

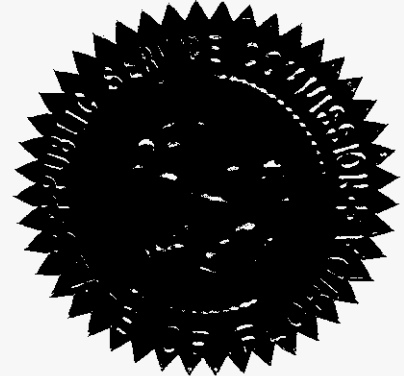
BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 080121-WS

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

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PROCEEDINGS: AGENDA CONFERENCE  
ITEM NO. 18

COMMISSIONERS  
PARTICIPATING: CHAIRMAN NANCY ARGENZIANO  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER DAVID E. KLEMENT  
COMMISSIONER BEN A. "STEVE" STEVENS III

DATE: Tuesday, March 16, 2010

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

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

**CHAIRMAN ARGENZIANO:** Okay. We're going to move on to Issue 18. And we welcome everybody who's traveled to be here today. Welcome to your Public Service Commission. Glad to see you here.

And I think what we'll do, if Marshall, Mr. Willis, if you would introduce the item and then we'll, we'll move on and move to the company and -- for remarks and then we'll take our appearances.

**MR. WILLIS:** Thank you, Chairman.

Just as a brief overview, our recommendation today is, for Item 18 is a presentation of staff's conclusions reached from the final order in which it required the staff of the Commission to do a six-month monitoring of Aqua Utilities Florida's quality of service.

Specifically the final order, which was issued on May 29th of 2009, required staff to monitor three major areas. Those areas of concern were the failure to handle customer complaints properly, the call center's process for handling complaints, and incorrect meter readings and resulting improper bills.

Upon completion of the monitoring process, according to the order, staff was required to present to the Commission our conclusions regarding Aqua's



1 performance. Per the final order it was also determined  
2 that if Aqua was not performing adequately, the  
3 Commission could initiate show cause proceedings or take  
4 such other action as the Commission determines  
5 appropriate.

6 In addition, although not required by the  
7 order, staff is also, is presenting an update of the  
8 utility's compliance with the Department of  
9 Environmental Protection and the county health  
10 department concerns.

11 I'd now like to sort of pass it on to Laura  
12 King, Paul Stallcup and Stan Rieger to briefly give you  
13 an overview of the three areas of concern here.

14 **MS. KING:** Good afternoon, Commissioners.  
15 Laura King with technical staff.

16 In evaluating whether or not customers were  
17 treated professionally --

18 **CHAIRMAN ARGENZIANO:** Hang on one second. Can  
19 everyone hear? If you can't, raise your hand.

20 Okay. We need to up the volume. Hang on a  
21 second.

22 (Pause.)

23 Okay. Let's give it a try.

24 **MS. KING:** Okay. In evaluating whether or  
25 not --

1                   **CHAIRMAN ARGENZIANO:** Is that better? Okay.

2                   Thank you.

3                   **MS. KING:** In evaluating whether or not  
4 customers were treated with courtesy, professionally,  
5 and if calls were handled appropriately, staff developed  
6 a customer satisfaction survey, reviewed over 700 actual  
7 calls between consumers and Aqua's customer service  
8 representatives, and reviewed the procedures of Aqua,  
9 which they may have implemented since this Commission  
10 order, and their customer service training manuals and  
11 procedures.

12                   After looking at all the data we had before  
13 us, we believe that the best information at our disposal  
14 was the actual calls that gave us actual interaction  
15 between live customers and the customer service reps.  
16 Based on that review, we believe that the customer  
17 service is adequate.

18                   **CHAIRMAN ARGENZIANO:** Okay.

19                   **MR. STALLCUP:** Paul Stallcup with Commission  
20 staff.

21                   Also part of that same order coming out of the  
22 rate case, you ordered staff to evaluate whether or not  
23 Aqua was reading its meters correctly and whether or not  
24 customer bills properly reflected those meter readings.  
25 To implement this test, staff received the route

1 information and billing.

