

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of : DOCKET NO. 960444-WU
: Application for Rate :
: Increase and for :
: Increase in Service :
: Availability Charges in:
: Lake County by LAKE :
: UTILITY SERVICES, INC. :



PROCEEDINGS: INFORMAL CUSTOMER MEETING

DATE: Thursday, September 4, 1996

TIME: Commenced at 6:30 p.m.
Concluded at 9:10 p.m.

PLACE: Jenkins Auditorium
691 Montrose Street
Clermont, Florida

REPORTED BY: H. RUTHE POTAMI, CSR, RPR
Official Commission Reporter

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FPSC-RECORDS/REPORTING

1 **APPEARANCES:**

2 **ROSEANNE G. CAPELESS**, Florida Public Service
3 Commission, Division of Legal Services.

4 **ROBERT J. CROUCH**, Florida Public Service
5 Commission, Division of Water and Wastewater.

6 **TROY RENDELL**, Florida Public Service
7 Commission, Division of Water and Wastewater.

8

9 **ALSO PRESENT:**

10 **LEE MUNROE**, Florida Public Service
11 Commission, Division of Water and Wastewater.

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P R O C E E D I N G S

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

MR. RENDELL: Good evening ladies and gentlemen. My name is Troy Rendell. I'm a rate supervisor with the Florida Public Service Commission. At my left is Ms. Roseanne Capeless. She's an attorney with the Florida Public Service Commission. At my right is Mr. Bob Crouch. He's an engineering supervisor, also with us. Outside is Mr. Lee Munroe. He's an engineer with our Water and Wastewater Department; and also we have a court reporter here to transcribe the meeting.

We are with the Staff of the Florida Public Service Commission. The Public Service Commission is a governmental entity which has jurisdiction over the economic aspects of telephone, water, wastewater, electric, and natural gas utilities.

For the record, this case has been docketed before the Public Service Commission as Docket 960444-WU. On June 3rd, 1996 Lake Utility Services, Inc. filed for a rate increase before the Florida Public Service Commission. Lake Utility is requesting an overall rate increase of 42.4 percent. They've also asked for what's called interim rates.

Interim rates are rates that are

1 automatically adjusted according to statute within the
2 first 60 days of a rate case. They are placed in
3 effect under either a bond in escrow or some type of
4 security. If at the end of the rate case that it is
5 determined that the final rate increase is less than
6 the interim, you will receive a refund with interest.

7 This interim rate increase was approved on
8 Tuesday, September the 3rd. I believe they were an
9 interim increase of 27%. 27% was approved, and these
10 rates will be going into effect within the next month
11 or so under security.

12 This application for rate increase has been
13 filed what's called a proposed agency action. In a
14 moment Ms. Capeless will describe the proposed agency
15 action process to you, the legal aspects, but I'll
16 briefly describe it prior to her getting into the
17 legal aspects.

18 Lake Utility filed what's called minimum
19 filing requirements. These are the minimum filing
20 requirements for a rate increase. They contain all
21 the information of plant investment, of operating
22 expenses, operating revenues. They have engineering
23 information and also rate data.

24 Once we get this information we determine if
25 it meets the qualifications or if it's deficient. I

1 believe these MFRs were deficient, and we sent out a
2 deficiency letter and they were refiled and then they
3 met the MFRs on June 3rd, 1996.

4 We will be sending out auditors to audit the
5 books and records of Lake Utility Services. We have
6 an engineer that's here this week looking at the
7 engineering aspects, and we'll be sending a rate
8 analyst next week to look over the rate aspects, the
9 billing determinants and the gallonage.

10 Once all this data is complete, we will file
11 a recommendation to our Commission. We will either
12 recommend that Lake Utilities will be denied a rate
13 increase, or recommend a rate increase and an amount.
14 Then the Commission will vote on this recommendation.
15 They will either accept it, deny it or modify it.

16 We will codify this decision in an order,
17 which may be protested. If it is protested, we will
18 go to hearing, and I'll let Ms. Capeless further
19 explain the PAA process.

20 **MS. CAPELESS:** Thank you, and good evening.
21 I'm Roseanne Capeless, and I'm here to explain for you
22 the legal process involved in a case like this. This
23 is a legal proceeding, so that those of you who wish
24 to come up and give comments here tonight will be
25 testifying, and what we'll do before we begin calling

1 you up to the podium is to have everybody who thinks
2 they may wish to speak to stand up and be sworn in
3 collectively, so that everybody can be sworn at the
4 same time. And all of your comments will be recorded
5 by the court reporter who is here, so we will ask you
6 to please not speak out of turn, please come up to the
7 podium and speak one at a time, because she can only
8 get one person's comments down at a time.

9 I'll keep my comments very short, because
10 we're here primarily to hear from you. What we would
11 like to do is to hear any comments that you have or
12 concerns that you may have about your utility service.
13 We're particularly interested in hearing about how you
14 feel about the quality of the service that you're
15 receiving; are you getting good service, bad service,
16 is your service adequate, but please feel free to also
17 comment on any other issue that you wish to address.

18 Also, when you come up to the podium if you
19 would please state your name, speak clearly into the
20 microphone for the court reporter; state your name and
21 then spell it, and also give us your address and then
22 go into your commentary.

23 What I'll do is explain how this process was
24 initiated. The Utility filed an application, as Troy
25 told you, for a rate increase requesting that the

1 application be processed under what we call a proposed
2 agency action procedure. That means that this case is
3 not currently scheduled to go directly to hearing.

4 The Staff will file a recommendation, and
5 then the Commission will vote on that recommendation,
6 and whatever the Commission decides will be a proposed
7 action. It won't be a final action. There will be
8 time in which to protest that action if you disagree
9 with it.

10 What you can do is you can sign up to get a
11 copy of the recommendation that the Staff will be
12 filing in this case for the Commission's
13 consideration. We ask that maybe five or 10 or a
14 dozen of you or so sign up for a copy of the
15 recommendation, and that way you will be placed on our
16 mailing list; or else what you can do is fill out the
17 back sheet of the special report that we handed out.
18 If you wish to, you can provide your comments on that
19 back sheet. If you don't feel comfortable coming up
20 and speaking in public, that's another way of
21 expressing your opinions.

22 Our Commissioners will consider the Staff
23 recommendation at an agenda conference in Tallahassee.
24 That conference in this case will be considered -- or
25 it's currently scheduled to be considered at the

1 December 3rd agenda conference. At that time the
2 Commissioners will have the opportunity to ask
3 questions of the Commission Staff, the Utility and
4 also any of the customers who are present at the
5 agenda conference. It is an open public meeting.

6 You may appear and make comments directly to
7 the Commissioners if you wish. The Commissioners,
8 like we said, will vote on the recommendation at that
9 agenda conference, and they can either accept the
10 Staff's recommendation on whether the increase should
11 be granted or modified or they can deny it.

12 If they reject it, a hearing may be
13 scheduled. If they accept it or modify it, the
14 Commission will then issue a proposed agency action
15 order confirming its vote, and that order will also
16 have a notice attached to it which will tell you that
17 substantially affected persons, such as customers,
18 have 21 days from the date that the order is issued in
19 which to file a protest, if you wish, for the case to
20 go to hearing.

21 If no one protests the order within that
22 21-day period, then the Commission's action will
23 become a final action. If somebody protests it, then
24 we go to hearing, which is an expensive and
25 complicated process much like a court trial. But once

1 the hearing is completed, then we would prepare
2 another recommendation and go to another Commission
3 agenda, and at that agenda the Commission will take
4 another vote. That vote will be final.

5 One other thing that I'd like to inform you
6 before I hand it back over to Troy is that there is a
7 separate agency which represents the interests of
8 customers in proceedings, in rate case proceedings,
9 and that entity is called the Office of Public
10 Counsel; and for those of you who are interested, they
11 do have a 1-800 telephone number, and you can come up
12 and we'll be glad to give it to you at the end of the
13 customer meeting.

14 Thank you all for being here.

15 MR. RENDELL: As Ms. Capeless mentioned, you
16 were handed a special report when you entered the
17 building tonight. In this special report it gives a
18 brief explanation of the rate case. It also has a
19 listing of the rates, and it will have the rates prior
20 to the filing. The Utility requested interim. The
21 Staff recommended interim, which were approved on
22 Tuesday, and the Utility requested final.

23 As she also indicated, this case is far from
24 over. This is part of the investigation that we come
25 out to the public and we receive input from you. It's

1 an extremely important part of this procedure. Your
2 comments will be recorded by a court reporter. They
3 will become part of the record in this docket, and we
4 will take this back to the Commissioners as part of
5 our investigation to form a recommendation to the
6 proceedings.

7 Also on the front of this special report is
8 a 1-800 for our Division of Consumer Affairs. There's
9 a 1-800 number. There's also a 1-800 number, fax
10 number, and something that's new that I've just
11 noticed is that we also now have an Internet address.
12 That's something we haven't had lately. Also, the
13 back page is reserved for customer comments, and if
14 you would like to fill it out, forward it, and you can
15 staple it, tape it, or whatever send it up, and that
16 also goes in the correspondence side of the docket
17 file.

18 I do want to mention one other item. I know
19 that several of you had questioned us when you were
20 coming in about a case that was filed approximately a
21 year ago on rate restructuring. Back on
22 February 27th, 1995 we did get an application for a
23 limited proceeding to restructure your rates. I,
24 along with my boss, came down and we came here before
25 you, took in comments. We made a recommendation to

1 the Commissioners. The Commissioners did approve our
2 recommendation.

3 We issued an order. This order was
4 protested by the Utility, so that put us into what's
5 called the hearing mode and we were going towards a
6 hearing. The hearing was set, I believe, for March of
7 this year. The Utility filed a stipulation in this
8 case -- a proposed settlement, I should say -- to
9 avoid any type of proceeding and any more expenses.
10 They also indicated to the Commission that they were
11 going to come in for a rate increase, and they did not
12 want the rates to change twice within a year.

13 We would have went to hearing. We would
14 have issued an order. They more than likely would
15 have changed rates, and then they would come in again
16 for interim, and your rates would have changed two or
17 three times this year. The Commission accepted this
18 proposed settlement.

19 As part of the proposed settlement, your
20 rates will be structured for those subdivisions that
21 were affected by the other docket for interim rate
22 purposes. That was part of the settlement. So those
23 rates, like I said, should be going into effect
24 probably within a month.

25 Lake Utility also for the final rates has

1 asked for a uniform rate structure for all the
2 subdivisions. That's one of the issues that will be
3 explored in this rate case. Previously they were
4 serving -- or they served 14 subdivisions, and only 12
5 were affected by the rate restructuring docket. Now
6 they want to have a uniform rate for all subdivisions,
7 and we will be looking into that, as I said earlier.

8 I don't want to take too much more of your
9 time, because I do have several customers that signed
10 up to speak tonight. We will stay here as long as
11 possible. We'll stay here all night, if we have to,
12 to listen to your comments. I would like to mention
13 that we do have a considerable amount of people that
14 signed up, and to be considerate of your neighbors.
15 At this time I would like whoever signed up to stand,
16 and I'll have the court reporter issue the oath.

17 (Witnesses collectively sworn.)

18 MR. RENDELL: I would like to mention one
19 other item. I promise I'll be quiet after that. I do
20 want to go ahead and give you the 800 number for the
21 Office of Public Counsel. Just in case some of you
22 have to leave during this proceeding, I want to go
23 ahead and give it to you, and I'll say it slowly.
24 1-800-342-0222, and if you'd like, you can come see me
25 after the meeting and I'll be glad to give it to you

1 again.

2 UNIDENTIFIED SPEAKER: Will you repeat that?

3 MR. RENDELL: Sure. It's 1-800-342-0222.

4 And with that, I would like to call the first witness;
5 C. Corbitt.

6 - - - - -

7 CALVIN E. CORBITT

8 appeared as a witness and, having been duly sworn,
9 testified as follows:

10 DIRECT STATEMENT

11 WITNESS CORBITT: I don't live in The
12 Vistas, but I'm planning to build a home in The
13 Vistas.

14 MR. RENDELL: Sir, if you could give your
15 name and spell it, and your address, please.

16 WITNESS CORBITT: All right. I'm Calvin E.
17 Corbett. My address is 1449 Disston, D-I-S-S-T-O-N.
18 That's where I'm temporary living at the present time.
19 I'm building a home in the Vistas.

20 As of today, I mailed a check for \$45.00 for
21 an application fee, which I don't know what that's
22 for, but that went to the utility company, Lake
23 Utility Services, and also I mailed a check today for
24 a water meter, \$150.00, and then I've also mailed
25 another check for \$200.00, which is a total of

1 \$395.00.

2 Construction on my home will be probably
3 within the next week. Now, I don't know -- the \$45.00
4 is the application fee. That had to be in a separate
5 check. I don't know who owns the water meter and I
6 don't know why the \$45.00 for the application fee, but
7 anyhow, that's what I was charged.

8 And I moved from New Smyrna Beach over here,
9 and I'm very familiar with the state of Florida and
10 I'm familiar with the Clermont area. I've traveled
11 the whole state of Florida. There's not one part of
12 the Florida I haven't been in.

13 But looking down here at this increase, even
14 at 27%, I've called on utility companies, wastewater
15 plants, water plants throughout the state of Florida,
16 I'm very familiar with all water plants, and also
17 wastewater plants, and an increase of 27% is
18 absolutely outrageous.

19 Now, I don't know whether this Lake Utility
20 is a branch-off. I don't know this much about it,
21 because I've only been over here -- actually moved
22 over here within the last week. I'm just in the
23 process of -- closed out my house and I'm -- I just
24 moved over here. But I don't know whether this is a
25 branch of some other company or just what.

1 Now, you go down here to 19 -- in, say, nine
2 years that they've serviced these people out -- that
3 lives in this area, now, do they buy their water? Can
4 somebody answer that? Or do they have pumps in the
5 ground that pumps the water out? How does Lake
6 Utility get their water?

7 **MR. CROUCH:** They have a number of pumps and
8 hydropneumatic tanks in the area. Some of them are
9 interconnected in a distribution system, some of them
10 are almost stand-alone out serving one little,
11 independent area, but they're all controlled by the
12 same utility now. But do have their own wells --

13 **WITNESS CORBITT:** They have their own --

14 **MR. CROUCH:** -- and their own hydro tanks,
15 yes, sir.

16 **WITNESS CORBITT:** Then why would they have
17 27% increase? Why has their expenses gone up that
18 much that they have to pass this increase on to the
19 customer? Does anybody have an answer on that?

20 **MR. RENDELL:** Well, there's several reasons
21 why Lake Utility has filed this rate increase. One of
22 it is they've gone in and they have spent a lot of
23 money, interconnected the subdivisions. They also
24 present the reason that they are not earning a fair
25 rate of return on their investment.

1 I would like to point out that they have not
2 come in to the Public Service Commission for a rate
3 increase since they've been in operation. They've
4 gotten indexes, which is an automatic increase
5 throughout the years, but they have not come in; and
6 so we will be looking at this proposed increase.

