munkield Blud. S. JAX, FEA	928-0415
(-n) () - n	12639 Muirfield Blud S Jay PLA	B\$6-0524
Deboras Rouse	12647 Murfield Blod 5. Jay. 32,025	645-5013
Butsy Muhuil	12653 Munitula Blod, S. for 32225	565-167
Jun & Fage Grun	1267 Santh grunfully Blig 3225	671-5409
Puffefolly	12729 MUIDFER BLUR S 37025	6A5-3207
Donna Monan	12737 Murfield Blud 5 3225	646-4579

Docket No. 950495-WS

Name	Address	Telephone
Marlin Pouser	12745 Muerfield Blod. S.	928-9073
Julie Fi Harro	1276, Muinfield BINA 3.	642-3887
Mr Mor Minsku		6423436
RW	12827 5. MULRFIELD BLUD	565-1275
Districte Vee		646-1858
That alexands	12851 murfield Blod S.	645-5548
	112851 Mairfield Blud S.	645-5548
Water Ma James FM		646-4813
Halfolke I	12846 Muirfield Blod S.	641-1151
Angui & Futek		641-7067
E Wantel X	12836 Murpells Blad. Dr	681-7067
Elaji Kelle	12722 Mairfiel Blows.	645-76/2
of the	12758 MUERFIELD BLUDS	646-0667
Stores Oharon Sea	n: 12750 Murguel Bld, 5.	641-6474
Mr & Mr S Card & take	1266/ Muit Selb Blub. H.	641-3051
M/m Ch Hon Colon	12542 MISSION HALL DR. S.	646-5190



GEORGE R. HEILMAN

	Me.
DOCKET 950495-W5	PETITION
EXMIBIT NO.	SEPTEMBER 15, 1995
PACE NO 96-04227	DOCKET NO. 950495-WS

Comp EXI 6

WE AS CUSTOMERS OF SOUTHERN STATES UTILITIES HERE-BY PETITION THE FLORIDA PUBLIC SERVICE COMMISSION TO DENY THE APPLICATION BY SOUTHERN STATES UTILITIES FOR RATE INCREASES FOR WATER AND WASTEWATER, SPECIFICALLY FOR AMELIA ISLAND IN NASSAU COUNTY, FLORIDA, WHERE ALL THE PETITIONERS WHO HAVE SIGNED BELOW RESIDE.

CUSTOMER SIGNATURE	ADDRESS	TELEPHONE
1 Henry a Tillmer	5334-Horena Ot. PR	261-2326
2 Helen M. Tillmer	5334 Florence Ph. Sa	261-2326
3 Theul Jalinson	5332 Itorena H	A
4 Rith Johnson	5332 Florena PAI	
5 Delorathe Broughton	5336 Florence Bint	Dr 261-8467
6 July Sulle	5336 Florence Point	Dr. 261-8467
7 Melina United	S344 Ploience Pr	0- 261-3134
8 Jen Willed	5344 Plovene Pt	Dr 261-3136
9 James Sell	5378 Florence	Pt. Dr. 261-2506
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12 Gled MMis	5359 Flower by	
13 Walter A Bland	5408 Florence pt Dt.	277-1232
14 Katharine W Bland	5408 Florence pt Dr	
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18 William & Refe	)(	
19 Ellen Spence	5425 Florenco Pl. Dr	(
20 Janet E. Mc Morreg		Dr. 2717-45145
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COMPANY/

WITNESS: 4-29-96

	CUSTOMER SIGNATURE	ADDRESS TELEPHONE
71	Kuthey Doubt	5475 Pluna H. Dr 904/24-9326
72	John alling	11 11 11
73	Sylling	5485 FLARENCE PT DV- 261-6340
74	Charles H- Kammernan	- 5388 FROWENCE PT. JR. 261-1800
75	Sharon A. Kummernen	m 5388 FLORIFICE PF. Da. " "
76	Ful S Franches	5341 Florence PT. DR 261-8198
	Constyn Fingelied	5341 Florence Pt. Da 261-81914
78	William H. Moon	5457 Marshview Xn, 261-2396
79	Howens & Move	5457 Marshview Ln. 261-2396
80_	Jones Westmarelonal	541) FLOWERCE 8+ Dr 261-6885
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### PETITION

### SEPTEMBER 15, 1995

### DOCKET NO. 950495-WS

WE AS CUSTOMERS OF SOUTHERN STATES UTILITIES HERE-BY PETITION THE FLORIDA PUBLIC SERVICE COMMISSION TO DENY THE APPLICATION BY SOUTHERN STATES UTILITIES FOR RATE INCREASES FOR WATER AND WASTEWATER, SPECIFICALLY FOR AMELIA ISLAND IN NASSAU COUNTY, FLORIDA, WHERE ALL THE PETITIONERS WHO HAVE SIGNED BELOW RESIDE.