2 **CHAIRMAN ARGENZIANO:** Can you hear? Hang on.  
3 Can you hear him? Hands if no. I think he's kind of  
4 low. Maybe, maybe the mike is real far away. But we  
5 don't want you to have to do this. Maybe we can just up  
6 the volume too. I saw necks straining, so -- okay.

7 **MR. STALLCUP:** How is this? Is that better?

8 **CHAIRMAN ARGENZIANO:** Let's see. I think so.  
9 I'm getting nods yes. Thank you.

10 **MR. STALLCUP:** Okay. In order to implement  
11 this test of the meter reading, staff received the meter  
12 readers' route that they followed every day, and we also  
13 received the meter reading logs that the meter reader  
14 actually recorded as they went through that process for  
15 a period of six months.

16 Staff then, using that information as its  
17 basis, sent out our field engineering staff to go behind  
18 the Aqua meter readers to double-check those readings to  
19 make sure that they were accurate.

20 Based upon a comparison of what the company  
21 recorded and what our field engineers recorded, staff  
22 concludes that there is no longer a problem with meter  
23 readings, as we detected no errors in that phase of the  
24 test.

25 Staff also evaluated whether or not the

1 customer bills properly reflected those meter readings,  
2 and again staff found no errors in that portion of the  
3 test.

4 Based upon these results, staff would  
5 recommend that the Commission conclude that Aqua is  
6 properly reading customers' meters.

7 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

8 **COMMISSIONER SKOP:** Thank you, Madam Chair.

9 To that point, with respect to the meter  
10 readings that are described on Page 8 of the staff  
11 recommendation and in comparison to the sample size of  
12 the customer billing accuracy described on Page 10 of  
13 the staff recommendation, why was there such a small  
14 sample size of customer bills as opposed to a larger  
15 number of meter readings?

16 **MR. STALLCUP:** I'm glad you asked that. This  
17 is a follow-up to a briefing we had yesterday.

18 When staff was constructing the sample sizes,  
19 we implemented an AICPA standard of acceptance testing,  
20 which is a statistical testing process by, that can be  
21 used to test different accounting systems, such as an  
22 account payable system or an account receivable system.

23 When we were taking a look at what the order  
24 wanted us to do, you wanted us to go out and do two  
25 things basically: Check whether or not Aqua was reading

1 the meters correctly and whether or not customer bills  
2 were reflecting those, those readings.

3 When we looked at the meter reading part --  
4 Aqua is a large company. It spans a large part of  
5 Florida. And the guys doing the meter reading, for  
6 example, down in West Palm Beach aren't going to be the  
7 same guys doing it up in Pasco County or even out in  
8 Washington County. So we thought it would be proper to  
9 divide the service territory up into regions and test  
10 each region separately according to the same statistical  
11 criteria.

12 We divvied up Aqua's service territory into  
13 seven groups and tested each group separately, and the  
14 test we used required 48 inspections, meter readings for  
15 each area. The same thing applied to the, to the  
16 billing system of whether or not those meter readings  
17 were properly applied to customers' bills.

18 So actually in total there are seven tests  
19 being conducted for the meter readings, thus the roughly  
20 350 we looked at there, and then just one test being  
21 performed on the billing system. The rationale behind  
22 that is it's just one system, one computerized system;  
23 therefore, just one test would be necessary.

24 **CHAIRMAN ARGENZIANO:** Commissioner Skop and  
25 then Commissioner Stevens.

1                   **COMMISSIONER SKOP:** Just two brief follow-ups.

2                   I understand that and I understand statistics,  
3                   or at least elementary, it was a long time ago, but I  
4                   think I would have felt more comfortable had the sample  
5                   size for the billing comparison been more commensurate  
6                   with that of the number of meter readings that staff  
7                   considered in its sample size.

8                   But one other point. In terms of the, on  
9                   Attachment 2, Page 2 of 3, in terms of the customer  
10                  satisfaction survey that you mentioned --

11                  **CHAIRMAN ARGENZIANO:** Which page are you on?