7 WITNESS CORBITT: In other words, the outlay
8 that they put out is figured in to some of this 27%?

9 MR. RENDELL: Yes, sir.

10 WITNESS CORBITT: They don't have it
11 prorated on over a period of years, then; right?

12 MR. RENDELL: Well, part of it -- what part
13 of a rate case is, they do get a return on their
14 investment, and their investment is put in what's
15 called rate base; and they do get depreciation on it
16 and they're allowed a return on that investment, but
17 it is over several years.

18 WITNESS CORBITT: Now, can you answer this
19 for me: Is Lake Utility Service the only company
20 that's in that corporation, or is it an umbrella of a
21 larger company?

22 MR. RENDELL: They are owned by Utilities,
23 Inc. of Florida, and Utilities, Inc. of Florida owns
24 several utilities throughout the state of Florida.

25 WITNESS CORBITT: That's what I thought. In

1 other words, it's just one little branch of several of
2 them.

3 MR. RENDELL: Yes, sir.

4 WITNESS CORBITT: Okay. Thank you.

5 MR. RENDELL: You did mention, and I would
6 like to mention -- I failed to -- is they've also
7 asked for a change in their service availability fees,
8 and those are where some of the charges that you paid
9 the \$200.00, the 150. The \$200.00 was a plant
10 capacity fee, and the \$150.00 was a meter
11 installation. I'm not sure what the \$45.00 was. It
12 probably was a deposit that you had to place to get
13 service.

14 They are asking for a change in their
15 service availability policy, and also to have a
16 uniform service availability charge for all future
17 customers. And what service availability does is it
18 allows growth to pay for itself. When they put in a
19 new plant to serve future customers, it basically is a
20 charge for those customers, so that existing customers
21 don't have to pay for that plant; and we will be
22 looking at that in this docket, also.

23 WITNESS CORBITT: In other words, the
24 \$150.00 that I'm charged for the meter is in the
25 ground, and in other words, I paid for that and the

1 utility company -- in other words, I pay the utility
2 company, but then it's -- in other words, it's -- the
3 first time that I pay for it, then the next person
4 comes along after I'm gone, and then they just
5 automatically assume that --

6 MR. RENDELL: Unless that meter is taken out
7 of service when you leave. If it's left in there, the
8 next customer could assume it, but if it's taken out,
9 the new customer will have to pay meter installation.
10 It's to cover the cost of that meter.

11 WITNESS CORBITT: You mean the utility
12 company still has their hands on it is what I'm
13 talking about?

14 MR. RENDELL: Yes.

15 WITNESS CORBITT: Why would that happen when
16 I would pay for it? Isn't that a little bit --.

17 MR. RENDELL: It basically is a cost that's
18 passed on to the user. If it was not paid by you, it
19 would go into rate base, and they would be allowed to
20 earn a return from all customers. So it's basically
21 that customers pays for that meter.

22 WITNESS CORBITT: In other words, it's a use
23 more than anything else then, right? Because if I'm
24 buying it, then it's mine; otherwise, I'm just more or
25 less paying to use the meter.

1 **MR. RENDELL:** It's to pay for the
2 installation of that meter.

3 **WITNESS CORBITT:** Okay. Then I'm paying
4 that plus a \$200.00 connection fee.

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

6 **WITNESS CORBITT:** Just to connect the water
7 up.

8 **MR. RENDELL:** Yes, sir.

9 **WITNESS CORBITT:** All right. I still
10 think -- getting back to what I originally said -- the
11 28% increase is ridiculous. From what I know, a
12 little bit about water plants and wastewater plants,
13 which that's been over 30 years in the state of the
14 Florida from Key West all the way up to the Panhandle,
15 every little town in the state, I've traveled it for
16 over 30 years, and I know a little bit about it.
17 Thanks a lot. (Applause)

18 **MR. RENDELL:** Thank you, sir. Bob Mahaffey.

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BOB MAHAFFEY

appeared as a witness and, having been duly sworn,
testified as follows:

DIRECT STATEMENT

WITNESS MAHAFFEY: Bob Mahaffey. Address is
12403 Eryn, E-R-Y-N, Court Clermont. I've got several
issues that I'd like to discuss tonight.

Probably top of the list is quality of
service. I assume we can equate that to the quality
of the water that we're actually getting. The only
thing I can say about the quality of the water is the
smell varies daily from a chlorine -- what smells like
a chlorine content that's higher than your swimming
pool that you can actually taste in the water, which
makes it really seem unhealthy to drink -- other days
turn the faucet on, and probably the closest
description would be what smells like swamp water
comes out of it, with sulfur, what smells like sulfur
or other chemicals; and this can go on for several
days.

Sometimes it gets it the point where you
definitely can't drink the water straight out of the
tap. You have to mix it with things just to hide the
taste. Eventually you just give up on that and start
buying bottled water at Publix, or wherever you happen

1 to go shopping, because the quality of the water is
2 inconsistent. Even trying to make coffee in the
3 morning, even putting coffee into it can't hide the
4 taste; so that's on the quality of the water.

5 It doesn't say anywhere in here that they
6 were planning any kind of capital improvements to redo
7 the water service or the filtration or the treatment
8 of how they do it to justify any rate increase. Do
9 you know anything about any future plans for actually
10 improving that service?

11 **MR. CROUCH:** They have no plans included in
12 this rate case for the capital improvements like that.
13 However, this is something that we will be talking to
14 them about in the future, such as you're talking about
15 something to improve the quality of service.

16 I would like to address the one feature that
17 you just brought up, though, about the taste. Going
18 to buy water is an inconvenience. It's a pain in the
19 neck. And yet the Utility could go in and put in a
20 filter that could filter your water to make it very
21 good tasting. Unfortunately less than 5% of your
22 water is actually consumed.

23 Of the roughly 100 gallons a day per person
24 that is used, roughly 95 gallons of that goes into
25 your dishwater, clothes washing, showers, car washing,

1 any number of things. Approximately five gallons a
2 day per person is actually used to cook or consume.

3 Therefore, it would be more economical for
4 you to consider something like a point of use filter,
5 a little carbon cartridge filter, relatively
6 inexpensive, that you could put in your kitchen; and
7 if you did that, that would improve the taste of the
8 water considerably at a lot cheaper than going out to
9 buy your bottled water.

10 Many times -- in fact, I know some of the
11 people tonight were going to ask why doesn't the
12 Utility filter the water. They could, but the cost
13 would have to be passed on to you; and here again, you
14 would be paying for filtration for the water to wash
15 your dishes and wash your clothes. So a point of use
16 filter put out by a number of different -- anywhere
17 from your Culligan man to Sears, has little cartridge
18 filters that work very good for taking the taste out
19 of water.

20 **WITNESS MAHAFFEY:** Well, I understand that,
21 but it seems with this rate increase that what we're
22 paying, that we should expect to get drinkable water
23 out of the tap for this kind of money. (Applause)

24 **MR. CROUCH:** The Utility does plan on --
25 when working to tie in the distribution system between

1 the different wells, they do plan on taking a number
2 of the neighborhoods where you have a line that goes
3 out and is stubbed off on a dead-end street and
4 looping these in such a way to improve the flow in the
5 lines so you don't get stagnant water in the lines,
6 you don't get a lot of sediment settling in the lines.
7 So that is one of the things that they are planning on
8 doing as part of the ongoing process, to loop many of
9 the dead-end lines, but that's not going to be a
10 major --

11 **WITNESS MAHAFFEY:** You know, we burn enough
12 water in our development, or use enough water -- I
13 don't think -- it's not getting stagnant in the pipes
14 and it's not backing up. There's a lot of gallons per
15 hour flowing through that system, so I don't think
16 that's the problem.

17 Couple other points I want to address on
18 here. On this notice that we got, under "Background"
19 it says here that they're not -- their existing rates
20 are insufficient to provide a fair return on the
21 Utility's investment. I don't know -- it does not say
22 that they're losing money, it just says that they're
23 not making enough money. (Laughter)

24 I can understand if the Utility was, you
25 know -- you know, if their books were in the red, they

1 were losing money because of labor costs and material
2 costs and things like that, but it just says they're
3 not making a fair return.

4 Now, they agreed, I guess back in 1987 when
5 I assume they won the contract or whatever, to be the
6 utility service for all of these subdivisions. So
7 they agreed back in 1987 on what they thought was a
8 fair and equitable rate of return for their investment
9 and projected water gallons, you know, usage and what
10 they were going to sell with existing homes and
11 projected, you know, new homes being built in the
12 area. And I think Clermont is probably growing at an
13 even faster rate than probably they projected back in
14 1987, which means their total number of gallons sold
15 per month should be even higher than they even
16 projected back in '87; and I'm sure they must have the
17 papers to go back and look at that.

18 The point is in 1987 they said, okay, we
19 will provide you with this water service and this is
20 what we will charge to provide you with that water
21 service, and they agreed, well, that's fine.

22 Now, I'm not -- I know they haven't had a
23 rate increase since 1987, and I think a fair rate
24 increase would probably be just whatever the cost of
25 living has actually been over the last nine years.

1 That's all any of us ever got for the last nine years.

2 (Applause)

3 UNIDENTIFIED SPEAKER: I mean, you're really
4 lucky to get that.

5 WITNESS MAHAFFEY: I mean, you know, that's
6 generally the average raise that most workers get
7 is -- you know, it's based on the cost of living
8 index; and that's what we got each year for the last
9 nine years. You know, so we don't begrudge people to
10 make a little bit more money, but they have some fancy
11 math here that I still don't understand. (Laughter)

12 Well, you had said earlier that they're
13 requesting a 42% rate increase. I live in The
14 Oranges, and right now the present rates are .69 per
15 1,000 gallons, and their requested final rates are
16 2.195, roughly \$2.20. That's an increase of 3.18
17 times. By my book, that's 318% increase. (Applause)

18 You know, I'm sure there's some fancy
19 bookkeeping with, you know, markups based on cost,
20 markups based on selling price, things like that, you
21 know, a way they can play with that. But if you just
22 start with .69, which is the present rates and, you
23 know, bump it up 42 percent, that would only bring it
24 up to .98 per thousand gallons. That's a 42%
25 increase, not 3.18 times.

1 You really need to take a look at their
2 accounting system to figure out how they figured out
3 that bumping it up, you know, say three times is
4 actually only a 42% rate increase. That's some real
5 fancy work there.

6 I know the basic rates for the meter use,
7 you know, they want to go up from \$24.00 up to \$27.00
8 for the basic rate. You know, That's no real big
9 thing, like I said, but that's something we need to
10 take a look at.

11 I don't want to take up everybody else's
12 time here. The only other thing I wanted to say,
13 actually probably on your behalf, you know, people
14 like us depend on -- well, like the Public Service
15 Commission, the public utilities commission,
16 government agencies like yourself, to protect our
17 interests.

18 We do realize that when it comes to public
19 utilities like power, telephone -- well, telephone of
20 course has been broken up, but mainly with power and
21 water, that it is in everyone's best interests to
22 allow a monopoly for certain types of things. So we
23 have to, you know, live with that. It is in
24 everyone's best interests, but we look to Commissions
25 like you to protect us from, you know, gouging and

1 rip-offs by the people that win these contracts to
2 provide these services, if they can't just, let's
3 say -- you know, raise rates to whatever they feel
4 like.

5 So, you know, we do depend on you guys to
6 really take a look at, you know, what we're -- or
7 listen to what we're saying tonight and take a look at
8 the numbers and, you know, do what's right. Thank
9 you. (Applause)

10 **MR. RENDELL:** Thank you. George Rahaim.
11 One of the things also -- as he's approaching the
12 podium -- it would be helpful to identify which
13 subdivision you're getting your service. It's
14 extremely confusing with this rate case. It does take
15 into account several subdivisions, and there are
16 varying rate structures. So it would help us and the
17 engineers understand which subdivision you're talking
18 about.

19 - - - - -

20 **GEORGE RAHAIM**
21 appeared as a witness and, having been duly sworn,
22 testified as follows:

23 **DIRECT STATEMENT**

24 **WITNESS RAHAIM:** My name is George Rahaim.
25 I live at 10545 Crescent Lake Court.

1 MR. RENDELL: Sir, could you spell your last
2 name?

3 WITNESS RAHAIM: R-A-H-A-I-M. And that's in
4 Lake Crescent Hills subdivision. I'd like for you to
5 turn to Page 4 of your handout. I want to ask you a
6 couple of questions on my particular subdivision.

7 Now, you said that a temporary rate increase
8 has already been approved, is that right, as of
9 September 3rd?

10 MR. RENDELL: That's correct.

11 WITNESS RAHAIM: Okay. What was that? The
12 Staff recommended interim?

13 MR. RENDELL: That's correct.

14 WITNESS RAHAIM: Why would you guys, who are
15 supposed to be representing, I guess, the consumers --
16 I hope you would be -- increase it more than the
17 Utility requested?

18 MR. RENDELL: Well, at the bottom of the
19 page the Utility request for interim is \$16.00 base
20 facility charge and the 91 cents, and the Staff
21 recommended rates was \$8.64 for the base facility and
22 a dollar, seven for the gallonage.

23 WITNESS RAHAIM: I got you. But it's 91
24 cents a gallon that the Utility requested, and you
25 recommended a dollar, seven.

1 **MR. RENDELL:** One of the items that was in
2 the proposed settlement, recognizing that the Utility
3 never placed the rate restructuring rates into place
4 as part of the approval process, the second column
5 indicates what the rates were approved in the
6 settlement. As part of interim, we cannot change that
7 rate structure. We apply a straight percentage of
8 whatever the percentage increase was to these rates in
9 the settlement. So the percentage that was approved
10 by the Commission was applied to these rates that was
11 approved in the prior settlement. So it incorporates
12 a rate restructuring and an interim increase on the
13 part of your subdivision.

14 **WITNESS RAHAIM:** Did anybody understand
15 that?

16 **UNIDENTIFIED SPEAKER:** No.

17 **UNIDENTIFIED SPEAKER:** No. (Audience
18 response)

19 **MR. RENDELL:** Last year when we came out for
20 the rate restructuring, the Staff proposed rates for a
21 rate restructuring for 12 of the 14 subdivisions.
22 These rates were protested by the Company, and the
23 Company never implemented these rates. They proposed
24 a settlement to the Commission. The Commission
25 accepted these rates as part of this rate case. And

1 that second column are the rates that were approved as
2 part of that settlement for the rate restructuring;
3 and those rates are prior to any interim increase.
4 The interim increase was applied to these rates that
5 result in the rates that are in the Staff recommended
6 interim rates.

7 **WITNESS RAHAIM:** Okay. Well, let's go over
8 to the final rates. When do you -- or when does the
9 Utility propose to triple the price of the water then,
10 on the -- to the 2.195?