	CUSTOMER SIGNATURE	ADDRESS	TELEPHONE (90H)
1	My + Mn. Carl Wan Han	2 4966 SUMA BEACH BLV	D. AMELIATSZE 261-19-+4
2	Mr & Mrs Jan & Lile	In Bead Sum	my ternandine Bch 27765
3_	M. + Mrs. Robert Don	amplia	Beach Bond, 277-4825 Island, H 32034
4	Mry Mrs nous Hunes	1 4976 Sum	mer Beach Blod ameler toler
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## SEPTEMBER 15, 1995

## DOCKET NO. 950495-WS

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	THE PE	TITIONERS WHO HAVE SIGNED BELOW	RESIDE.
	CUSTOMER SIGNATURE		TELEPHONE
1_	SOC/Yella	4 Wild Grage Andre Tel	261.6148
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7	Charles Ce Bek	4 42 LAMBE OBA	277-4022
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### SEPTEMBER 15, 1995

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5	Nellie	Be	ar basall	0	51891	Villag	e Wy	27	7-0652
6	Clan	und,	Lawly	18	75 AM	Contic	Way	321	-0907
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### PETITION

### SEPTEMBER 15, 1995

### DOCKET NO. 950495-WS

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CUSTOMER SIGNATURE	ADDRESS	TELEPHONE
1 Jean y Wiedura	en 1660 Resatta Dr	277-2943
2 Willar G. Steedin		2772973
3 Charlotte Mayo	1668 Regatta	321-0760
4 De Manto	1668 legeter	32-060
5 Deesell Clean		2010516
61 Helen Chaping	1728 Regatta D	321-2316
7 Alle Adams	1738 Reputta Dn	277-3114
8 Calo Bennett	1739 Regatta Dr.	277-3457
9 The Town Ron ( APW )	4910 GeNOA	321-D156
10 Reliecca Creus	4910 Genoa	321-0156
11 Debreah Olsen	4908 Genoa	261-8537
12 Ding McClove	4674 Gewa Dr.	261-2040
13 J. McClan	4674 Genue Dr	261-2040
14 May Serel	4728 GACHTSMHRSDR	277-2611
15 Luser J. Newman	4711 yachreman Dr.	321-2434
16 MJ Newnow		(< 11
17 Kith VI. Boyle	4716 Yarlotaman Gli.	277-1523
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### PETITION

### SEPTEMBER 15, 1995

### DOCKET NO. 950495-WS

WE AS CUSTOMERS OF <u>SOUTHERN STATES UTILITIES</u> HERE-BY PETITION THE <u>FLORIDA PUBLIC SERVICE COMMISSION</u> TO DENY THE APPLICATION BY SOUTHERN STATES UTILITIES FOR RATE INCREASES FOR WATER AND WASTEWATER, SPECIFICALLY FOR AMELIA ISLAND IN NASSAU COUNTY, FLORIDA, WHERE ALL THE PETITIONERS WHO HAVE SIGNED BELOW RESIDE.

	CUSTOMER SIGNATUR	E	ADDRESS		TELEPHONE
1	Ellen E. Wilson	5450	Holme	Pt 2	61-9894
2	Richard AWASon OF	EW 11	, ,	1	7)
3	Lisa anderson		Florence Pt	3	21-2270
4	Ray Smith		7 (opence		61-1745
5	Wallis D. Smith RSS	il		*	()
6	Williams Day Watter	5351	Florence	P5 2	611023
7_	Joy Watters	535	Floren	ce Pt.	261-1023
8	Dick + Karyl Cochran	5367	Florence	, P+ .	261-4063
9	Mary L. Hut	5375	- Florence	Point!	261-3230
10	askly P. Kust	el	11	4	10 11
11	June S. At. George	5391	Horene	est. Or.	261-2883
12	Raymond B. H. Levyl	5391	Florene	eff. Dr.	261-2883
13	Wesley W. arnoed	5409	Florence	Pt on	261-7902
14	Sarak J. anne	/ /	((	10 10	1.0
15	Blane Schem	5422	mark Vie	w.L.	211-8389
16	- Ray Mar Inear	5430	Marshy	in In.	261-7326
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18	James & Jo Mens	5441	mars/4		277:7990
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20	great -	5449	MARSHUIEW	LH	277-4572

CUSTOMER SIGNATURE	ADDRESS	TELEPHONE
21 Dan Laman 5454 M	MRANUEW LU FLORENCE	H. 277-0913
22 Kuthanne Linch 5462 1	Karsh View In	277-2612
23 René Willic 5480 N	Ceesh View In.	261-3198
24 Pam Bolden 5368	Florence Point D	. 261-0759
25 Part / Feeld	11	11
26 Marie Bellings 5359	Horevee Pb. D. J	B 261-0681
27 Rich Byline 5350	9 Harree Pt. Ph JV	7 261-0681
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2	5401, FLORENCE POINT DR	FB 277-7194
30 GARY + NANCY DEEKAN 5		- 11 01
31 Danard Christine Clower 5470 Me	arsh Vui Lane Amelia /sk	and FL.261-7046
32 Bob Stan, 3446 M	ersit VIEW in Amelia	Jest 2778167
33 KENNETH SMART 5418 F	TOPENCE PT FIBF	LA 277-6789
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1/1	CUSTOMER SIGNATURE	ADDRESS	TELEPHONE
,, , , , , , , , , , , , , , , , , , , ,	all Colun	4704 Kaging Ha	297-8434
2 H.S	2mc Eng	4704 KSSING Ha 4482 SPINNAKUR CT.	277-4490
3 Der	my Keeke	4912 Raggery Way	
4 Meal Ms	Donald Fulla	1795 Fairway Dr.	277-2686
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		Tonis 1657 Riggingle A	튀기 사람이 되지 않는 사람들이 가장 하는 것이 되었다. 이번 사람들은 사람들이 되었다.
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12 /	& Elfhalor	4909 Genoz P1	277 3142
13 Cartern	in a. Shrelen	4909 Genon De	277-3142
14 Jean	Witterich	1753 Regatta Dr.	761-4083
15 Shle	of Belhund	4810 Gulf Grean F.	261-8679
16 WQQ	a days	- 3080 Outrigger In	321-1544
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59 Kang Celuslaw 1597 Regalla Dr 261 1734
60 Jon Aug 1603 RELATA DR. 761-9840
61 Gady army 1603 Begatta Dr 261-9840
62 Kedry Fyley 1619 Regatte 277-0072
63 ( y) and al Drug /619 Regatta 277-0072
64 Manilya Benling 4682 R1661N6 Dr. 277-7871
65 Flug Bailey 11
66 Juman Viam 4701 12166146 WAY 277469
67 Lois Moune "
68 SUSIR C. Durmback 4735 Rigging Way 241-2069
69 ERIE DOERNBACH 4725 Rigging way 261-200
70 MadaBWerin 1582 Regatta Dom 277.70