12                  **COMMISSIONER SKOP:** Attachment 2, Page 2 of 3,  
13                  which is 17 in the staff recommendation.

14                  **CHAIRMAN ARGENZIANO:** Thank you.

15                  **COMMISSIONER SKOP:** Okay. In Paragraph 1 the  
16                  survey asked customers to circle the items that best  
17                  described the nature of the complaint. But then in, in  
18                  Subcategory 2 or Subparagraph 2, it was a level of 1 to  
19                  5 analysis on satisfaction issues. I guess why in terms  
20                  of each individual issue was that satisfaction scale not  
21                  broken up? It seems to mesh things together in the  
22                  manner in which the survey was presented as opposed to  
23                  targeting or specifically isolating.

24                  For instance, say I had billing issues, that  
25                  my billing was wrong and I applied the Criterion 2, what

1 would happen if I had poor quality issues that had  
2 different criteria?

3 So it seemed to me that something gets, I  
4 don't know, just intermingled there, and I just was  
5 looking to staff on perhaps whether a more additional  
6 survey breaking those elements out and making an  
7 apple-to-apple comparison on each of the respective  
8 complaint issues would have been more appropriate.

9 **MS. KING:** Certainly, Commissioner, that could  
10 have been one option. We've learned a lot by doing this  
11 survey. You know, quite frankly, it just wasn't a  
12 thought that entered our mind that a consumer may be  
13 calling billing and water quality all on the same call.  
14 We were just trying to get a general idea of how they  
15 were treated during their interaction with the customer  
16 service reps and how the company handled that complaint.

17 **COMMISSIONER SKOP:** Okay. Thank you.

18 **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

19 **COMMISSIONER STEVENS:** Thank you, Madam Chair.  
20 I just have one point and then a quick question.

21 Mr. Stallcup, we believe, through the  
22 calculations that we used, that our sample was large  
23 enough to be statistically correct. Is that what I  
24 understood?

25 **MR. STALLCUP:** Yes, sir. That's correct.

1           **COMMISSIONER STEVENS:** Okay. So we went -- we  
2       used the AICPA's calculations to go through this sample,  
3       build a sample size, go through the seven different  
4       areas that we selected, and then we tested it back to  
5       the single billing system.

6           **MR. STALLCUP:** That's correct.

7           **COMMISSIONER STEVENS:** Okay. My, my one  
8       question is I understand that staff's recommendation is  
9       for us to say or agree that, that their performance is  
10      adequate. What are the different grades that we use to,  
11      to determine things? I know we have unsatisfactory, we  
12      have marginal, we have adequate, and I guess we would  
13      have excellent. But what are the different grades that  
14      we use?

15          **MR. WILLIS:** I think you just hit on those.  
16      When we determine used and useful, we normally look at  
17      either it's, it's -- well, when we look at quality of  
18      service, we're looking at whether or not it's actually  
19      adequate, marginal or unsatisfactory. So we're using  
20      basically three grades when we look at quality of  
21      service.

22          **COMMISSIONER STEVENS:** Okay. If, if the  
23      Commission does not agree that the quality of service is  
24      adequate, there seems to be a couple of routes that  
25      could be taking -- taken. And there's a -- one of them



1 is a show cause proceeding. What are the other actions  
2 that might be taken?

3 **MR. WILLIS:** The Commission could require  
4 staff to go back and monitor for a longer period of  
5 time. You could ask us to monitor differently, such as  
6 Commissioner Skop alluded to a minute ago, and take a  
7 more direct approach into different areas. Those are  
8 two that come to mind.

9 **COMMISSIONER STEVENS:** Thank you, Madam Chair.

10 **CHAIRMAN ARGENZIANO:** I have a concern that  
11 staff, from what I read, that staff does not believe  
12 that the survey responses meet the intended objective,  
13 and that's what I'd like you to elaborate on.

14 **MS. KING:** Yes, ma'am. Our survey was  
15 intended to capture how customers are treated as far as  
16 their complaint, how the complaint was handled, was the  
17 customer service rep courteous, were they professional,  
18 did they address all the issues that were brought before  
19 them in the complaint?