11 **MR. RENDELL:** The recommendation is due
12 before the Commissioners on November the 21st, and it
13 will be voted on on December the 3rd, 1996. Now,
14 these are the Utility requested rates. Staff has not
15 made any determination what we're going to recommend
16 on our rates. We're still doing the investigation
17 now, so there's no way I could give you any idea what
18 the Staff is going to recommend until this process is
19 over, but these will be in a recommendation that will
20 be filed on November 21st of this year.

21 **WITNESS RAHAIM:** I agree with a lot of what
22 Mr. Mahaffey said, and we depend on you folks to look
23 out for us, and this is exorbitant. I can't imagine
24 any business that would need to raise their rates 300%
25 in one pot to stay in business. We need somebody to

1 look out after us. This is bad. (Applause)

2 MR. RENDELL: Thank you, sir. Heidi
3 VanHouweling.

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5 HEIDI VANHOUWELING

6 appeared as a witness and, having been duly sworn,
7 testified as follows:

8 DIRECT STATEMENT

9 WITNESS VANHOUWELING: That was a fair stab.
10 That's right; Heidi VanHouweling. Last name is
11 V-A-N-H-O-U-W-E-L-I-N-G. Address is 11215 Sooner in
12 Clermont. I live in Preston Cove. And I just had a
13 couple of quick points that I want to make sure are
14 addressed.

15 UNIDENTIFIED SPEAKER: A little louder,
16 please.

17 WITNESS VANHOUWELING: Sorry. I'm not used
18 to the microphone. I had come and asked you, Troy, I
19 guess, for numbers of breakdown for the number of
20 people in each pay cycle, and taking those numbers and
21 applying a \$10,000 (sic) a month gallon amount, and
22 taking the present rates and making a computation on
23 10,000 gallons a month, and then taking the requested
24 final rates and making the computation on 10,000
25 gallons per month, I'm coming up with 135.4 percent

1 increase. I know the gentleman before said 300%. I
2 know that's just on the section from the people who
3 are at 69 cents now. But taking into account the
4 others that aren't going to be increased quite as
5 much, the actual overall increase is 135.4%. And,
6 again, that doesn't equate to a 42% increase that
7 they're projecting.

8 I also wanted to point out, you indicated
9 that they had put in a number of -- or experienced a
10 number of costs in connecting a number of the
11 subdivisions; and I think it should be noted that a
12 lot of the developers pay a lot of that cost
13 themselves for the piping and so on and so forth. So,
14 yeah, they may be connecting them in, but they're not
15 footing the full bill for that. So those were the
16 only things I wanted to make sure were addressed.
17 (Applause)

18 MR. RENDELL: Thank you. Tom Swartwout.
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1 **THOMAS SWARTWOUT**

2 appeared as a witness and, having been duly sworn,
3 testified as follows:

4 **DIRECT STATEMENT**

5 **WITNESS SWARTWOUT:** I'm Thomas Swartwout,
6 S-W-A-R-T-W-O-U-T, 10705 Point Overlook Drive,
7 Clermont, 34711. I'm in the Highland Point
8 subdivision.

9 A question. In fact, two questions and
10 three statements. In section A-1 of the rate proposal
11 they talk about a depreciation year-end -- total
12 year-end depreciation for 1994-1995. That total
13 depreciation, the difference in those was \$50,000.
14 \$50,858.

15 In section B-1 they talk -- now, the way I
16 look at that is the end-of-the-year depreciation, the
17 difference should be the depreciation during 1995. In
18 section B-1 they come up with a whole new depreciation
19 schedule and for the depreciation of \$64,177. That's
20 like one and a quarter percent difference in their
21 profit margin, even though they're quoting 4 and a
22 half percent. Is there something I don't understand
23 there?

24 **MR. RENDELL:** This is one of the items our
25 accountants will be looking at. The auditors that

1 come out from the Public Service Commission, they will
2 be auditing the books, and that's the actual plant
3 that's in the ground, the expenses for the year. And
4 then our accountants back in Tallahassee will be
5 looking not only at the audit report, but also at
6 depreciation expenses, a year-end rate base versus an
7 average base; and these decisions will be made in the
8 recommendation.

9 **WITNESS SWARTWOUT:** Everybody I've talked to
10 who is an accountant type didn't understand it.

11 Second question: What can the Public
12 Service Commission do to reduce the cost of a utility
13 company getting a rate increase? Whether anybody
14 realized it or not, we're going to pay about \$111,000
15 to get a rate increase approved. This is the
16 Company's charge. Now, that amortized over a
17 four-year time period for the 915 customers, that's
18 \$2.52 a month. That's a big part of this rate
19 increase you're talking about. It seems like a large
20 amount of money. This is a small company, I realize.

21 All right. That's the question. I don't
22 know if you can answer that. I don't know if that's
23 an answerable question, but that is one that I would
24 like the Public Service Commission to look at to
25 reduce the cost of getting these rate increases,

1 because it's costing us.

2 **MR. RENDELL:** Yes, sir. That's one of the
3 things -- rate case expenses, they can get exorbitant.
4 They do have to be prudent expenses, and one of the
5 things that the Legislature, and also the Public
6 Service Commission does to help alleviate some
7 expenses is the PAA process, and that's the process
8 they're in now where you don't go to hearings.
9 Hearings get very expensive because they have to have
10 the lawyers present, they have to travel to the
11 service area, and it can, you know, last up to a week
12 long. So that's one of the areas that we look at.

13 **WITNESS SWARTWOUT:** Thank you. Three
14 statements: One of the things that I noticed in the
15 report was it appeared to me in the order of -- about
16 15% of the water that was pumped wasn't accounted for.
17 That sounds high. As an old engineer, that kind of
18 hurts my head. It seems like the company should be
19 looking for where their water goes.

20 Statement number two: This is after
21 interconnection. Last year we were interconnected
22 with all the system. The reliability went up. That's
23 good. The odor and taste was down, bad; deteriorated.
24 Just a comment. Thank you.

25 **MR. CROUCH:** On your question about the

1 unaccounted for water, that is one of the things that
2 we are encouraging the utilities to look at. We allow
3 usually about 10% unaccounted for water. That's water
4 that they just flat don't know where it went. That's
5 usually attributed to a stuck meter or to leaks in the
6 ground somewhere that they don't know where the use
7 is.

8 If it gets over 10%, we start looking at it.
9 We ask the Utility why. They start looking at their
10 records and trying to find out why. If they went out
11 and flushed some lines, or something like that, and
12 forgot to document that, that would go in as
13 unaccounted for. But if they exceed 10 to 12%
14 unaccounted for water, we do look at that very
15 cautiously.

16 MR. RENDELL: Thank you. David Burkhardt.
17 Also, one of the things I also failed to mention, if
18 you would like a copy of the recommendation, please
19 see one of us after this meeting, and we will get a
20 recommendation to you. Thank you.

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DAVID BURKHARDT

appeared as a witness and, having been duly sworn,
testified as follows:

DIRECT STATEMENT

WITNESS BURKHARDT: David Burkhardt,
B-U-R-K-H-A-R-D-T. The address is 10590 Lakehill
Drive in Clermont, 34711, and that's in Crescent West.

I've been a customer now of this utility
service for nine years, so I guess that makes me one
of the oldest; and I can unequivocally tell you in
nine years' time I've never had my door tagged one
time about a service interruption, about sand, about
odors, about any of the those items that would --
normally you would consider a utility doing in good
faith; and that's, like I say, for nine years.

The other item that I just want to touch on
briefly is that here again with the creative math, I
look down in the rate, interim rate and the permanent
rates we have here, and no matter how you figure it,
it accrues to over 300%. And here again, I don't want
to be responsible for hooking up other subdivisions.
Let the builders, let those individuals do it, if
that's the case.

I can tell you this just very briefly in
closing: In the nine years I've been a customer,

1 every time I drive into my subdivision, I see their
2 tank sitting up there by the well, and it's about the
3 size of a Volkswagon bus, I guess, and the pump is
4 about the size of a large watermelon. In nine years'
5 time, none of that has changed. Thank you.

6 (Applause)

7 MR. RENDELL: Thank you. Hanford Pinette.

8 MR. PINETTE: I have no comments. All my
9 questions have been answered.

10 MR. RENDELL: Thank you. Nicholas Silverio.

11 - - - - -

12 NICHOLAS SILVERIO

13 appeared as a witness and, having been duly sworn,
14 testified as follows:

15 DIRECT STATEMENT

16 WITNESS SILVERIO: My name is Nicholas
17 Silverio, S-I-L-V-E-R-I-O, 11248, Summerwind Court,
18 Clermont, 34711. That's Lake Crescent Hills.

19 Now, I've got this in the form of a letter,
20 and I'd like to give it to you at the end, because
21 I've taken my bills for the -- from January through
22 July and listed my consumption. My water bill for the
23 period of January 17th, '96 through 19th of July was
24 \$266.43, or approximately \$88.00 for a two-month
25 period. That's with an average monthly consumption of

1 59,000 gallons (sic). In other words about \$44.44 per
2 month. So for a two-month period, that's the way the
3 bills come out; approximately \$88.00.

4 I understand Lake Utility Services is
5 proposing for 100,000-gallon usage an increase from
6 \$76.00 to 237.50. This means my bimonthly water bill
7 would increase from \$88.00 to \$250.00. Repeat; 88 to
8 250. This unconscionable request, if approved, would
9 amount to highway robbery, legal extortion.

10 (Applause)

11 My wife and I are retired, and my social
12 security retirement cost of living adjustments amount
13 to about 3%. In no way should Lake Utility receive
14 more than the government cost of living allowance. We
15 respectfully request that you folks help and protect
16 us from this unreasonable increase.

17 MR. RENDELL: Mr. Silverio also brought up a
18 very good point. One thing I would like to ask is,
19 one of the items we'll be looking at, my section will
20 be looking at in the rates, is currently you have a
21 bimonthly billing cycle; and if you have any opinion
22 one way or the other, if you want to continue it or if
23 you'd like to see monthly bills, I'd also like to know
24 your opinion on that subject.

25 UNIDENTIFIED SPEAKER: The end result is the

1 same. (Audience response)

2 MR. RENDELL: Thank you. Joe Stewart.

3 MR. STEWART: I'll pass.

4 MR. RENDELL: Marvin Juhl.

5 MR. JUHL: I have no comment at this time.

6 Thank you.

7 MR. RENDELL: Bruce Kregloe.

8 - - - - -

9 BRUCE KREGLOE

10 appeared as a witness and, having been duly sworn,
11 testified as follows:

12 DIRECT STATEMENT

13 WITNESS KREGLOE: My name is Bruce Kregloe,
14 K-R-E-G-L-O-E, 10951 Autumn Lane, Clermont; and I live
15 in, I guess, the south Clermont region; and just want
16 to make a couple quick comments, I guess in the form
17 of a statement.

18 I'm not a engineer and I don't know all
19 these numbers and things, but I know that if rates are
20 allowed to increase on things that we need, like
21 water, at the percentage that it's allowed to do here,
22 we can't afford to pay these type bills; and my salary
23 certainly hasn't increased like this. I work for a
24 living, and even at cost of living, I don't get cost
25 of living rates. So I know I haven't gotten a 42%

1 rate increase over nine years, probably closer to
2 maybe 8 or 10% max. I don't think that's a fair and a
3 reasonable request.

4 And the second thing is, I don't understand
5 the disproportionate rates that are charged to the
6 different sections; and, also, you have different
7 usages; 1,000, 3,000, 5,000, \$5.00 for one base rate,
8 \$16.00 for another base rate, and it's the same water.
9 Could you explain that to me? (Applause)

10 MR. RENDELL: Sure. That's one of the
11 reasons that the Staff required the Utility to come in
12 for a rate restructuring. It did not make sense to
13 us, also. These subdivisions were interconnected.
14 Some were getting some free water, some weren't.
15 That's inherently unfair. And certain subdivisions,
16 no matter what meter size you had, you were paying the
17 same base facility. That also was not fair.

18 There are a lot of items in the rate
19 structure for these interconnected subdivisions that
20 were not fair; and the Commission made a ruling on
21 that and issued an order which was protested, and we
22 were going to go to hearing on that. We had Staff
23 witnesses on the subject and we were prepared to go to
24 hearing in March.

25 Like I indicated before, to alleviate the

1 cost of this hearing the Company proposed a
2 settlement, which was ultimately accepted by the
3 Commission, which we would restructure the rates in
4 this rate case, and that's what's occurring in the
5 interim proceeding. But you are 100% correct that
6 some of these rate structures were not fair.

7 **WITNESS KREGLOE:** I guess did last comment I
8 have is, it seems like the folks that have been paying
9 the high rate -- we've been paying \$1.86, where
10 somebody else is paying 69. We get 1,000, somebody
11 else gets 5,000. It doesn't seem maybe right that
12 everybody should have to increase their rates to make
13 this 42% increase.

14 One, the increase is a ridiculous amount;
15 and, two, if you've been paying the high rate, it
16 doesn't seem like you should have to pay more on this
17 new base rate increase. I mean, just the total
18 increase. That's all I have to say. Thank you very
19 much. (Applause)

20 **MR. RENDELL:** Thank you, sir. Durwood
21 Shadduck.

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DURWOOD SHADDUCK

appeared as a witness and, having been duly sworn,
testified as follows:

DIRECT STATEMENT

WITNESS SHADDUCK: I'm Durwood Shadduck,
S-H-A-D-D-U-C-K, and I live at 11308 Sooner Drive,
Clermont, and I'm in Preston Cove subdivision.

I was also here last year when we went
through these rates and that, and I did read your new
write-up here. And looking at it, you know, they talk
about improvements and stuff like that. I know where
their improvements are going. We see them constantly.

We're actually paying for expansion of their
system, you know. I mean, it's not improvements.
They're actually expanding. They started out small.
They're going to become a great big company. And
we're not stockholders. We're going to -- they just
keep raising our rates.

A couple questions that we have had, the
\$1.86 per thousand gallons; and I have a lot of people
come to me; they move into the development. Along
with that, they're getting hit with charges of \$1,700
when they try to hook up.

Now wait a minute. We bought developed lots
that should have water and electricity through them.

1 All of a sudden you've got to pay \$1,700 just to get
2 even get water. Then they turn around and they run
3 their sprinklers for the first couple months before
4 they get their bill, and then they get a two or
5 \$300.00 water bill.

6 I mean, I know people that have come to me
7 and talked to me -- I am president of the homeowners
8 there -- and they're deciding between groceries and
9 water. I, myself, I don't have a well. I have burn
10 spots all over my yard, because I have to lower it so
11 I can afford water bills.

12 You ask about whether we should have monthly
13 or bimonthly payments. Pretty soon we've got to have
14 monthly because we can't make the payments. It's
15 absolutely ridiculous. We have people coming into our
16 developments from Kissimmee, from Orlando, from New
17 York state, all over the country. Nobody has ever
18 paid these water rates, never heard of such things,
19 even here in Florida.