## DOCKET NO. 950495 PAGE #

CUSTOMER SIGNATURE		TELEPHONE
72 Maralyn Jullen	4914 Rigging Way	261-1877
73 D. M. ( Duis	4665 Denoa Dr	277-8426
74 Janie y Dours	4665 Genoa Dr.	277-8426
75 Bobbie Starton	4729 Rigging ior	261-8811
76 alf Walukouis	4292 Captains Way	261-0290
77 Sandy Noods	4310 Captains Way	277-1570
78 Halfelion	4367 CAPTAIN'S WAY	277-7116
79 clyde Hols claw	4195 CAPTAIRS WAG	277-8914
80 Mrd Mrs James Hoch	4168 Captains local	261-1057
81 Janice Weaver	4269 11 11	277 8405
82 Jose Deal	4438 Spriv Maker Dr	261-6230
83 fin clear	11 1. (.	
84 Riche Juna	4475 Spinnalen Dr.	261-8166
85 Dick Sand	4378 SpennahenON.	261.2232
86 Kaltury Joens	4431 Spinneku D.	261-9885
87 L. Dowl	443) Sparting bh.	26/ 9883
88 Xisa M. Spencer	4435 Spinnaker Dr.	261-7525
89 It To Heilman	4276 Captain Was	261-8578
90 Larraine Neilman	4276 Captains Way	261-8598
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IN THE CIRCUIT COURT OF THE TWENTIETH JUDICIAL CIRCUIT, IN AND FOR LEE COUNTY, FLORIDA

LEHIGH CORPORATION.

Plaintiff,

vs.

Case No. 85-5843 CA-EOF

LEE COUNTY, a political subdivision of the State of Florida,

Defendant.

### STIPULATION AND SETTLEMENT AGREEMENT

Plaintiff, Lehigh Corporation ("Lehigh"), and Defendant, Lee County, hereby enter into this Stipulation and Settlement Agreement in the above-referenced cause and in support thereof state:

WHEREAS, Lehigh is a corporation organized and existing under the laws of the State of Florida and the owner and developer of the planned community of Lehigh Acres, which is located in unincorporated Lee County, Florida; and

WHEREAS, Lee County is the local government with jurisdiction over Lehigh Acres; and

WHEREAS, the East County Water Control District oversees surface water management of Lehigh Acres, Lehigh Acres Utilities, Inc. provides water and sewer services to Lehigh Acres, Lehigh Acres Fire District provides fire protection and inspection services for Lehigh Acres, and various lighting districts provide street lights in portions of Lehigh Acres; and

WHEREAS, on November 16, 1984, the Lee County Board of County Commissioners adopted, pursuant to the requirements of Section 163.3161, et. seq., Florida Statutes (1983), the Lee County Comprehensive Land Use Plan ("Lee Plan") as Lee County Ordinance No. 84-28; and

WHEREAS, the Lee Plan provides that all development and all actions taken in regard to development must be consistent with the Lee Plan unless a landowner or developer has previously obtained vested rights to develop his lands; and

WHEREAS, pursuant to the Lee Plan, Lehigh timely filed an application for administrative interpretation of vested rights, claiming that it had vested rights to develop the remaining undeveloped parts of Lehigh Acres in accordance with its Master Land Use Plan Map; and

WHEREAS, by Administrative Interpretation of Vested Rights dated August 19, 1985, the Administrative Designee of Lee County determined that Lehigh had a vested right to develop all of those portions of Lehigh Acres for which a plat had been prepared

PLOBIDA PABLIC SERVICE COMMISSICAL

by Lehigh and approved and recorded by Lee County. The administrative designee further concluded, however, that all remaining undeveloped and unplatted lands in Lehigh Acres were not vested under the Lee Plan; and

WHEREAS, Lehigh timely requested an appeal of the Administrative Designee's

Administrative Interpretation of Vested Rights to the Lee County Board of County

Commissioners; and

WHEREAS, the Lee County Board of County Commissioners, by a 2-2 tie voice vote denied Lehigh's Administrative Appeal on October 2, 1985; and

WHEREAS, on October 31, 1985, Lehigh filed the subject action for a declaratory judgment for a declaration of its rights under the Lee Plan so that it would have judicially determined whether it has vested rights to develop the remaining unplatted and undeveloped portions of Lehigh Acres; and

WHEREAS, Lehigh and Lee County desire to amicably resolve this dispute without the need for further legal proceedings; and the need for further legal proceedings are needed for further legal proceedings.

WHEREAS, Lehigh and Lee County hereby ratify and affirm that the settlement of this suit is in the public interest and in the interests of the parties hereto.