20 We found in the comment section of our survey  
21 that many customers addressed the rate issue. Because  
22 the survey was sent out shortly after a large rate  
23 increase, many customers commented on the  
24 dissatisfaction with the rate.

25 And in speaking to many customers, we found

1       that it wasn't necessarily that their complaint was not  
2       handled in a courteous or professional manner, but they  
3       were just displeased with the base facility charge or  
4       the large rate increase or the quality of the product,  
5       not necessarily the quality of the customer service rep.

6               So we weren't completely comfortable that our  
7       survey actually captured how the customer service reps  
8       were resolving complaints, because I believe some of the  
9       customers were already dissatisfied with the rates and  
10      the quality of the product.

11             **CHAIRMAN ARGENZIANO:** Commissioner Skop.

12             **COMMISSIONER SKOP:** Thank you, Madam Chair.

13             And just to touch on a point. Certainly I  
14      want to hear from the parties as well as the presenters  
15      and any other customer comments that we're able to hear  
16      from. I want to make sure this is a -- no, this is a  
17      PAA, so we can hear from any interested party.

18             But touching upon Commissioner Stevens' point,  
19      again, one of the things I think that the Commission  
20      should take a look at and consider is continuing  
21      additional monitoring, perhaps in a lesson learned  
22      manner to continue to monitor the progress. I mean,  
23      certainly it seems like some progress has been made to  
24      date, and that's a, that's a positive. But certainly I  
25      have some concerns with the sample size and making sure

1 we have the complete level of confidence that the  
2 problems are being adequately addressed. Thank you.

3 **CHAIRMAN ARGENZIANO:** One other question.  
4 Staff indicates that the survey recipients were those  
5 customers who made the contact with the company, and you  
6 make comment that not the entire body of the customers  
7 have -- had any input. And you feel that, according to  
8 what you have in the report here, that may have caused a  
9 sampling bias. How many total customers participated  
10 again and how many total customers of the company are  
11 there?

12 **MS. KING:** We sent our survey to the  
13 company -- the customers that were identified by the  
14 company in the complaint log that they were required to  
15 submit per the order, and we sent out a total of  
16 900 surveys and we received a total of 251 back. And I  
17 believe Aqua has over 30,000 customers?

18 **MR. WILLIS:** I think Paul just told me it's --

19 **MR. STALLCUP:** I have here in my -- there's  
20 about 16,000 water customers. About half of those are  
21 also going to be wastewater customers.

22 **CHAIRMAN ARGENZIANO:** Okay.

23 **COMMISSIONER EDGAR:** I know you just said, but  
24 how many surveys were sent out?

25 **MS. KING:** We sent out a total of 900, 150 for

1 each of the six months, and 251 were returned.

2 **COMMISSIONER EDGAR:** Thank you.

3 **CHAIRMAN ARGENZIANO:** And in past surveys that  
4 you've sent out do you normally get that kind of  
5 response? Is that an average response?

6 **MS. KING:** In discussing this with Consumer  
7 Affairs, this seems about average what to expect,  
8 somewhere around that number.

9 **CHAIRMAN ARGENZIANO:** Okay. Any other  
10 comments at this point? Okay. Let's -- sorry. Go  
11 ahead.

12 **MR. RIEGER:** Good afternoon, Commissioners.

13 **CHAIRMAN ARGENZIANO:** Good afternoon.

14 **MR. RIEGER:** My name is Stan Rieger with the  
15 Public Service Commission here for staff.

16 In addition to the required monitoring plan,  
17 this recommendation also includes an update of --

18 **CHAIRMAN ARGENZIANO:** Could you get closer,  
19 Stan?

20 **MR. RIEGER:** It also includes an update of the  
21 utility's compliance status with DEP and the county  
22 health departments. These agencies oversee AUF's  
23 quality of product and the operational condition of the  
24 water and wastewater systems.