20 I went to the Lake Utilities, talked to them
21 one day, and I says, you know, keep your rates lower
22 and everybody won't be putting wells in. Wells are
23 going in like you can't believe, because we can't
24 afford the water rates. I says, why can't you be more
25 like Clermont, and they blew up. They said, with

1 those cheap rates? Well, I mean, if Clermont City
2 water can be several times, hundreds of times cheaper,
3 Lake County is doing something wrong.

4 I think we're paying for their expansion and
5 their profits, and I think it's wrong. We're being
6 taken right over the coals. (Applause)

7 Now, a question I have is if they're going
8 to force me -- and I will -- having financial problems
9 right now, but I will have to go get a loan and put a
10 well in. And if I put a well in, what's the
11 restrictions? Can I disconnect from them? That seems
12 to be the only way we're going to win anything. I
13 don't see where the government is helping us.
14 You're -- the board -- we fought this last year.

15 This has been two years we've been fighting,
16 and you turn around and give them a rate increase even
17 before this meeting. (Applause)

18 My recommendation is that before there is --
19 and if you want to see the bad side of anybody, just
20 go to Preston Cove and talk water. (Laughter) That
21 automatically -- I mean, you got fire flying on that.
22 And I really am -- I'm ashamed of the way this country
23 is going on things like this.

24 You're here to protect us and help us. To
25 all of a sudden say, oh, for a month or two we might

1 get a decrease, but then all of a sudden we're going
2 to womp you with a triple increase after that, it's
3 ridiculous.

4 And like I say, I -- probably from what I'm
5 seeing today with the already increase in the water
6 rates, I'm probably going to put a well in, and then
7 I'm going to see what I can do about disconnecting
8 from the water service. That's the only thing I can
9 think of any of us can do. We're not getting help
10 from the government. It takes too long through the
11 courts and everything else.

12 The other thing I would ask that maybe you
13 could possibly look into is talking to Clermont to see
14 if they can't expand their water system out.

15 (Applause)

16 If Lake County cannot give us decent water
17 at a decent price, then maybe somebody else can.

18 Thank you. (Applause)

19 MR. RENDELL: Pauline Konczyk.

20 MS. KLONCYK: No.

21 MR. RENDELL: Louise Cooper.

22 MS. COOPER: No.

23 MR. RENDELL: Dom Molinaro.

24 MR. MOLINARO: I asked -- Mr. Silverio asked
25 them.

1 MR. RENDELL: Mark Campbell?

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3 MARK CAMPBELL

4 appeared as a witness and, having been duly sworn,
5 testified as follows:

6 DIRECT STATEMENT

7 WITNESS CAMPBELL: I'm just an average Joe.
8 What I wanted to say was from what I can see on the
9 cost, the increase that I've been waiting three years
10 for a 4% cost raise where I work, and that raise alone
11 will not pay for just the increase part.

12 I live -- my address is 10797 Willowwood
13 Court. I live also in Crescent West. I'm one of the
14 folks that will have to decide between eating or
15 letting my St. Augustine brown, because I'm
16 certainly -- I'm certainly not going to pay to have
17 pretty looking grass and not be able to eat. You
18 know, I really don't have a choice.

19 However, I do have a choice. I guess the
20 only choice would be to dig a well, and I really don't
21 want to do that. I'm not really in a financial
22 situation if it comes between a well and having
23 children, because I'm right in that age group; and
24 that's kind of a shame, you know.

25 But Eryn had mentioned earlier about the

1 taste of his water. I fill up my bathtub, and I don't
2 think about the taste of the water, I wonder if it's
3 safe to breathe. (Applause)

4 The smell of the water is what I've told my
5 friends that don't live out in Clermont, don't have my
6 water system, is that of, I guess, the strongest
7 swimming pool that I've ever smelled. I don't have a
8 swimming pool.

9 I, as well, don't understand some of the
10 requested interim. I do understand most of it,
11 though. The only part that I have to make an
12 assumption is, is that the Utility requested interim
13 which ended up being .91, I guess was just a suggested
14 figure to make them look better, I suppose, because
15 it's lower. I don't understand. I imagine that .91
16 was based on the lower rate before the approved
17 settlement.

18 I guess that's all I have at this time. I
19 would also suggest that we may look into getting an
20 alternative water source if we -- you know, I was
21 fortunate to shop around prior to getting -- prior to
22 buying -- purchasing my lot. I knew some of the rates
23 in some of the other developments.

24 I couldn't believe the amount that it costs
25 to hook up water utilities across the lake at Crescent

1 Bay. In fact, I had been -- it was under my
2 understanding that the cost of that hookup was some
3 kind of an agreement between the developer and the
4 water utilities, and that that would be recouped at
5 the time of the sale of the purchase of the
6 properties, which doesn't really seem fair to me.

7 It seems that if there's an increase in cost
8 of utilities, that -- and if they need -- want to --
9 they more money to expand, well, I guess you kind of
10 have to wait until you have that money, just like the
11 rest of us have to wait before we incur another
12 expense in our own household. That's all I have to
13 say. (Applause)

14 MR. RENDELL: Thank you. I would like to
15 point out that the Utility requested interim. Staff
16 also had a difficult time figuring out how they come
17 up with their charges. We are bound by statute and by
18 practice to not change the rate structure. We usually
19 just apply a certain percentage to the existing rate.
20 So we had a hard time understanding how they came up
21 with their proposed interim rates.

22 We applied this increase, like we do all
23 rate cases by the statute. And the interim increase
24 that was approved prior to this meeting, that is also
25 statutorily. The Commission's hands are tied. We

1 have to either deny it or increase it within 60 days,
2 and those moneys will be held subject to refund, so
3 that if by chance -- or at the end of this rate case
4 after we do all our analyses, that they are not
5 entitled to a rate increase, you will get this money
6 back with interest.

7 UNIDENTIFIED SPEAKER: Can I ask a question?

8 MR. RENDELL: Sure. You'll have to approach
9 the mike and you can go ahead and state your name
10 again, please.

11 WITNESS SILVERIO: Nicholas Silverio. You
12 talk about the second rate increase, the 44%, or are
13 we talking about the 27%? Does the 27% stay as it is?

14 MR. RENDELL: The 27% will be -- It's called
15 interim rates, and those will stay in place until the
16 Commission makes a final decision in December on the
17 final rate increase. Then we'll compare the final
18 rate increase to the interim rate increase to
19 determine if any refunds are necessary for that period
20 that they are collecting these rates.

21 WITNESS SILVERIO: Can you reduce the 20%?

22 MR. RENDELL: They can either go back to the
23 rates prior to the rate case, or they could even be
24 less than that.

25 WITNESS SILVERIO: Okay. Thank you.

1 MR. RENDELL: Julia Fricke.

2 - - - - -

3 JULIA FRICKE

4 appeared as a witness and, having been duly sworn,
5 testified as follows:

6 DIRECT STATEMENT

7 WITNESS FRICKE: Good evening, ladies and
8 gentlemen. I hope everybody can hear me. I'm Julia
9 Fricke. I live at 16101 Harbar, H-A-R-B-A-R, Oaks
10 Drive, that's in Montverde.

11 And I think one of my first questions would
12 be -- I was looking at Page 5 of your report, and it
13 says that we get a bimonthly billing cycle, and I
14 brought my bills for the past few months, and we do
15 get it bimonthly, but I don't know where that \$5.54
16 figure comes from.

17 I've never paid less than about \$15.00 a
18 month for my average bill. And we're living on one
19 income. I'm a stay-at-home mom. I have three
20 children. And I must say that the rate increase
21 scares me half to death, because I'm looking at people
22 are balancing these 44% raise increases.

23 I haven't seen that with our household, and
24 there's many people that are retired. There's also
25 families that are growing. Some have less children

1 than myself, some have more, and they're coming into
2 our neighborhood. We happen to have, I think, one of
3 the older units that has been taken over by Lake
4 Utilities.

5 I don't know if people are familiar with
6 these notices left on doors. (Indicating.) We have
7 gotten them only because being at home all day, I have
8 been home, and we live in hills. I think Clermont has
9 a lot of hills, also. But where we live I'm at the
10 top of the hill, and I've been told that people at the
11 bottom of the hill haven't had their water shut off,
12 but what happens is I start losing water pressure in
13 the middle of the day, and by the time my husband
14 comes home from work, he has no water to shower with.

15 And sometimes when that water gets turned
16 back on, that water is dirty. It has had sand in it.
17 Sometimes our hot water heater has been drained and we
18 don't know it. We don't know how long those hot water
19 heaters are going to be working. I've had my wash --
20 when I'm doing laundry for my family, the water all of
21 a sudden goes off without notice because the Company
22 has been working on their thing at the pumps, and
23 they've never notified us.

24 And we have tried by calling the people to
25 find out what was going on, myself and several

1 neighbors, and they -- the receptionist has at times
2 been nice, but sometimes they don't want to tell us
3 what's going on; and when I ask for a manager, I get
4 hemmed and hawed. They don't want to return the phone
5 calls, and this is numerous times.

6 And I've brought several of the requests to
7 boil drinking water. It takes 72 two hours when we
8 get these notices, and we've had this happen on the
9 weekend, and the only time I've ever gotten an
10 important notice regarding the water service was after
11 we threatened to contact the health department of
12 Clermont and Tavares, because on the weekend we had no
13 drinking water and no bathing water, and we had sludge
14 and we had sand coming through the system.

15 And now we, my husband and I, have put that
16 little water filter on our drinking water because we
17 have children, and I don't want them coming down with
18 any kind of bacteria because of the drinking water.
19 And even when this has occurred, I have boiled the
20 water even after it has gone through the filter
21 because I don't know how much bacteria is coming
22 through.

23 When originally this well in our area in
24 Harbar Oaks, the Company had taken it over from a
25 previous company, and we were promised that they would

1 put in an additional well as a backup system, so that
2 with the additional homes coming into the area that we
3 would not have stoppage or outage of any kind; and
4 that has not occurred.

5 We are still having outages. It can be as
6 frequently as once a month, it can be as long as a day
7 or two, and then I'm talking about having to boil my
8 water for 72 hours and not knowing whether that's
9 going to be safe, because the health department said
10 there's not much that they can do about it because
11 it's up to EPA to make sure that all the things are
12 taken care of.

13 We have on numerous occasions -- I think
14 I've just about covered everything. We've questioned
15 whether there's an EDB level, because in the
16 surrounding areas where we live many people that have
17 had private wells have had to put filters on that were
18 provided by the state of Florida because of the EDB.
19 It has never been clearly said to us whether that was
20 a threat to our particular well.

21 It's a deep well that Lake Utilities has
22 taken over, and they have two small pumps, but the
23 area is locked. You're not -- you can't get at them
24 or can't see them, and I think that -- do you usually
25 regulate or make sure that the companies are taking

1 care of the levels of chemicals that could be in these
2 deep wells that this particular company has?

3 **MR. CROUCH:** This is regulated by the
4 Department of Environmental Protection, and we work
5 very closely with them. In fact, we get inputs from
6 them. Lee, the engineer that we had down here this
7 last week has already been in contact with DEP.

8 They get samples periodically from the
9 Utility, and the samples are analyzed for chemical
10 content. I remember about eight or 10 years ago we
11 did have problems down in this area with the EDB, the
12 chemical that was used on some of the citrus areas;
13 and that was something of great concern. But the
14 Department of Environmental Protection and your local
15 health departments are staying in contact and are
16 sampling the water from all the different systems
17 around here. So I feel assured that that is not a
18 problem.

19 Now, the taste and things like that and the
20 pressure, this is something we are looking at. In
21 fact, when you were just saying that you had been
22 promised a backup well sometime in the past that has
23 not been put in yet --

24 **WITNESS FRICKE:** Absolutely.

25 **MR. CROUCH:** -- these are the type of things

1 that we're definitely looking at, because while you
2 hate to see a rate increase, you wouldn't be quite as
3 opposed to it if you were getting better service.

4 WITNESS FRICKE: Uh-huh.

5 MR. CROUCH: I think that's the bottom line.
6 You hate to see the rates go up, but if you get better
7 service, it's a little business easier pill to
8 swallow.

9 WITNESS FRICKE: Well, I think -- you know,
10 the other thing to consider is that the Company has
11 told us -- now, we've gone from something -- sand that
12 was like a very light color to sludge, black sludge.
13 We've been told that -- by the health department,
14 don't drink the water.

15 Now, at times they have not -- there's been
16 times that they have not left notices. When we
17 complained to the health department, all of a sudden
18 the notices started to come. I don't feel that that's
19 very reliable if I have to get on the phone and
20 complain to them all the time and then, you know, find
21 out only by threatening them would they come forward
22 and try to take care of the problem when you're
23 dealing with the health of the community.

24 And we've had babies born in our
25 neighborhood when these things were occurring and try

1 and try giving your child a bath when -- you know, you
2 don't have much of a choice if they're filthy or
3 throwing up or something and you've got to get them
4 clean, and you don't have water to do it because you
5 don't even know that all of a sudden that water just
6 was turned off.

7 And I think a lot of people on fixed
8 incomes, or that don't have raises like you're even
9 speaking about, are going to have to make a choice;
10 because, you know, you can live without many things in
11 our society. You don't have to have a TV. You don't
12 have to have a radio. You don't have to have
13 electricity, if you have gas. But you take a person
14 and take away their water and see how long a person
15 will survive. (Applause)

16 MR. RENDELL: I also would like to point out
17 if at any time the Utility does not respond to any of
18 your questions, or if you have a power -- sorry --
19 water outage, we do have a 1-800 number, and we have
20 people on staff that that's their job to take
21 complaints from all over the state of Florida
22 pertaining to utilities we regulate, and they can get
23 in contact with the utility and get back with you; and
24 I urge you to call the 1-800 number at any time. And
25 if you loose these sheets, it should be on the inside

1 cover of your telephone books.

2 WITNESS FRICKE: Can I just add?

3 MR. RENDELL: Sure; if you approach the
4 microphone.

5 WITNESS FRICKE: I appreciate having the 800
6 number, but that doesn't help me if it's at 6:00 at
7 night or later in the evening, or if it's on the
8 weekend; and it seems to be at those peak hours when
9 people are coming home from work or when you're giving
10 the kids the baths or showers and everybody is at the
11 dry times of year; you're all trying to, you know,
12 water your lawns or taking the showers, it seems that
13 those are the times when we're having the most
14 problem.

15 And like I said, for our -- I don't know for
16 everybody, but for our system that we have been
17 promised a back-up; but if one goes down because
18 there's not enough pressure -- and if the Company is
19 wanting all this extra income, then I certainly should
20 think that they would put the proper -- I don't know
21 much about mechanics, but if they need the proper pump
22 system, they need to put the proper pumps. Somebody
23 needs to make sure they put the proper pump systems in
24 that won't be breaking down constantly and that can
25 provide the service that they need to provide.