WHEREFORE, in light of the foregoing declarations, Lehigh and Lee County hereby agree and stipulate as follows:

- 1. The lands within Lehigh Acres which are the subject of this Stipulation and Settlement Agreement are approximately described as follows:
  - (1) NEt of NEt of NEt of Sec. 25, Township 43S, Range 26E.
  - (2) SEt of NEt of NEt of Sec. 25, Township 43S, Range 26E.
  - (3) NEt of SEt of NEt of Sec. 25, Township 43S, Range 26E.
  - (4) Wt of SEt of SWt S. of Caloosahatchee River, Sec. 19, Town-ship 43S, Range 27E.
  - (5) All of the NW lying N. of S.R. 80 of Sec. 30, Township 43S, Range 27E.
  - (6) All of the NW<sup>‡</sup> of NE<sup>‡</sup>, lying N. of S.R. 80 of Sec. 30, Township 43S, Range 27E.
  - (7) All of Sec. 30, Township 43S, Range 27E, lying S. of S.R. 80, less out parcels.
  - (8) Wt of Sec. 31, Township 43S, Range 27E.
  - (9) Wt of SEt of Sec. 31, Township 43S, Range 27E.
  - (10) SEt of SEt of Sec. 31, Township 43S, Range 27E.
  - (11) SW1 of NE1 of Sec. 31, Township 43S, Range 27E.
  - (12) SWt of NWt of NEt Sec. 31, Township 43S, Range 27E.
  - (13) NEt of NEt of NEt Sec. 31, Township 43S, Range 27E.
  - (14) St of NEt of Sec. 36, Township 43S, Range 27E.

- (15) NEt of NEt of Sec. 36, Township 43S, Range 27E.
- (16) All of Sec. 10, Township 44S, Range 27E.
- (17) All of Sec. 30, Township 44S, Range 27E, lying N. of Able Canal, less County Park.
- (18) Northerly part of Wt, S. of Able Canal of Sec. 30, Township 44S, Range 27E.
- (19) Wi of NEt of Sec. 5, Township 45S, Range 27E.
- (20) SEt of SWt of Sec. 5, Township 45S, Range 27E.
- (21) SWt of SEt of Sec. 5, Township 45S, Range 27E.
- (22) St of SWt of Sec. 4, Township 45S, Range 27E.
- (23) SWt of SEt of Sec. 4, Township 45S, Range 27E.
- (24) Wt of NEt of Sec. 9, Township 45S, Range 27E.
- (25) Wt of SEt less the W. 125' of Sec. 15, Township 45S, Range 27E.
- (26) Block "B" of Lehigh Park, Secs. 21 & 22, Township 44S, Range 26E.
- (27) Block "A" of Lehigh Park, Sec. 23, Township 44S, Range 26E.
- (28) Block 20 of Lehigh Park, Sec. 23, Township 44S, Range 26E.
- (29) Wt of SEt, East of Beth Stacey Blvd., of Sec. 6, Township 45S, Range 27E.
- (30) St of Nt of NWt of NEt of Sec. 6, Township 45S, Range 27E.

gga Artin Albania

- (31) Nt of St of NWt of NEt of Sec. 6, Township 45S, Range 27E.
- (32) Nt of NEt of SWt of NEt of Sec. 6, Township 45S, Range 27E.
- (33) St of NWt of SWt of NEt of Sec. 6, Township 45S, Range 27E.
- (34) St of SWt of NEt of Sec. 6, Township 458, Range 27E.
- (35) Nt of NEt of NEt of SEt of Sec. 4, Township 45S, Range 27E.
- (36) Wt of SWt of NWt of Sec. 3, Township 45S, Range 27E.
- (37) NEt of SWt of NWt of Sec. 3, Township 45S, Range 27E.
- (38) St of NWt of NWt of Sec. 3, Township 45S, Range 27E.
- (39) Blocks 5 & 6 of Carlton Park, Sec. 32, Township 44S, Range 27E.
- (40) Blocks 10, 11, 12, 16 & 17 of Carlton Park, Sec. 33, Township 44S, Range 27E.
- (41) Blocks 1 & 2, of Country Club Estates, Sec. 34, Township 44S, Range 27E.
- X-(42) All of the undeveloped portions of Blocks 1, 2, 3, 4, 5, 8, 9, 10 and 11 of the unrecorded plat of Sunshine Shopping Plaza, Section 31, Township 445, Range 27E.

- (43) All of the undeveloped portions of Section 34, Township 44S, Range 27E lying NW of Joel Boulevard.
- (44) The westerly half of Block 27A, Country Club Estates, Section 34, Township 44S, Range 27E.
- (45) The undeveloped portion of Block 19, Country Club Estates, Section 34, Township 44S, Range 27E.
- (46) The vacated portion of Blocks 25, 26 and 27, Country Club Estates, Section 34, Township 44S, Range 27E.
- (47) That vacated portion of Sections 32 and 33, Township 44S, Range 26E, for the condo Beau Rivage.
- (48) That vacated portion of Blocks 4 and 5, Unit 1, Lehigh Estates, Section 30, Township 44S, Range 26E.
- (49) The Easterly portion of Block 7, Unit 1, Lehigh Estates, Section 30, Township 44S, Range 26E.

A map depicting these approximate areas, which are indicated by number in yellow on the map, is attached hereto and incorporated herein as Exhibit A.

- The intent of this Agreement is to provide Lehigh with urban densities and
  intensities of use for development that will be independent of Lee County subsidized
  infrastructure for the lands which are the subject of this Agreement.
- 3. Lee County, therefore, affirms and ratifles that Lehigh will be allowed densities and intensities of use, commensurate with its existing development in Lehigh Acres, for the lands which are the subject of this Agreement. Lee County further affirms and ratifles that these densities and intensities of use are consistent with and vested under the Lee Plan and any subsequent plans adopted pursuant to Chapter 163, Florida Statutes. Lehigh agrees that all such new development, however, will be independent of Lee County subsidized infrastructure (i.e., streets and roads, potable water, sewer, and storm water facilities).
  - 4. The costs for providing such essential infrastructure shall be borne as follows:
- (a) Lehigh shall provide the streets and roads for the subject lands and construct these streets and roads in accordance with the Lee County regulations in force at the time plats for said lands are approved by Lee County. Such streets and roads shall be accepted by Lee County in accordance with the provisions of the subdivision platting assurance agreement between Lee County and Lehigh;
- (b) Lehigh Utilities, Inc. shall provide water and sewer services in accordance with provisions and terms of Lehigh's agreement with the Lee County Health Department dated April 8, 1970, as affirmed January 20, 1983, and as further reaffirmed January 27, 1987, the contents of which are attached hereto and incorporated herein as Composite Exhibit B;

(-(42) All of the undereipped portions of Blocks 1, 2, 3;
9, 19 and 11 of the briteforded that of Sunshine S

- (c) Stormwater facilities shall be constructed by Lehigh in conformance with the overall drainage plans of the East County Water Control District.
- 5. Lee County agrees that it will grant plat approval and development orders for said lands on the condition that all essential infrastructure set forth in the preceding paragraph has been or will be provided in accordance with this Agreement and Composite Exhibit B.
- 6. The parties further agree that the principles, rights, duties, and responsibilities set forth herein shall be incorporated into any subsequent comprehensive plan adopted by Lee County pursuant to Chapter 163, Florida Statutes.

DONE and ENTERED this 27 day of Secentur, 1988.

WILLIAM L. HYDE
ROBERTS, BAGGETT, LaFACE & RICHARD
Post Office Drawer 1838
Tallahassee, Florida 32302
(904) 222-6891
ATTORNEYS FOR LEHIGH CORPORATION

Lee County Post Office Box 398 Fort Myers, Florida

Assistant County Attorney

ROBERT GRAY

Fort Myers, Florida 33902-0398 ATTORNEYS FOR LEE COUNTY

WLH/LehiSetAgr/gdw

IN THE CIRCUIT COURT OF THE TWENTIETH JUDICIAL CIRCUIT, IN AND FOR LEE COUNTY, FLORIDA CIVIL ACTION

LEHIGH CORPORATION,

Plaintiff,

vs.

Case No. 91-2482 CA

LEE COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA,

Defendant.

### STIPULATION AND SETTLEMENT AGREEMENT

This Agreement made as of  $9^{n}$  day of  $9^{n}$ , 1992 between Lehigh Corporation, a Florida corporation, ("Lehigh") and Lee County, a political subdivision of the State of Florida (the "County").

### RECITALS

- A. Lehigh is a corporation organized and existing under the laws of the State of Florida and the developer of Lehigh Acres, located in unincorporated Lee County, Florida; and
- B. The County is the local government with jurisdiction over Lehigh Acres.
- C. On September 27, 1990, Lehigh filed three Applications for Determination of Concurrency Vesting with the County, to wit:

Application File No. C-90-4882, (hereinafter "Application #1")

Application File No. C-90-4883, (hereinafter "Application #2")

Application File No. C-90-4884, (hereinafter "Application #3")

SEP 10 1992

ADMINISTRATION.

(3154D/F)

- D. By letter dated February 18, 1991, the County notified Lehigh that the property covered by Application #1 was ineligible for vesting from the Lee County concurrency management regulations. No final determination was made with regard to Orange Villas, Section 26/44/27, Plat Book 1356, Pages 1147-1176 or Beacon Square, Section 5/45/27, recorded September, 1983 in Plat Book 1689, Pages 3846-3870.
- E. On May 16, 1991, Lehigh filed a Request for Appeal of an Administrative Interpretation with respect to Application #1 (the "Administrative Appeal"). The Administrative Appeal is pending before the Lee County Hearing Examiner as of the date hereof (Case Number ADM-91-10).
- F. By letter dated November 3, 1990, the County notified Lehigh that Lehigh and its successors in interest may complete development of property covered by Application #2 without compliance with the Lee County Concurrency Management Regulations. By letter dated January 6, 1992, the County issued a Certificate of Concurrency Exemption with respect to property included in Application #2.
- G. Pursuant to letters dated November 9, November 14 and December 17, 1990, the County notified Lehigh that certain property included in Application #3 was vested for the purposes of concurrency. Other property included in Application #3 was found ineligible for concurrency vesting. On November 7, 1991, the County issued a Certificate of Concurrency Exemption with respect to the property included in Application #3. Both Certificates of Exemption are valid for three years from the date of issuance.
- H. The property included in Application #3 which was deemed exempt from the Lee County Concurrency Management Regulations included all of Section 30, Township 43 South, Range 27 East, lying south of State Road 80, less out parcels ("Section 30"). Section 30 consists of 458 acres. Approximately 400 of those acres are zoned RM-2, which allows the construction of up to 14 residential units per acre or a maximum of 5,600 units.
- I. On November 28, 1990 Lehigh filed a Request for Appeal of an Administrative Interpretation with respect to the property denied vesting pursuant to Application 13. The matter was heard before the Lee County Hearing Examiner on January 28, 1991. The Hearing Examiner denied the Appeal in a decision rendered in February, 1991. On April 2, 1991, Lehigh filed a Petition for Writ of Certiorari and/or Complaint for Declaratory Relief and/or Complaint to Enforce Final Judgment against the County in the Circuit Court of the Twentieth Judicial Circuit In and For Lee County, Florida, thereby challenging the denial of concurrency vesting with respect to such property (the "Judicial Appeal"). The Judicial Appeal is pending as of the date of this Agreement.
- J. Lehigh and the County desire to amicably resolve the Administrative Proceeding and the Judicial Proceeding.