1 **MR. CROUCH:** Well, we could not -- like you
2 say, if it happens at 6:00 at night, we can't get your
3 water turned back on right that night; but if you
4 would give us a call the next day and let us know
5 about these, because the consumer affairs group does
6 contact the utility to find out what in the heck is
7 going on, and the utility does sit up and take notice
8 when the Public Service Commission starts calling them
9 and wanting to know why this problem happened.

10 If we don't find out about it until a rate
11 case comes up, you know, and for the last several
12 years this has been going on, all of a sudden we're
13 going to be trying to get results on the spur of the
14 moment here, where if we know about them as time goes
15 on, we don't have to have just a rate case to follow
16 up on it.

17 If we start getting complaints from a
18 utility, I can send an engineer down to look into it
19 right then, and if it's of such magnitude that it's
20 necessary, we can get a complaint filed against the
21 Utility right then, have that Utility show cause why
22 they should not be fined for what they're doing that's
23 improper.

24 So don't just wait for a rate case. If you
25 have a problem like this where pressure is going off,

1 you're not getting good response from the Utility, let
2 us know.

3 **WITNESS FRICKE:** I think a lot of -- I
4 appreciate that. A lot of people don't know that
5 you're the organization that should be contacted.
6 Until this came, they told us to talk to the Board of
7 Health or -- and that was about it; but they didn't
8 tell us, you know -- there was no person that was able
9 to tell us to call you to check up on them.

10 Thank you.

11 **MR. RENDELL:** We've been at this an hour and
12 a half and we still have several people that signed
13 up. We're going to take a five-minute break.

14 (Brief recess.)

15 - - - - -

16 **MR. RENDELL:** Our next witness signed up is
17 A. Patrick.

18 - - - - -

19 **ANDREW PATRICK**

20 appeared as a witness and, having been duly sworn,
21 testified as follows:

22 **DIRECT STATEMENT**

23 **WITNESS PATRICK:** Good evening. My name is
24 Andrew Patrick. I live at 13036 Anderson Hill Road.
25 That's in Clermont. I guess most of the points here

1 have been covered already by former speakers, but the
2 figures -- by the way, where do you -- are you people
3 part of the customer affairs or consumer affairs
4 staff, or what sort of teeth do you have in this whole
5 operation?

6 **MR. CROUCH:** The consumer affairs is part of
7 the Public Service Commission. The Public Service
8 Commission, five Commissioners are appointed by the
9 governor to regular electric and gas, telephone and
10 water and wastewater throughout most of Florida, the
11 privately owned utilities, water and water utilities.
12 But the consumer affairs department is one department
13 of the Public Service Commission that is set up
14 strictly to give you people a chance to call in and
15 voice a complaint on something.

16 If they can handle it, if it's a billing
17 problem or something that they can call the utility
18 and handle it, they handle it right then. If they
19 cannot handle it, they in turn pass it over to the
20 water and the wastewater department and say, we've got
21 a problem, we can't handle it, you take care of it; in
22 which case Troy will send out an accountant or an
23 auditor, or I'll send out an engineer and we'll find
24 out what it is. But the Public Service Commission is
25 a semijudicial body appointed by the governor to

1 regulate utilities throughout Florida.

2 **WITNESS PATRICK:** Then you people provide
3 your inputs into somebody up there in the body in
4 Tallahassee. I don't know who in the hell it is, but
5 I guess it's somebody that we vote in and out.

6 (Laughter)

7 **MR. CROUCH:** We don't vote on the
8 Commissioners themselves. The Commissioners are --

9 **WITNESS PATRICK:** Well, I realize that, but
10 we do --

11 **MR. CROUCH:** You vote for the governor. The
12 governor appoints the Commissioners.

13 **WITNESS PATRICK:** It's appointees.

14 **MR. CROUCH:** Appointed Commissioners, yes,
15 sir.

16 **WITNESS PATRICK:** Okay. I guess it's been
17 said before that a lot of the people here are on fixed
18 incomes. I just came into the meeting and I just -- I
19 wasn't aware of all this, and I happened to pick this
20 up.

21 And I can certainly massage these numbers,
22 and it certainly exceeds the amounts that you people
23 are tossing out here. So it seems to be a monopoly
24 here of this organization. Now, I guess -- do you
25 people provide these inputs into this body that's

1 going to eventually --.

2 **MR. RENDELL:** Briefly we come out and we
3 take investigation, we take testimony from the
4 customers, we do our audit; and then we culminate our
5 decisions in a recommendation, and this recommendation
6 goes to the Commissioners.

7 The Commissioners, their bios are in this
8 handout, the five Commissioners that are appointed by
9 the governor. They make the final decision. We do
10 not. We write a recommendation to them, present it to
11 them. They can approve it, they can deny it, or they
12 can alter it, they can modify it. So this decision,
13 we made in December of this year, on this particular
14 case.

15 **WITNESS PATRICK:** Now, this utilities firm,
16 is this a limited partnership, or is this a gratified
17 company? I've only seen -- I haven't seen it on the
18 exchanges anywhere. What is this? Suppose this lady
19 had a problem that one of children even got sick
20 and -- or something happened. Who would -- would she
21 sue someone, or is this a company that is legitimate
22 here?

23 **MR. RENDELL:** It is a privately held -- it
24 is incorporated. They are owned by a larger
25 Utilities, Inc. I believe somewhere up north in the

1 United States --

2 WITNESS PATRICK: It's very vague, isn't it?

3 MR. RENDELL: I'm not positive, because
4 that's --

5 WITNESS PATRICK: Even you don't know.

6 MR. RENDELL: Well, that's not my area, but
7 the accountants look into that.

8 UNIDENTIFIED SPEAKER: They're based in
9 Illinois.

10 UNIDENTIFIED SPEAKER: Illinois? (Audience
11 response)

12 WITNESS PATRICK: I see. So I guess the
13 only link we have between those people gouging us and
14 us is you all. So I guess you're going to represent
15 us, or at least make recommendations. I don't know
16 how much power you have in these recommendations.
17 Okay. Thank you very much. (Applause)

18 MR. RENDELL: Several people approached us
19 during the break and they wish to speak again, but we
20 do have several people that still have signed up, so I
21 ask that you wait until the end when all your
22 neighbors have had an opportunity. I realize it's
23 getting late and some people have to leave, so just
24 keep that in mind when you're giving your speech, and
25 we'll stay here as long as -- you know, as we have to,

1 to listen to you.

2 So just if I could get through this listing
3 first and then we'll have you come back up front.

4 Mr. Gene Brown.

5 - - - - -

6 GENE BROWN

7 appeared as a witness and, having been duly sworn,
8 testified as follows:

9 DIRECT STATEMENT

10 WITNESS BROWN: I'm Gene Brown, president of
11 the homeowners association in Crescent West; 10543
12 Lake Hill Drive.

13 I'm going to make it short. A lot of the
14 things have been covered already. And my monthly
15 payments have been about \$50.00, and if it goes up to
16 like it's -- that it might go up, we'll be paying
17 about \$1,800 a year for our water, and we have a water
18 treatment system. We don't pay much for that, but
19 that's an awful lot of money for somebody on social
20 security, retired. We have a fixed income. I think
21 that should really be considered.

22 And the water quality, I brought a prop
23 along. This is my dog's pan. Now, last Sunday I
24 cleaned it out real good. It was nice and shiny. It
25 was all clean, and I put fresh water in it, and there

1 was about a teaspoon of sand swirling around in the
2 bottom. That was last Sunday.

3 Our water in the house, we use that National
4 Water Treatment, so we don't have that much problem.
5 But I fill the dog's pan up and wash it out real good
6 because I -- we think a lot of our dogs, and then we
7 put fresh water in it. Very often it has sediment
8 floating around, so our water isn't all that pure.
9 Now, is it legal for all the subdivisions to have the
10 same fixed -- all the area have the same fixed prices?

11 MR. RENDELL: I'm not sure if I can address
12 the legality, but what we try to do in the rate
13 structure, if they were interconnected and they were
14 one system, we try to come in and propose a rate
15 structure that everyone that was interconnected pays
16 the same price.

17 WITNESS BROWN: Now, do they receive a grant
18 from the state, from the Water Management, when they
19 first started up to fund them for part of their
20 development?

21 MR. RENDELL: I can't answer that.

22 WITNESS BROWN: I went through a pile of --

23 MR. CROUCH: I don't know of any grant to
24 fund the development. Many times when a developer
25 comes in to set up a subdivision, he will put the

1 distribution system in the ground. The developer puts
2 these pipes in the ground to each of the lots, and
3 then turns around and that is contributed to the
4 utility.

5 The utility then assumes responsibility for
6 those pipes, and they hook up their hydropneumatic
7 tank, their well water to these and provide water to
8 it. But the utility in many cases did not put the
9 pipes in the ground to provide service to these homes.
10 The developer did that.

11 Many of these systems you'll have a little
12 subdivision over here that's one well, one
13 hydropneumatic tank and 25 to 50 homes. Right next
14 door is another subdivision, the exact system setup;
15 one well, one hydropneumatic tank, a few homes. If
16 this well went out over here at the first one, they
17 had no back-up. So by interconnecting these two
18 subdivisions, the Utility goes in and extends these
19 pipes between the two, so that well number 1, if it
20 goes out, well number 2 then provides service, so you
21 continue to have service between the two subdivisions.

22 The utility usually foots the expenses for
23 doing that. I don't know of any grant or anything to
24 help do that. There may have been some grant in the
25 past, but I don't know of any. But this is where the

1 utility has to go in and tie these systems together to
2 provide more reliable service, and this is one of the
3 things that they are doing under this rate case is
4 extending these systems together.

5 **WITNESS BROWN:** Do they figure that we
6 should be paying for some of the new developments, and
7 not the developer?

8 **MR. CROUCH:** No, sir; not for the
9 development. They should not. This is something that
10 we try to look at and make sure that you, an existing
11 customer, are not having to pay for new development.
12 That's the impact fee that the new customer over here
13 will pay for that goes to the utility to pay for that
14 development, not you as an existing customer.

15 **WITNESS BROWN:** I went over to Cooper
16 Memorial Library, and there's a stack of books about
17 like that (indicating), and I went through them and I
18 found a lot of leakage; a lot more than 10%, too.

19 Well, I -- oh. I was talking to somebody
20 last night who sells water equipment, and if there's
21 sand gets into your system, it can really ruin it. So
22 I think that that should be corrected. And I think
23 everything should be based on COLA, cost of living
24 index. But that 300%, I reiterate, that would cost me
25 \$1,800 a year. Protect us, please. That's all I have

1 to say. Thank you. (Applause)

2 MR. RENDELL: Brian Sullivan.

3 - - - - -

4 BRIAN SULLIVAN

5 appeared as a witness and, having been duly sworn,
6 testified as follows:

7 DIRECT STATEMENT

8 WITNESS SULLIVAN: My name is Brian
9 Sullivan, B-R-I-A-N, S-U-L-L-I-V-A-N, 10413 Lake Hill
10 Drive. I live in the Crescent West subdivision.

11 First I'm going to address the water
12 quality. I'm a licensed operator in the state of
13 Florida, and I'm also a previous employee of
14 Utilities, Incorporated, which owns Lake Utilities.

15 I took a chlorine residual at my house and
16 at neighbor's house today, and this has been an
17 ongoing problem that my wife has called in. The
18 chlorine residual at my neighbor's house was a 2.9.
19 The residual at my house was a 2.7. A blow-off right
20 outside the water plant that I took a chlorine
21 residual at was 3.5.

22 Two years ago when I operated these
23 systems -- and I managed most of these systems in
24 Clermont at the time -- we used to keep a 1.0 at the
25 plant with a .5 out in the distribution system.

1 There's a problem. That's too high a chlorine. These
2 wells were in very good shape, and we use to have to
3 use like a half a pound of chlorine every three days,
4 so something is not right.

5 Secondly, the expansion that they've been
6 doing I believe was partially funded because was --
7 did not the State pay them money to extend mains to
8 pick up EDB customers along that way, and was not that
9 the taxpayers' money that paid for a lot of those
10 mains that were made the extensions on into the
11 systems.

12 MR. CROUCH: Back when they had the EDB
13 problem here a few years ago, at that time the state
14 did subsidize providing service to people who had EDB
15 in their own wells.

16 WITNESS SULLIVAN: That subsidy came in in
17 the fact of -- in the -- in the reimbursement for
18 mains put down, and also the tap fees that were paid
19 by the state to Lake Utilities.

20 MR. CROUCH: That is probably true. I had
21 forgotten about the EDB problem, but you are correct.
22 I don't know how much this utility got on that, but
23 the EDB problem was prevalent along the backbone of
24 Florida here in the citrus area.

25 WITNESS SULLIVAN: Two, three years ago when

1 I worked for them, there was a figure going around of
2 something like \$700,000 that the state was putting out
3 with these mains and get these people off of -- off
4 their state -- because the state was having to pay to
5 have these come in with carbon filters and stuff and
6 have the EDB taken out. And then the utilities picked
7 those customers up.

8 So, therefore, really we've already paid in
9 the matter of our taxes in order to make a lot of
10 these extensions for them to interconnect these
11 systems already, and now they're going to come back
12 and tell us they're going to charge us 300% more to
13 pick them up again? I don't think so. (Applause)

14 The other thing is, is that you have four
15 wells, correct, that are now servicing the areas from
16 Osprey south in Lake County starting at Lake Susan
17 Lodge, and everything that they own south they only
18 have four wells on it; correct? Four wells and one
19 generator, I believe.

20 We have a bad storm, one well ain't going to
21 hang. You're not going to be able to service all
22 those people off one well. They have not improved
23 anything in that service. If you're going to come up
24 with that 300%, I would like to have seen -- you would
25 see some kind of capital improvements in order to do

1 that; and that would be that you're going to put a
2 couple more generators in so that if we lose power,
3 we're still -- we still have water.

4 MR. CROUCH: Good point. (Applause)

5 WITNESS SULLIVAN: I believe a lot of the
6 water problems, water quality problems they've had is
7 also the fact that in those four wells you have
8 approximately between 40 and 50,000 gallons capacity
9 for the four hydro tanks combined. If you add the --
10 if you subtract for the air blanket, that puts you
11 around about a 30,000-gallon capacity for storage; and
12 I believe that during peak flows you're probably
13 turning those hydro tanks over at least four or five
14 times a day -- or an hour; correct? You're not going
15 to keep a good contact time in those contact -- in
16 those tanks in order to keep a good residualant.
17 (phonetic)

18 These are a lot of problems. The other
19 problem is, is their emergency response. I believe
20 the closest person for an emergency response is with
21 an hour, and that's best case scenario; could be
22 longer. I don't think they have anybody in Lake
23 County that can do emergency response.