NOW THEREFORE, In consideration of the foregoing recitals, Lehigh and the County hereby agree and stipulate as follows:

- Lehigh and its successors in interest may complete development of the property described in Exhibit "A" attached hereto and depicted in white (uncolored) on Exhibit "E" (the "Exempt Property") without compliance with the Lee County Concurrency Such property shall remain subject to all Management Regulations. other local land development regulations adopted pursuant to the Lee County Comprehensive Plan as may be amended from time to time, however, such regulations shall not effect the densities or intensities of use previously established in the Stipulation and Settlement Agreement dated December 27, 1988. The Certificate of Concurrency Exemption ("Certificate of Exemption") excuses the exempt property from compliance with the level of service standards set forth in the Lee County Concurrency Management Ordinance No. 89-33, amended, and as may be further amended from time to time (the "Concurrency Ordinance"). Pursuant to Section 8.K. Concurrency Ordinance, the Certificate of Exemption is valid for three (3) years from the date of this Agreement. Three (3) years from the date of this Agreement, Lehigh or its successors in interest may renew the Certificate of Exemption, thereby extending the right to develop the exempt property as property exempt from the Lee County Concurrency Management Regulations.
- 2. The property described in Exhibit "B" attached hereto and depicted in red on Exhibit "E", is ineligible for concurrency vesting and shall be subject to all Lee County Land Development Regulations including concurrency. However, the County shall issue permits for the construction of single family residential units on the property described in Exhibit "B" which has been platted prior to 1971, notwithstanding the level of service standards set forth in the Lee County Comprehensive Land Use Plan.
  - 3. Lehigh will consent to a reclassification of the status of Section 30 as follows: the section shall no longer be deemed vested and exempt from Lee County Concurrency Management Regulations.

In conjunction with the reclassification of Section 30, the County will establish a transferable credit based upon eight (8) residential units per acre or 3,200 residential units (the "transfer credit") which may be developed on certain property, as hereinafter described, previously denied concurrency vesting but located closer to existing infrastructure improvements than Section 30. In exchange, Lehigh will waive all claims of vesting with respect to the remaining 2,400 residential units previously found to be exempt from the Lee County Concurrency Management Regulations.

With respect to residential lots that were determined to be ineligible for vesting pursuant to Application #1, the County shall continue its current policy of issuing permits for construction

of single family residential dwelling units notwithstanding the level of service standards set forth in the Lee County Comprehensive Land Use Plan.

- 4. In consideration of the former exempt status of Section 30, which shall hereafter be subject to all Lee County land development regulations including concurrency, Lehigh and its successors in interest are and shall be entitled to develop certain property exempt from the Concurrency Management Regulations to the extent of the Transfer Credit, subject to the following:
- a) The Transfer Credit shall not exceed a total of 3,200 residential units or the equivalent thereof, as provided under subparagraph b.) below, and Lehigh hereby waives any further rights in connection with the previous status of Section 30.
- b) Lehigh or its successors in interest may convert all or any portion of the Transfer Credit from residential units to other uses ("Residential Unit Equivalents"), based upon the conversion table attached hereto as Exhibit "C".
- c) Lehigh and its successors in interest may from time to time assign the Transfer Credit or any portion thereof to any property described on Exhibit "D" attached hereto and depicted in orange on Exhibit "F" (the "Eligible Property"), subject to the procedures provided for in subparagraph d.) below.
- d) Whenever the Transfer Credit or any portion thereof is assigned to a specific parcel, Lehigh or its successor in interest shall provide written notice to the County of its intention to assign the Transfer Credit. The Notice shall include: (i) a legal description of the Eligible Property to which the Transfer Credit is being assigned (the "Receiving Parcel"); (ii) the number of residential units or Residential Unit Equivalents assigned from the Transfer Credit; (iii) a copy of a recorded instrument restricting the Receiving Parcel to the density of uses assigned; and (iv) an accounting which reflects all assignments of the Transfer Credit and which sets forth the remaining balance of the Transfer Credit, i.e., the number of remaining residential units or Residential Unit Equivalents eligible for assignment. Upon the County's receipt of this Notice, the Receiving Parcel shall be exempt from compliance with the level of service standards set forth in the Lee County Comprehensive Land Use Plan.
- e) The assignment of the Transfer Credit in accordance with this paragraph shall not confer rights upon the Receiving Parcel beyond those permitted by existing zoning and further, shall not exempt the property from compliance with the Lee Comprehensive Land Use Plan and other Lee County Land Development Regulations with the exception of concurrency.
- 5. The Certificate of Concurrency Exemption issued pursuant to this Agreement shall not be affected by platting,

replatting or rezoning of the Exempt Property, provided the density and/or intensity of land use is not increased thereby. The density and/or intensity of land uses of Receiving Parcels shall be limited as set forth in Paragraph 4.e. of this Agreement.

- Plan for Lehigh Acres or any portion thereof, Lehigh shall cooperate with the County by providing any information and staff support that it is reasonably capable of providing, using its existing in-house capacity. In addition, Lehigh shall contribute money to the County to defray the cost of professional services necessary to develop the Sector Plan, in an amount equal to fifty percent (50%) of the amount expended by the County, up to a maximum reimbursement by Lehigh of \$20,000. The scope and contents of such Sector Plan shall be at the sole discretion of the County. Alternately, at the County's sole discretion and upon notice to Lehigh, the service, support and reimbursement that Lehigh has committed to in this Section may be redirected to such other study or project that relates to the planning, traffic conditions or general aesthetics at Lehigh Acres.
- 7. This Stipulation and Settlement Agreement supersedes all previous certifications, determinations and agreements with respect to concurrent status for the property described in Exhibits "A", "B" and "D" and depicted in Exhibits "E" and "F" attached hereto. However, the Stipulation and Settlement Agreement entered into by the parties on December 27, 1988, as it pertains to density and intensity of use is not superseded hereby and is hereby ratified and shall remain in full force and effect.
- 8. Lehigh and the County hereby ratify and affirm that the settlement of the Administrative Proceeding and the Judicial Proceeding is in the public interest and the interests of the parties hereto.
- 9. This Agreement shall be deemed incorporated in any subsequent Concurrency Ordinance or Comprehensive Plan hereafter adopted and/or amended by the County.

AGREED ON this (1) day of June, 1992.

Ellen Wyskochil

WITHESS

LEHIGH CORPORATION

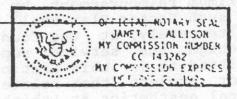
By: William Livingston, President

William Livingston, President Address: 201 E. Joel Boulevard Lehigh Acres FL 33936.

STATE OF FLORIDA	)	*		
COUNTY OF LEE				and/or intens
			t band to you	rassini to bas

The foregoing instrument was acknowledged before me this 2ND of True, 1992, by William Livingston, who is personally known to me or who has produced identification and who did not take an oath.

My Commission Expires: Notary Public



BOARD OF COUNTY COMMISSIONERS LEE COUNTY FIGRIDA

besette themsesph themsesphere has Doug St. Cerfy, Chairman by the parties on December 27, 1988,

redirected to such other study

CHARLIE GREEN CLERK

as it pertains to den

Approved as to form:

currency Ordinance or Comprehensive

intensify of use is not superseded hereby and is here's

Lee County Attorney

CASE NO. 96.04227

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A Public Hearing regarding Southern States Utlities requested rate increase will be held WEDNESDAY, SEPTEMBER 20TH, 6:00 PM in the BALLROOM SOUTH of THE PRIME OSBORN CONVENTION CENTER. Please plan to attend this hearing. Southern States Utilities provides sewer and water service for Charter Point.

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THURSDAY, SEPTEMBER 14th, 6:00 PM-Southern States Utilities 7:00 PM, regular meeting.

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\*

Note: If you would like to protest the requested rate hike proposed by Southern States, please complete this form:

To whom it may concern: I am in opposition to the application by Southern States Utilities ( which provides sewer and water service in the Charter Point neighborhood, Jacksonville, Florida) for an increase in its current rates for sewer and water services.

Name (Print) S.A. VIOR
Signature
Address 5470 FERN CREEK DR.M. date 9-12-95

phone #744-4939 Return to Barbara Mazer, Vice-President of Charter Point Community Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277 before September 20, 1995 (a box will be provided near the door).

FLORIDA PUBLIC SERVICE COMMISSION

DOCKETS 1498-US COMPANY/

H=119367

## Charter Point NOTES

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Name (Print) GORDON LOT ANNER MENORY

Signature London & Henry General Manual Manual Menory

Address 4300 CHARTER PT BIND phone # 244-3104

Return to Barbara Mazer, Vice-President of Charter Point Community

Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277

before September 20, 1995 (a box will be provided near the door).

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Name (Print) BERNARO & BETT Sever and water services.

Signature B.R. For date 9-13-95

Address 5457 Woodwho Tean phone #743-6300

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Name (Print) AOMAS (VAFNN TR.

Signature Manny Address (SEMANON) DR. VAK FL SLEYY phone # 7425777

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Name\_(Print) Jane Thomasino

Signature Jane Shamasino date 9/12/95

Address 4440 OAK BAY Dr. W phone # 743-442)

Return to Barbara Mazer, Vice-President of Charter Point Community

Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277

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in the Charter Point neighborhood, Jacksonville, Florida) for an increase in its current rates for sewer and water services.

Name (Print) Ames Carro lock to the date 9-18-95

Address 5380 Timberline Dr. phone #744-0259
Return to Barbara Mazer, Vice-President of Charter Point Community
Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277
before September 20, 1995 (a box will be provided near the door).



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GREATER ARLINGTON CIVIC COUNCIL MEETING

THURSDAY, SEPTEMBER 14th, 6:00 PM-Southern States Utilities info.: 7:00 PM, regular meeting.

The Greater Arlington Civic Council will meet on THURSDAY, SEPTEMBER 14th, in the Library at Terry Parker High School. At 6:00 pm the GACC Environmental Committee will have a meeting with attorney Michael Twomey regarding the Southern States Utilities requested rate increase. This will be a good opportunity to get more information before the Public Hearing on SSU rate hike the following Wednesday. At 7:00 pm the GACC will have MAYOR JOHN DELANEY as the keynote speaker; later in the program, attorney Michael Twomey will speak briefly about SSU proposed rate increase. Please plan to attend. All are welcome!

Note: If you would like to protest the requested rate hike proposed by Southern States, please complete this form:

To whom it may concern: I am in opposition to the application by Southern States Utilities (which provides sewer and water service in the Charter Point neighborhood, Jacksonville, Florida) for an increase in its current rates for sewer and water services.