24 And in the past, I don't know if they've --
25 that was one of the hard spots with me is they were

1 having an unlicensed water operator -- he was actually
2 a sewer operator for Disney -- checking the water
3 plants on the weekend, in order to save money. That
4 doesn't exactly -- isn't exactly copacetic, and I
5 don't know if they've changed that problem, but I
6 think that's definitely a problem that needs to be
7 looked into. (Applause)

8 With all these problems and concerns, I
9 just -- I find it hard to believe that they have the
10 audacity to come back and ask for a 300%; but I know
11 the game because I used to listen to them do it. What
12 they're doing is proposing the 300 and they're hoping
13 they're going to settle for 100%. (Applause)

14 **MR. RENDELL:** Thank you, sir. Brian Wells.
15 Also, as he's approaching the podium, I would like to
16 mention, any grant money that's received from either
17 DEP, water management districts, those are recorded,
18 or should be recorded as a contribution by the
19 Utility, and those will offset any investment they
20 have in that plant and they will not be able to earn
21 on that. So that's one thing that we will be looking
22 into to make sure those were recorded properly.

23

24

25

BRIAN WELLS

appeared as a witness and, having been duly sworn,
testified as follows:

DIRECT STATEMENT

WITNESS WELLS: Testing, testing.

(Laughter) Brian Wells, W-E-L-L-S like water well,
16845 Omega Court, Montverde, Florida, and I live in
the Four Lakes subdivision. I think I'm a little
outnumbered.

Right now I'm paying one of the cheapest
rates, but if you look at the proposed rates, it's one
of these plus 300% increases, but before I get into
that, which is just a reiteration of what a lot of
people said, first of all I want to thank you all for
being here, the Public Service Commission, and
everybody that came out tonight; and I want you all to
know behind that table that I personally -- I don't
depend on you, because this is America. I expect you
to perform ethically the responsibilities that you
have been appointed to do. (Applause)

I don't rely on the government to take care
of me. If I have to, I'll dig a well and I'll get
some water and I'll survive and I'll make it, but
thank God we do live in America. I've been in
Romania, I been in Morocco, I've been in Budapest, and

1 some of the things I'm seeing in here is similar to
2 some of the things I see in a socialistic community.
3 (Applause)

4 My quality of water, for the record, stinks,
5 and I use that term figuratively and in a broad sense;
6 okay. The quality of service is unethical. My
7 wife -- we personally have -- we've had our water cut
8 off, and I'll just read to you so this will be on the
9 record: "On Wednesday, July 31st, I think it was
10 midmorning, the water was shut off. No prior warning.
11 Called Lake Utility Services. They said at least 30
12 minutes. Left the house. Water was on when we
13 returned about an hour later, but no instructions
14 given to quality of water after shutdown.

15 There was sediment, terrible odor. We
16 personally said, well, let's not go through the hassle
17 of boiling it. We went and got bottled water for
18 about the next two days. I mean, we didn't get any
19 instruction.

20 Then on Friday, August 2nd, the water was
21 shut off approximately 8:00 p.m. No prior warning. I
22 think this is the weekend that other woman talked
23 about. "Remained off until approximately 8:00 a.m.
24 the next day. Normal operation did not resume until
25 Saturday night."

1 There was continuing water hammering, which
2 is the pressure and the air that you get. The output
3 was not normal. We had a lot of silt. Water was
4 cloudy, bubbles, all kinds of things like that, and we
5 had no instruction on treatment. There was no
6 warning. There was no explanation, and when my wife
7 called about three or four times couldn't get through;
8 and finally when she did at 10:00 p.m. the response
9 was rude and the woman said goodbye; and my wife was
10 like -- we have three children, too, some small
11 children.

12 So that's the quality of service we're
13 getting, and Mr. Mahaffey and the Brian just before me
14 pretty much -- I just want to second the motion to
15 what they've said. First of all, an increase like
16 this is absolutely ridiculous. I mean, from where I
17 sit -- and this is only speculation -- if these guys
18 get this, they're going to be driving around in
19 Mercedes and going to be like arab oil sheiks.

20 I mean, we need water, that's true; and I am
21 not opposed to whatever they need to do to improve --
22 let me say not whatever they need to do -- I'm not
23 opposed to -- I know there's been a lot of
24 construction, and it sounds like from what Brian said
25 there needs to be some continuity here in this overall

1 system.

2 But in 1987 when these people got a license
3 or a certificate, that's not a right. They asked for
4 that and they paid for that, but we granted them the
5 privilege to provide that service to us; and hopefully
6 they did their homework, but it sounds like they
7 didn't. And now they're crying the blues and saying,
8 we're not making enough return. Like Mr. Mahaffey
9 said, they didn't say they're not making anything,
10 they said they're not making a return.

11 Well, who is to decide. If you ask me what
12 kind of raise I want, I'll go high. And Brian is the
13 only other guy that said there is -- there is a
14 concept that we all use. I have to submit capital
15 gains projects where I work. I ask for more than I
16 know I'm going to get. So I just want you all to know
17 I am not going to be pleased and I will oppose 100%
18 increase. 310% is unethical, 100 is ridiculous. If
19 they did bad business nine years ago, it's not up to
20 me to pay for that. (Applause)

21 There's ways, and there's help and there's
22 assistance, and we all can work in this together
23 because we all need water. But the bottom line is we
24 can also dig wells, because the same aquifer that
25 they're getting water sending to my house, nobody

1 says -- there's nothing that says I can't go to that
2 same aquifer myself and save money in the long run
3 when I look at something like this.

4 Thank you very much. (Applause)

5 MR. RENDELL: Thank you, sir. Lee Guerra.
6 Mr. Guerra?

7 UNIDENTIFIED SPEAKER: He's gone.

8 MR. RENDELL: Bill Yaeger.

9 - - - - -

10 BILL YAEGER

11 appeared as a witness and, having been duly sworn,
12 testified as follows:

13 DIRECT STATEMENT

14 WITNESS YAEGER: Bill Yaeger, 11305 Lake
15 Katherine Circle, Lake Crescent Hills. I have more or
16 less of a question.

17 You're asking -- or the water company is
18 asking for more money, but what are they in turn going
19 to give us? Right now I listen to these other people
20 talk about having sand in their water and muck and
21 foul odors. When I buy water, I expect it to be
22 drinkable right from the line. I guess maybe I lived
23 in the cities too long, but when you get that kind of
24 quality, what are we getting for our money? We're not
25 getting anything.

1 And then they come in here and ask for much,
2 much more money, and in turn not giving us anything.
3 I think they need to increase their basic services
4 first before they have the nerve to come around and
5 ask for more money. (Applause)

6 And these people talk about having problems
7 and all. I've just had a sand intrusion in the house
8 so bad that I had to replace all the sprinklers, my
9 washing machine stopped working, it's ruined my water
10 softener, and right now I'm in that occasion with the
11 house. It's not too much -- but that sure doesn't say
12 much for their quality. (Applause)

13 **MR. RENDELL:** Dennis Schek.

14 - - - - -

15 **DENNIS SCHEK**

16 appeared as a witness and, having been duly sworn,
17 testified as follows:

18 **DIRECT STATEMENT**

19 **WITNESS SCHEK:** Good evening. Dennis Schek,
20 S-C-H-E-K, 12600 in Lake Ridge Circle, Clermont; and
21 also vice-president homeowners association, Lake Ridge
22 Club. I'll make my -- just a statement that we had a
23 petition that we circulated through the neighborhood.

24 "With reference to the aforementioned Docket
25 960444-WU, please be advised that the undersigned

1 residential homeowners of the Lake Ridge Club
2 subdivision object strenuously to the proposed new
3 rates and charges as submitted by Lake Utility Service
4 to the Commission.

5 While it is feasible to expect a fair return
6 on the Utility's investment as well as to seek a fair
7 general rate increase, it is the wide range between
8 the existing, the interim and the final rates that
9 raises our serious concerns. The rate increases
10 proposed by Lake Utility Services in our opinion are
11 excessive, and we request the reevaluation of the
12 initial application filed 9 July, 1996." And this
13 will be signed by all 60 homeowners of our
14 association.

15 **MS. CAPELESS:** Mr. Schek, just to let you
16 know, that this petition will go in the correspondence
17 file of the record; but if you all continue to want to
18 protest the order when it comes out, the proposed
19 agency action order, you'll need to resubmit a protest
20 at that time within the time period that the order
21 says; because at this point we don't know what the
22 Commission is going to vote on.

23 We don't even know what the technical Staff
24 is going to recommend let alone what they vote on. So
25 if you want to sign up, if you haven't already done

1 so, sign up for a copy of the recommendation and a
2 copy of the order and keep track of what your time
3 deadline is for filing an official protest if you
4 decide you want to go to hearing.

5 MR. RENDELL: Thank you, sir. Anna Cowin.

6 - - - - -

7 ANNA COWIN

8 appeared as a witness and, having been duly sworn,
9 testified as follows:

10 DIRECT STATEMENT

11 WITNESS COWIN: Hi. Good evening. I think
12 some of you know me. My name is Anna Cowin. I'm not
13 a resident here in Clermont. I come from Leesburg. I
14 have worked against Southern States Utilities' rate
15 increases for 16 years, and I've noticed some common
16 things with this particular rate case than with
17 Southern States.

18 I was asked to come on behalf of I believe
19 it was Crescent West, some people in Crescent West;
20 and I wanted to bring some insight -- although I do
21 not know the particulars in this particular case -- I
22 do want to bring in some insight of some of the things
23 that I've seen that perhaps maybe might help the
24 residents in the different utilities in some of their
25 questions, and also to compliment the Commission for

1 having this kind of prehearing, which was not existent
2 in years back as a way of saving costs of rate case
3 expenses.

4 I am dismayed by many times the
5 recommendations that the Staff makes and not being
6 followed by the Public Service Commission, and I'm
7 also concerned about some of the regulations; and as a
8 candidate for the Florida Senate, that's one of the
9 things that I do want to look at, at some of the
10 regulations that seem to tie the hands of the Public
11 Service Commission. I certainly would be open to any
12 recommendations from your body as to untie some of the
13 those regulations so we can truly represent the
14 customers in rate cases.

15 A couple of questions I'd like to bring up.
16 And I don't think people are aware -- and I believe
17 Lake Utility is not any different than, say, Southern
18 States Utilities' case, that there are automatic
19 increases every six months, and it's the same case
20 with the water and sewer case of Lake Utilities.

21 I remember that was an indexing that was put
22 in so, although the company said they have not gotten
23 rate raises in, in fact they have every six months; is
24 that not correct?

25 MR. RENDELL: They've come in for several

1 rate indexes. It is once a year that --

2 WITNESS COWIN: Okay; it's once a year. But
3 they have gotten that.

4 MR. RENDELL: Yes --

5 WITNESS COWIN: And that's why people have
6 seen that. Also, the increases -- what they're saying
7 is the base of -- the reason for the rate of return is
8 because of this interconnection between the different
9 utilities, where I'm seeing the problem -- and this
10 has been a major problem with Southern States
11 Utilities -- that they use this as a way of having new
12 connections. And this has been brought up by
13 testimony by some of the other customers, and then
14 this is really something that should be looked at as
15 to whether or not these interconnections are a result
16 of development so that we're not paying, whether it be
17 in Southern States case, or in this particular case,
18 in Lake Utilities, for the development.

19 Also, what I'd like to know -- and one of
20 the questions that I think maybe perhaps you'd be
21 looking at is what's been the number of increases in
22 acquisitions by this particular utility company. What
23 I have seen is that -- and this seems to be maybe
24 about eight years behind Southern States Utilities --
25 and what's happened is that utility companies and

1 water companies have seen that by increasing the
2 number of acquisitions -- and they get these
3 acquisitions without having to pay the cost of
4 acquiring them, many times they're just given to
5 them -- then the -- then a company can make a profit
6 on a rate of return of that investment which they have
7 no dollar figure in, and then on top of that get a tax
8 benefit by depreciation.

9 So what's in effect happening is Lake
10 Utilities will be making money on an investment that
11 they didn't make and a depreciation on that same
12 amount of money and, again, this is a very similar
13 circumstance.

14 **MR. RENDELL:** If I might answer that. Lake
15 Utility, they are the original owners of this system.
16 They have original certificates, so they did not
17 purchase the system, they actually got the original
18 certificates from --

19 **WITNESS COWIN:** But I'm talking about the
20 different subdivisions. They keep getting the new
21 subdivisions into their system, do they not?

22 **MR. RENDELL:** That is extension of service.
23 That's not actually buying -- they have not actually
24 bought any utilities.

25 **WITNESS COWIN:** Okay. Well, this is some of

1 the things that I think customers need to watch out
2 for, because in effect, that would certainly increase
3 their rates even higher than they are now.

4 The other thing that has not been addressed
5 is how much improvement has been made in dollars as
6 making an increase in these particular revenues. I
7 know there was a, you know, a dollar figure as to
8 their increase in their revenues. What? \$133,000
9 that they want? Well, how much of that is actually
10 improvement? And this is something that really needs
11 to be looked at.

12 And one of the things that have happened in
13 other utilities that I could see, and had I -- you
14 know, had someone had the time to look at is, how many
15 of these -- and I think the customers have a right to
16 see then these improvements that are supposedly
17 anticipated and being part of this rate case and, in
18 fact, that they are; because in many times this is not
19 happening and yet they're getting charged for this
20 rate of return, or increase in profit.

21 The other thing is, is when you're talking
22 about a rate of return of 10.24 percent, I think
23 people need to realize that that rate of return is not
24 counting the benefits that they get for taxes and, you
25 know, kind of extrapolating it out, it's probably in

1 the neighborhood of a 16 percent profit that they'll
2 be making which will perhaps account for some of the
3 very high increases that they will have to be getting
4 in order to generate their profit margin, and that's
5 why they're -- you know, in some cases there's a 300%
6 increase.

7 Now I would like to address a couple of
8 issues that I do think are not correct in this
9 particular case. For example, right now what they're
10 doing is -- with using the idea of interconnection,
11 they're saying that the uniform rates and the -- that
12 they'll be putting in uniform rates, because if
13 there's a -- an interconnection of the -- of the
14 different subdivisions.

15 What I'm saying, on the other hand, is that
16 this is something that is not legal. The -- there's
17 been a rate case and there's been an \$8 million suit
18 that's been lost by Southern States Utility on this
19 very issue as having uniform rates and stand-alone
20 rates. And what's happened is they've come in with
21 uniform rates here with -- whether in these three
22 different or five different areas; and what's
23 happening is by not having rates that stand alone in
24 the groupings of the different groups, we're
25 subsidizing each other.

1 So, in effect, what's happening is that the
2 inefficient systems, the systems that cost more money,
3 are paying for the others. When you have a break
4 in -- I'm sure I'm speaking information that you
5 know -- but when the total revenue comes down, it
6 doesn't really matter to the utility company, because
7 they get the full revenue; but what in effect it is
8 doing by having this uniform structure, it's masking
9 the increases that the customers will be paying.

10 Not only that, going from a bimonthly
11 billing to a monthly billing, it's again reducing the
12 cost, so the increases don't look so high.

13 Another thing that the utility is very
14 commonly doing -- and it's in the press -- when you go
15 ahead and say, okay, you have an interim rate and then
16 you go ahead into a proposed rate, what's happening is
17 that when you go back and give your final action and
18 the proposed rate comes through, they just react back
19 to the interim rate, and it doesn't look like that
20 much of an increase.