Name (Print) Myf. HE5cock

Signature by following date 9-13.25

Address 4534 Oak Boy De W. Jacksonville phone # 143-1930

Return to Barbara Mazer, Vice-President of Charter Point Community Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277 before September 20, 1995 (a box will be provided near the door).

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before september 20, 1993 (a box will be provided near the door).
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Name (Print) BECKY MOSILLY date 9-16-95

Address 43-4 MOYWOOD TOINE phone # 143-7049

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Name (Print) Paul Durges

Signature Paul Aus date 9/5/95

Address 3474 (Joodwick phone # 7/3-052)

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Name (Print) ADA VIII EASTON
Signature date 9-18 95
Address 4318 Charter PTB NVd JAX FL32 phone #147-1883
Return to Barbara Mazer, Vice-President of Charter Point Community
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Name (Print) LOU + 156+174 F15CHF12 Address 441 Ftan (AET) No. 34x 12.3221 phone # 743-5245
Return to Barbara Mazer, Vice-President of Charter Point Community Signature March Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277 before September 20, 1995 (a box will be provided near the door).

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Name (Print) Jeffrey W. Boyd Signature W 4463 Charter Point Blad phone # 7433033 Return to Barbara Mazer, Vice-President of Charter Point Community Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277 before September 20, 1995 (a box will be provided near the door).

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Name (Print) E. FAYE WILLIAMS
Signature & Jaye Williams)
Address 5388 Oak Bay Dr. N. JAX Fl. phone # 747-4036
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Name (Print) Lillian P, Kahase

Signature New Kabase

Address 5456 fem (New Kabase)

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Name\_(Print) DON & SUSIE SMITHE Signature Susie Smitha & Touthon date 9-12-95 Address 5456 BRIGHTWATER LIVE. 32277 phone #404744-5446 Return to Barbara Mazer, Vice-President of Charter Point Community Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277 before September 20, 1995 (a box will be provided near the door).

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Name\_(Print) A Retty Malone.
Signature B Address 53 64 Timberline. Dr. phone # 744-2812
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Name (Print) JEANNE REVELS

Signature Revels

Address 4411 CHARTER Pt BIVE phone # 744-8784

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Name (Print) CAROLYN Me DONALD

Signature Carelyn Me Struck at date 9/12/95

Address 4479 Ferm creek at Griffe phone #743-2389

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Name (Print) HOROLD SALV
Signature Address 5345 OAK Bry DP F phone # 745-0007
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Name\_(Print) J. A. LockharT

Signature a. forthar date sept, 14-93

Address Syld Brichtware R LANE phone #744-7103,

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Name (Print) Hugh F. Kiser date 9-12-95
Signature Flugh F. Kiser date 9-12-95
Address 5475 woodwind Tu. Jay. Fla. 32277 phone # 744-3989
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Name\_(Print) Fordon w. ArbogasT

Signature date 9-12-95

Address 457/2 Ank Bay Div. W, phone #744-885/6

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Name (Print) Nouce Chartened
Signature Name (Print) Nouce Chartened
Address 1575 Ook (President of Charter Point Community
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Name (Print) To NY & ANN A MARINATOS

Signature To Marina Clause date of 10/55

Address 5396 Rev Bay Do Y). phone # 744-474 C

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To whom it may concern: I am in opposition to the application by Southern States Utilities ( which provides sewer and water service in the Charter Point neighborhood, Jacksonville, Florida) for an Name\_(Print) Bruce + Susan Myers

Signature Mrs. Bruce & Muss date 9-22-95

Address 5467 Rever had PAS phone # 744-8914

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Name (Print) Barbara Mazer

Signature Karbana Maser Address 4542 Oak Bay Dr. W. Jax fl 32277 phone # 904-744-6678 Return to Barbara Mazer, Vice-President of Charter Point Community Association, 4542 Oak Bay Drive, West, Jacksonville, Florida, 32277 before September 20, 1995 (a box will be provided near the door).

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date 9-13-45

increase in its current rates for sewer and water services.

Name (Print) haves file date 9 13 9

Signature date 9 13 9

Address 4495 have review for phone # 743-767

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Southern States Utilities (which provide in the Charter Point neighborhood, Jack increase in its current rates for sewer Name (Print) Robert & EVELYN Signature Sueling In Peace Address 4456 Ferm Creek Da Return to Barbara Mazer, Vice-President of Association, 4542 Oak Bay Drive, West, Jabefore September 20, 1995 (a box will be	es sewer and water service sonville, Florida) for an and water services.  PEACE  date 9-18-95  phone # 744-0129  of Charter Point Community cksonville, Florida, 32277
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posed race morea	ac
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Name (Print) Marie Buckre date 9/17/95
Signature Marie Ruche date 9/17/95
Address 4493 Oak Bay Dru 33311 phone # 143-4764
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Name (Print) John Judy Mangum III Quely Mark Signature

Address Address Address Address Address Agent Greek Mark 322117 phone # 1/14 - 0919

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Name (Print) R & LOCKIS RARLETTA
Signature R. LOCKIS RARLETTA
Address 4432 FERN CREEK DA JAK FL 322) Phone #
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Name (Print) R.M. (ANTRELL JR.

Signature Andrews Green CREEK DR.

Address Green Mazer, Vice-President of Charter Point Community
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Name\_(Print) George + CAROCE May S

Signature Costle + Acmo Costle May S

Address 4380 OAK BAY DR 96. phone # 743-4088

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