21 What these people will be paying, however,
22 is the actual rate now to the proposed rate, and that
23 is exorbitant. I do think that the banding may be a
24 better transition like they had in some of those other
25 cases, and I certainly would think that that would be

1 a recommended approach when you're dealing with
2 subdivisions like Crescent West and all those other
3 areas that are going to be experiencing some very high
4 rate increases.

5 Now, the final thing that I -- and I'm
6 really concerned about, and no one has addressed this,
7 and I have seen this coming, and it's a prediction
8 that I'm making, and I'm making it to everybody
9 here -- is that what I am seeing is happening is that
10 Southern States Utility is poised to buy this Lake
11 Utilities.

12 I don't know that this is going to happen.
13 This is purely conjecture on my part, but I have been
14 in this business for 16 years as a watchdog for the
15 water and sewer cases. I have been responsible for
16 getting the Public Counsel to represent consumers
17 before the Public Service Commission in rate cases in
18 water and sewer. Prior to that they were never
19 involved in it.

20 I was also involved in getting these
21 hearings processes in place before the Public Service
22 Commission acts with a utility company, so now we have
23 this hearing process. But what I'm seeing here right
24 today is the posturing of Lake Utilities to be
25 purchased by Southern States Utilities, and God forbid

1 if that happens to these people. (Applause)

2 And just one other thing for the people that
3 have -- their water cuts off, and I've seen this, make
4 sure you check the meter and the valve -- the meter
5 reading that you have had before your cutoff and then
6 the meter reading after your cutoff, because very
7 often when that happens you pay for air through the
8 meter reading, and that's a reason why a lot people
9 have a high cost; and I try and get that information
10 out.

11 And another thing is nobody is forced to be
12 a customer of any utility, and don't take for granted
13 the fact that people say that building a well is
14 against your deed. Thank you very much. (Applause)

15 MR. RENDELL: Judson Stringfellow.

16 - - - - -

17 JUDSON STRINGFELLOW

18 appeared as a witness and, having been duly sworn,
19 testified as follows:

20 DIRECT STATEMENT

21 WITNESS STRINGFELLOW: My name is Judson
22 Stringfellow, J-U-D-S-O-N, S-T-R-I-N-G-F-E-L-L-O-W.
23 Address is 11712 Osprey Point Boulevard, Osprey Point
24 subdivision.

25 Plain and simple: Anybody is entitled to a

1 decent rate of return on their investment. However,
2 if you guys had current information, you would realize
3 that this is totally irrelevant.

4 During the break I took a look at this guy's
5 map over here. There's five subdivisions that don't
6 even show up on there that they supply water to, which
7 hasn't required any additional well service.

8 915 customers as of December 31st, 1995.
9 You guys have recommended that they should have a 27%
10 revenue increase, and they've asked for 42% revenue
11 increase. Without any additional investment in
12 capital improvements, they would be able to achieve
13 that 27% -- let's say 30% revenue increase with 120
14 new customers. They've already got that; 120 new
15 customers since the beginning of last or -- all I can
16 talk about is South Clermont area.

17 I really don't go to Montverde, don't know
18 much about there, but I drove around day before
19 yesterday and I counted over 106 homes that I know
20 were started this year; and I'm in the building
21 business, so I do know a bit about what I'm talking
22 about. Now, that's through September.

23 By the end of this year you will have
24 already exceeded the 120 customers that it would take
25 to increase the revenues by 30%. Again, still the

1 same four wells.

2 Now, they've asked for a 40% increase.
3 That's 360 customers. That's basically another two
4 years minimum -- or maximum of two years. If you go
5 by the County's projected growth rates, probably have
6 that by the end of next year for that area. So
7 they'll be able to achieve the 40% increase by the end
8 of next year without any rate increase.

9 Okay. Now, with these same four wells, you
10 guys don't even know how many lots there are, how many
11 more homes there can be put on these same four wells.
12 You guys don't even know what their capacity is. This
13 gentleman over here -- and I'm not trying to pick on
14 you or anything or try to make you look bad -- doesn't
15 even know the number of subdivisions that they
16 actually have in there.

17 Again, I drove around the day before
18 yesterday, counted empty lots, and I came up with just
19 under 1,000 empty lots yet to go on the existing water
20 system, which means if you use the rate of return that
21 they're asking for, 10.25 percent, two years from now
22 you're going to have a rate decrease. Okay. These
23 numbers are actually totally irrelevant. You're
24 wasting your time. You're wasting everybody's time
25 here. If you had current information, you would know

1 that they're already at this. (Applause)

2 My question is since you don't even know
3 what's existing, since you have year-old data, how can
4 you make a logical assumption? How can you increase
5 all these people's water rates based upon information
6 that's not even current, not even relevant?

7 (Applause)

8 MR. CROUCH: That basically is why we're
9 here tonight is to get this information such as you're
10 giving us, information that Lee -- in checking the
11 maps and cruising around this area and finding out
12 information from you and inputs from others. He will
13 be down here longer to follow up on this. And,
14 basically, that's why we're having this meeting like
15 this, to get additional information. We're not
16 prepared to make a recommendation yet, and until we
17 get adequate information, we won't make a
18 recommendation.

19 WITNESS STRINGFELLOW: If they had 30% more
20 customers without -- if they had 30% more customers
21 which generated 30% more revenues without having to
22 have increased their capital investment, would there
23 be a need for a rate increase based upon your interim
24 rate increase?

25 MR. RENDELL: When we look at future

1 customers, we make adjustments --

2 WITNESS STRINGFELLOW: No, no. I'm not
3 talking about future, I'm talking about current. If
4 right now they had 120 more customers than this 915
5 that's as of last year, would you need any rate
6 increase for this interim rate?

7 MR. RENDELL: By the calculations that we're
8 limited to through the statutes, they were entitled to
9 this interim increase.

10 WITNESS STRINGFELLOW: Okay. The interim
11 increase -- your recommendation is they should have an
12 interim increase revenue of \$85,000, okay, which is a
13 30% increase. There's 915 customers at the end of
14 last year. If you increased your customer base by
15 30%, you would automatically receive that extra
16 85,000, so there would be no need for a rate increase;
17 correct?

18 MR. RENDELL: The interim, what we're
19 limited to is historical data.

20 WITNESS STRINGFELLOW: Sir, we're not
21 talking about history, we're -- you guys are talking
22 about the future. We're not talking about going back
23 and raising their rates from previous years, we're
24 talking about next year; right?

25 MR. RENDELL: The rates will go into effect

1 within the next month or so.

2 **WITNESS STRINGFELLOW:** Okay. Well, you're
3 talking about the future. You're looking at data
4 that's over a year old now, and you're applying it to
5 towards the future. Doesn't that seem a little
6 illogical? (Applause)

7 **MR. RENDELL:** The way the system is set up,
8 the way that the structure is set up is they have to
9 apply for a test period, and that test period is what
10 we set rates on at that point in time.

11 **WITNESS STRINGFELLOW:** Okay.

12 **MR. RENDELL:** Now, going forward, we monitor
13 them on a continuous basis to make sure they don't
14 overearn.

15 **WITNESS STRINGFELLOW:** Okay. If I could
16 take you around and show that you they had increased
17 their number of customers by say 150, would there be
18 any --

19 **UNIDENTIFIED SPEAKER:** More; much more.
20 (Audience response)

21 **WITNESS STRINGFELLOW:** Just bear with me for
22 a second. If I could take you around and show you
23 where they had increased their number of customers by
24 over 30%, would there be a need for a rate increase
25 without any -- without having to make any capital

1 investment?

2 MR. RENDELL: I can't answer that right now.

3 WITNESS STRINGFELLOW: Why not?

4 MR. RENDELL: We have not finished our --

5 WITNESS STRINGFELLOW: Your staff has
6 recommended -- your staff has recommended a 27%
7 increase in revenue. If I can show you they've
8 already got it, then this is all irrelevant, isn't it?

9 MR. RENDELL: That's what we're here to
10 decide. (Applause)

11 WITNESS STRINGFELLOW: Two years from now
12 when they have increased their number of customers by
13 over 400, will we get a rate decrease? When they're
14 earning a return on their investment of over 10%, will
15 these people in this room get a rate decrease?

16 MR. RENDELL: It's possible. We'll look
17 at -- (Audience response)

18 WITNESS STRINGFELLOW: The point I'm trying
19 to make is, number one, you guys have no basis of
20 making these decisions because you don't have current
21 informations. There's five subdivisions that exist
22 now that aren't even on your maps. (Applause)

23 There are more than 30% -- there's been a
24 30% -- by the end of this year, there will have been
25 over a 30% increase in the number of customers just in

1 the subdivisions I looked at, and I didn't go to all
2 of these subdivisions.

3 And, number three, there's over 1,000 lots
4 that are available to be built on without any
5 additional well service, without any additional
6 capital expenditures.

7 I invest in rental property. When I invest
8 in rental property, I look at what I'm going to get on
9 my return on investment the first year, and then I
10 raise the rents a little bit, and they go up next
11 year, and maybe I get better occupancy, and three or
12 four years down the road I get a much better return on
13 my investment.

14 I can't look at today's date, I can't look
15 at today and make every investment decision based upon
16 what I did last year. I got to look at what I'm
17 expected to be making in the next couple years; and
18 you guys are not doing that.

19 You're looking at what happened last year.
20 You're not looking at what happened this year and
21 you're not looking at what it's going to be next year,
22 and if you'll just get current information, you'll see
23 that this is all irrelevant, and these folks will be
24 entitled to a decrease in their water rates two years
25 from now.

1 Thank you. I've got to go help my daughter
2 with her algebra homework, so I'm leaving. (Applause)

3 **MR. RENDELL:** Thank you for coming. Robert
4 Bekuttes; lives at 10502 N. Crescent Lane. (No
5 response) Dan Atchison.

6 - - - - -

7 **DAN ATCHISON**

8 appeared as a witness and, having been duly sworn,
9 testified as follows:

10 **DIRECT STATEMENT**

11 **WITNESS ATCHISON:** My name is Dan Atchison,
12 A-T-C-H-I-S-O-N. I'm at 13111 Sunshine Circle,
13 Clermont, and that's in Sunshine Hills. Now if you
14 don't know exactly where that fits into the scheme of
15 things, neither do I. So at break I went over and
16 looked at this detailed map over here to find out
17 where I fit in the scheme of things according to this;
18 and I found out, I think, that I'm in Clermont 1.

19 Now, the house that I live in was built
20 seven years ago. I've only been in it for a year, but
21 my subdivision doesn't even list on that map, which
22 lends credence to the gentleman just before me who
23 said there are five subdivisions that he knows of that
24 are not on that map. (Applause)

25 To lend credence to this, about two months

1 ago a new house being built down the block from me had
2 a main break. Lake Utilities arrived in about an hour
3 and a half or so, but then it took them almost an hour
4 and a half to find out where to turn the water off,
5 since our subdivision is not on their map. (Audience
6 response)

7 Now, it is my experience that any
8 corporation, or in this case utility, has no
9 competition, but the corporation or utility balloons.
10 It gets fat, fat with mid-level management with
11 do-nothing jobs, with high expense accounts. In the
12 case of a corporation, the public can say, no, we're
13 not buying your product. And in the case of a
14 corporation, they step back, they cut their costs and
15 they increase their quality.

16 In the case of a utility, we the public rely
17 on you. It must be you to be the watchdog of the
18 utilities to say, "No, time out to an increase, cut
19 the fat, decrease the costs." Allow the public to buy
20 something at the proper rate. (Applause)

21 Now, I'm not against an increase, because
22 any increase -- and a fair one is good, but let's do a
23 little creative accounting, not the kind of accounting
24 that I've been reading in the newspaper and reading in
25 this.

1 If you take a 69-cent rate and increase it
2 5% per year over 10 years, you will increase it about
3 60%, to around \$1.12. At 5%, that not only takes care
4 of the cost of living, but also it takes care of any
5 capital expenditures that should be needed. I think
6 at most that 60% increase should be it. (Applause)

7 **MR. RENDELL:** Roxanne Holtz.

8 - - - - -

9 **ROXANNE HOLTZ**

10 appeared as a witness and, having been duly sworn,
11 testified as follows:

12 **DIRECT STATEMENT**

13 **WITNESS HOLTZ:** Roxanne Holtz, 11300 Haskell
14 Drive, Clermont. That's Preston Cove.

15 First thing I'd like to let you know is that
16 I have a pounding headache from all of the concerns
17 that I and a lot of people have here. And like this
18 last gentleman said, you are working for us
19 ultimately, and the headache that I have is from the
20 pressure that people ask questions and you don't give
21 them back the answer I know they're asking. So to
22 make this easier for me, and with all due respect,
23 please answer my questions in one sentence or less.
24 (Laughter)

25 **UNIDENTIFIED SPEAKER:** Speak up.

1 WITNESS HOLTZ: I'm sorry. This doesn't get
2 taller, and I don't get smaller.

3 Okay. I just want to make sure. You work
4 for the Public Service Commission, and the
5 Commissioners send you out to do this fingering, and
6 you take it back to them and present it; correct?

7 MR. RENDELL: Yes.

8 WITNESS HOLTZ: Now, when Lake Utilities
9 obviously turns down these proposals and all these
10 things that we ask for them and it goes to hearing,
11 who is paying for all that hearing time? Taxpayers?

12 MR. RENDELL: What happens if they --

13 WITNESS ATCHISON: One sentence.

14 MR. RENDELL: If they come in for a -- if
15 they have to go to a hearing, they're allowed to take
16 those expenses and recover them through their rates.

17 WITNESS HOLTZ: Okay. The answer, then, is
18 what?

19 MR. CROUCH: The ratepayers.

20 MR. RENDELL: The ratepayers.

21 WITNESS HOLTZ: Thank you. That would have
22 been sufficient. We're paying for all those hearings
23 they keep turning down. Okay.

24 Now, I'm in Preston Cove, and when I say
25 Preston Cove, I also mean Crescent Bay -- and I love

1 this -- "all future areas served." Have you been out
2 there lately? That whole place is turning into
3 developments, people. They have just encompassed
4 everybody into the highest rate that's ever been.
5 There's something wrong here with that.

6 Two years ago we asked for our rates to get
7 down. We were already paying three times the amount.
8 Preston Cove is a new development. However, Crescent
9 Bay -- I don't know if there's anyone here -- they've
10 been paying that rate for nine years. They have asked
11 and asked and asked for that rate to go down. It
12 hasn't gone anywhere. So you know what they've done?
13 Or you have done. You've brought everybody else's
14 rates up to ours. Now, hello. (Laughter)

15 And, again, that encompasses all new
16 subdivisions. When Mr. Stringellow spoke of the
17 thousand lots, he's talking about -- he's a builder.
18 He knows the lots where a house is going. He didn't
19 mention all the ones where -- you know, that across
20 the road from Preston Cove there's a development going
21 in there that he didn't count.

22 Everywhere you turn out there, every 10, 15
23 or 20 or 50 acres is going to be a development that
24 they're encompassing in this new rate. They won't be
25 driving Mercedes they'll be driving Maseratis.

1 (Laughter)

2 Now, what plans do they have for the free
3 water? Now, it seems to me that Crescent Bay and
4 Preston Cove hasn't ever got free water. What's going
5 to happen with that? Are they going to get free water
6 to continue? Answer, please.

7 MR. RENDELL: In the rate structure they
8 have now, they will no longer give free water --

9 WITNESS HOLTZ: Okay. No free water, folks,
10 so anybody who has been getting it, that's not going
11 to be there. Okay.

12 As far as the quality of the water -- let me
13 back up, please. The free water issue, does that mean
14 for nine years that Crescent Bay has been paying and
15 for Preston Cove, as long as it's been there, they're
16 going to get a kickback for the high rates they've
17 been missing on that free water issue? Again, what a
18 question, huh? (Laughter)

19 The quality of the water in my home, the
20 chlorine this morning, as a matter of fact, I turned
21 it on and I could have thought I was in a swimming
22 pool, and if I could see the small enough atoms in
23 those vapors as they arose, I would have seen chlorine
24 atom gases rising in my kitchen.

25 Now, what are they trying to cover up? I

1 know when people that don't have a good odor, they
2 spray themselves with a lot of perfume to cover up.
3 Is there something they're covering up that we don't
4 know about? (Laughter and applause)

5 MR. CROUCH: One of the things they should
6 be putting chlorine in is to do away with the hydrogen
7 sulfide smell, but --

8 WITNESS HOLTZ: Well, I'm really grateful
9 that young man that was on the inside is now on our
10 side, because he gave it to us straight, and I'm glad
11 he was here and I'm glad people that are builders in
12 the area -- but I am just a happy homeowner. Sort of.
13 (Laughter)

14 My water has been stagnant at times. If you
15 can think of water laying on a pond and if you fell in
16 it and you came up drinking it, that's what it tastes
17 like sometimes. Sometimes it's ashen in color as if
18 you've had a tablet of Tylenol or something, and it's
19 cloudy.

20 UNIDENTIFIED SPEAKER: Milk.

21 WITNESS HOLTZ: Milky; ashen. Thank you.
22 Now, I don't know about anybody else, but our family
23 is going to take stock in lemon companies, because we
24 have to make it taste better with lemons, because you
25 can't stand drinking it, and that's even through

1 little filters.

2 I have three children. What am I doing to
3 their future, heaven only knows. And then the
4 gentleman in the gray suit -- I'm sorry, I don't know
5 your name -- but I was totally floored when you told
6 someone to put a filter on their system. Now --

7 (Applause)

8 With the money we're paying, we shouldn't
9 have to put a filter on our system. For Pete's sakes,
10 that's why we're paying them everything. Who can
11 afford a filter. I can't even afford to water my
12 grass. It's a good thing I have Bahai. That's cow
13 pasture. I don't have to water it. But I'll tell
14 you, the last time I came here I had new shrubs. My
15 shrubs haven't grown in two years because I don't
16 water them. Okay.

17 I can't wash my dog once a week. I have to
18 yell at my kids because they want to take a long
19 shower after they get done playing basketball. My
20 family life hasn't improved any because you guys have
21 been watching over it. It's gotten worse. You come
22 in Preston Cove, you'll say, yeah, that's where
23 Mrs. Holtz lives, dead grass and her bushes don't
24 grow. (Laughter)

25 UNIDENTIFIED SPEAKER: And her dog's dirty.

1 WITNESS HOLTZ: And my dog is stinky and
2 dirty. (Laughter)

3 As far as bottled water -- and, again, that
4 goes along with the filter. I am paying for a service
5 just like I go to a dentist and I want my teeth
6 cleaned or my teeth taken care of, I don't expect him
7 to send me to the next dentist and get it done, I want
8 him to take care of me.

9 I want Lake Utilities to take care of me.
10 By going to Publix and buying bottled water, all's
11 that tells me to do is to knock off from Lake
12 Utilities, put in a well -- of course I've got to take
13 out a loan because I have a son going to college this
14 year -- and start buying bottled water. That's what
15 that is telling me, because we're not being looked
16 after, and I speak for all of us when I say we.

17 The lady in the red sweater -- I believe she
18 left, she probably went home to take care of her
19 children, which is a wonderful thing to do -- but you
20 addressed her and she had mentioned about the bad
21 pressure and the taste of her water and the color of
22 her water. And, sir, in the gray suit, your comment
23 to her was, ma'am, we've been look at the pressure and
24 the taste and these things for two years.

25 Well, sir, how many more years are you going

1 to look before you do something? (Applause) It's
2 time. Seize the day. Make sure you get that one. (To
3 the reporter) Seize the day. (Laughter)

4 MR. CROUCH: I don't remember saying we've
5 been looking at it for two years, but we have been
6 looking at it, and that is something that we will be
7 recommending to the Commissioners for the December 3rd
8 agenda. It will go into our recommendation as to what
9 we think should be done. We do not have that
10 recommendation yet, but we will be happy to provide
11 you a copy of the recommendation --

12 WITNESS HOLTZ: That's fine --

13 MR. CROUCH: -- before it goes to the
14 agenda.

15 WITNESS HOLTZ: And, again, you've been
16 looking now for two years, because I stood here two
17 years ago and I'm feeling kind of a deja vu because
18 this has all been said. Where have you been looking
19 for two years? I don't understand. I'm an educated
20 person and I teach school, but I don't add this math
21 problem up. You may be looking, but you're not
22 producing, and, again, you work for us, and we're not
23 getting the benefit here.

24 As far as retirees not being able to afford
25 to have water, families not being able to maybe buy a

1 boxes of Popsicles or buy groceries because they've
2 got to water the lawn because they have St. Augustine,
3 and the Lord knows what that costs them to keep up.
4 And this gentleman says he has to be careful about
5 having a family because he's got to balance a newborn
6 baby against a water bill?

7 What are we talking about? Where are our
8 priorities? They're looking at not having a future
9 because a company wants an increase. (Audience
10 response)

11 Needless to say, it is a sad state of
12 affairs when people have to start begging and choosing
13 and picking and pulling about when to run the water.
14 I accidentally -- accidentally mind you -- left the
15 water running on one of my oak trees. And the oak
16 trees, they're looking like my lawn -- I left it
17 trickling last night. Well, my husband turned it off
18 this morning and he made sure that I knew that I
19 forgot and left it on.

20 You just cause friction. Lake Utilities
21 causes friction in everybody's home. There's nobody
22 here that's happy with Lake Utilities; nobody. You
23 haven't heard anything happy about Lake Utilities.
24 Why haven't you opened a bid for some other company to
25 come in there and service us? Why is Lake Utilities

1 the only one? One sentence, please.

2 **MR. CROUCH:** Unfortunately, that's not up to
3 us to do that. That's up to the customers. If the
4 customers want somebody else, the customers need to
5 demand somebody else.

6 **WITNESS HOLTZ:** Why wasn't that ever told to
7 us two years ago when we sat here? (Audience
8 response)

9 Why do you think we're here? Two years ago
10 when we sat here, did you get one person that was
11 happy with Lake Utilities? No. No. I'll answer that
12 for you, because I sat here, president of the
13 association at that time. Okay.

14 Here it is two years later and you're still
15 looking out there searching. We're still waiting.
16 We're having a hard time with our families. We can't
17 pay the bills. We can't even have children. And
18 you're still looking, and you have never once said to
19 us that all's we have to do is tell you we want
20 somebody else?

21 **MR. CROUCH:** Not tell us. Tell the City --

22 **WITNESS HOLTZ:** Tell the Commissioners.

23 **MR. CROUCH:** Tell the City -- tell the City.
24 If you wanted the City, and if you checked and found
25 out what the City would charge you to hook up to

1 them -- somebody asked me that a few minutes ago,
2 about whether or not they could go to the City of
3 Clermont to provide the service.

4 If you check with them and find out you will
5 have to pay an impact fee all over again to the City,
6 check and see what it would cost to have the City of
7 Clermont provide your service, and see if you might be
8 jumping out of the frying pan into the fire. Find out
9 what your alternatives are.

10 **A** Sir, 300% increase? That's a little more
11 than the frying pan into a fire, don't you think? And
12 I did not say Clermont. I did not specifically say go
13 to the City of Clermont. You cannot tell me there is
14 not another water company in the state of Florida that
15 would not love to come and service south Lake County.

16 As far as that 300%, I do my reading and I
17 listen and I watch the news and, you know, you see
18 lawsuits all the time, and somebody breaks their leg
19 and they want 95 trillion dollars, well, they settle
20 on 25 million. That's not real smart, is it?

21 Their 100% is nothing. They're going to get
22 a 100%, and we don't want it. Thank you for your
23 time. (Applause)

24 **MR. RENDELL:** Ladies and gentlemen. That's
25 all of the sign-up sheets that I have. If anyone that

1 spoke earlier would like to come back forward and make
2 a statement, or if there's anyone that didn't sign up,
3 now is the time to raise your hand.

4 UNIDENTIFIED SPEAKER: Yes, sir.

5 MR. RENDELL: If you could approach the
6 microphone. If there's anyone else that does want to
7 speak that has not been sworn in, could you please
8 stand and raise your right hand and I'll have you
9 sworn in.

10 WITNESS PATRICK: I've been here formerly.

11 MR. CROUCH: What was your name again, sir?

12 WITNESS PATRICK: Oh. I beg your pardon.

13 Andrew Patrick. Do you use the figures of growth of
14 south Lake County to compute numbers in order to
15 determine whether -- the gentleman was mentioning the
16 fact that the increases should not be in effect
17 because the increase in population and the expansion,
18 I guess they've tied us into a grid now is what you're
19 saying.

20 We formerly -- I was in the service here for
21 10 years, in 1987, with these people, and they
22 evidently since then have tied us into a grid, which
23 has given us worse water quality, okay, as a result of
24 this.

25 And I guess you people, whenever you

1 recommend an increase of 27%, 42% or 300%, I guess you
2 should use the rate of growth in south Lake County.
3 It seems like since we have a rapidly expanding area,
4 these people are just blatantly abusing the
5 population. It's greed, it's blatant greed.

6 (Applause)

7 MR. RENDELL: Is there anyone else that
8 would like to come forward? Have you been sworn?

9 WITNESS MINEAR: No, I haven't.

10 - - - - -

11 CARL MINEAR

12 appeared as a witness and, having been duly sworn,
13 testified as follows:

14 DIRECT STATEMENT

15 WITNESS MINEAR: My name is Carl Minear,
16 M-I-N-E-A-R. I live in Lake Crescent Hills, 10537
17 Mesa Lane, M-E-S-A, Lane.

18 Now, from the discussion that I've heard
19 tonight, is it possible for me as a homeowner in a
20 development to drop a well and completely sever ties
21 with Lake Utilities?

22 UNIDENTIFIED SPEAKER: Yes, yes.

23 WITNESS MINEAR: It is possible?

24 MR. RENDELL: That would be up to the
25 County. We have no jurisdiction over that. If the

1 County says you can, you can, but we have no
2 jurisdiction whatsoever over that.

3 WITNESS MINEAR: Can my homeowners
4 association legally prevent me from doing that? I
5 mean, is there --

6 MR. RENDELL: I don't know if it's a
7 restriction in your deed or not. I'm not a lawyer, so
8 I can't --

9 MR. CROUCH: It would depend on deed
10 restrictions.

11 MS. CAPELESS: I haven't seen your deed
12 restriction. If you need legal counsel -- I can't
13 give you legal advice based on documents I haven't
14 seen.

15 WITNESS MINEAR: I understand that, but I
16 was just wondering if there's some blanket ruling that
17 says that I -- you know, forces me to use a utility.

18 MR. RENDELL: We're not the agency to seek
19 that opinion from. We don't have jurisdiction over if
20 a customer can sink a well or not.

21 WITNESS MINEAR: Because honestly it would
22 not take very long for me to recoup the losses, based
23 on this 300% increase. It would not take long at all.
24 So that's all my questions. Thank you.

25 MR. RENDELL: If there's not anyone else,

1 we'll complete this meeting -- yes, sir.

2 **MR. CAMPBELL:** I wish to speak, to add one
3 more thing about the quality of the water. I was a
4 little bit hesitant to speak about this earlier until
5 I heard more talk about the chlorine, and especially
6 when it was mentioned that what are they covering up
7 or trying to treat.

8 I moved into Crescent West about three and a
9 half years ago, I guess four years ago; and I guess
10 now coincidentally -- I didn't realize this until
11 years later -- I started having stomach problems,
12 heart -- very bad heartburn problems, and after --
13 thank goodness I have good insurance -- and from going
14 from one specialist to another and having tests done
15 and medications, I was unable to overcome the stomach
16 problems.

17 However, my doctor suggested not drinking
18 caffeine. Caffeine is in tea. My fiancée started
19 making lots of tea for me, because we thought maybe it
20 was sodas. I used to drink a lot of sodas. So I
21 started drinking her ice tea, and actually my problem
22 had gotten worse. I didn't know that there was
23 caffeine in ice tea until much later. Actually,
24 there's quite a bit more than there is in sodas.

25 Well, I happened to be shopping in Publix

1 thinking about the water, and I bought a bottle of
2 water. And when I found out how much caffeine was in
3 tea, I stopped drinking tea and I started having --
4 not less of a problem, but almost no problem, and
5 that's really the only time that I drank water.

6 It didn't occur to me until I thought about
7 that and tried bottled water to see, and I haven't had
8 a stomach problem since basically the day I stopped
9 drinking water. I don't know if that's relevant. I'm
10 not suggesting that the water caused that from the
11 system. It may be in my pipes somehow. I don't know.
12 But it is the truth, and I'm grateful that I'm not
13 drinking the water. Thank you. (Applause)

14 **MR. RENDELL:** Thank you. If there's not
15 anyone else, we'd like to thank you for coming out
16 today, and we will take these comments back and they
17 will become part of the record; and thank you.

18 (Thereupon, the meeting concluded at 9:10
19 p.m.)

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24
25

1 STATE OF FLORIDA)

2 :
COUNTY OF LEON)

CERTIFICATE OF REPORTER

3 I, H. RUTHE POTAMI, CSR, RPR Official
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Informal Customer
Meeting in Docket No. 960444-WU was heard by the Staff
6 of the Florida Public Service Commission at the time
and place herein stated; it is further

7 CERTIFIED that I stenographically reported
the said proceedings; that the same has been
8 transcribed under my direct supervision; and that this
transcript, consisting of 116 pages, constitutes a
9 true transcription of my notes of said proceedings.

10 DATED this 24th day of September, 1996.

11 
12

13 H. RUTHE POTAMI, CSR, RPR
14 Official Commission Reporter
15 (904) 413-6734
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