25 Staff has been in contact with these agencies

1 regarding compliance violations and it has been  
2 determined that five of the nine outstanding consent  
3 orders and warning letters referred to in the final  
4 order have been resolved. The current compliance status  
5 is four outstanding consent orders and five outstanding  
6 warning letters.

7 Staff has concluded that AUF has been  
8 responsive to DEP and the county health department in  
9 attempting to resolve compliance issues. We recommend,  
10 we recognize the fact that in some cases compliance  
11 involves complicated and difficult issues which can take  
12 significant time to resolve.

13 Given that fact, we believe that the utility  
14 is acting appropriately in fulfilling the compliant  
15 needs of the health department and DEP.

16 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

17 **COMMISSIONER SKOP:** Thank you, Madam Chair.  
18 Just one brief question back to staff.

19 On Page 5, Table 1-2, that I guess present the  
20 results of the AUF customer satisfaction survey, it  
21 looks like each of those categories on the customer  
22 survey are addressed but not related to each individual  
23 issue. It's more of a global customer sentiment on how  
24 do you feel about, you know, those areas that are listed  
25 there.

1 I guess staff is indicating that the  
2 performance is adequate. And in looking at this table,  
3 it seems as if overall satisfaction is still on the low  
4 end of the scale, as well as the extent that problems  
5 are resolved also is at the lower end of the scale.

6 And can staff briefly elaborate on is there  
7 any numerical correlation between how staff translates  
8 these numbers into its adequate, satisfactory,  
9 unsatisfactory or satisfactory criterion?

10 **MS. KING:** Yes, sir. Actually we did not even  
11 take these numbers into consideration once we drew our  
12 final conclusions because we weren't comfortable that  
13 our survey was actually measuring what it was intended  
14 to measure. We relied upon the actual 700 plus calls  
15 that staff listened to to draw our conclusion that the  
16 service was being -- that the service was adequate.

17 **COMMISSIONER SKOP:** Thank you.

18 **MS. KING:** You're welcome.

19 **CHAIRMAN ARGENZIANO:** Also, in addition to the  
20 251 people who responded, you also took or participated  
21 in 635 random customer calls?

22 **MS. KING:** We -- Aqua is required to submit  
23 the recordings of actual customer calls, not just  
24 complaints, but all customer calls for the six-month  
25 period. And during that six-month period we listened to

1 actually over 700 calls, 635 random calls, just five per  
2 each day that the call center was open, and then 103  
3 specific calls which were tied to the customer surveys.

4 If a customer rated Aqua poorly in every  
5 category, we tried to go back and find that call for  
6 that specific day to see if we could figure out where  
7 the issue, what the problem was. That was -- that  
8 didn't always work. Sometimes we could track and find  
9 the call, other times we couldn't. And some of that was  
10 just because of the lag from when the customer complaint  
11 logs were sent in, the surveys were sent out, the  
12 customer responded. They may have since filed several  
13 complaints or more than one complaint.

14 **CHAIRMAN ARGENZIANO:** And your -- what was  
15 your -- I'm sorry. I can't find it. I had it down.  
16 What was the overall conclusion after the 600 or  
17 700 calls?

18 **MS. KING:** Yes, ma'am. If you look at the  
19 table on Page 7 of the recommendation.

20 **CHAIRMAN ARGENZIANO:** Seven. Okay. And maybe  
21 you can go through that for the benefit of the people in  
22 the audience.

23 **MS. KING:** Certainly. The table, Table 1.3 on  
24 Page 7 of staff's recommendation is a summary of the  
25 negative responses, the negative ratings for the 635,

1       635 randomly selected calls.

2               In May we reviewed 100 calls for that month.  
3       We found one issue or one instance where the customer  
4       service rep was not courteous, one where they were not  
5       knowledgeable, two where they lacked clarity in their  
6       explanation, and one where we felt the concern was not  
7       appropriately addressed.

8               For June we reviewed 105 calls. We found zero  
9       instances where the CSR was not courteous, one where  
10      they were not knowledgeable, zero where they were not  
11      responsive, two where they lacked clarity, and three  
12      issues where they did not appropriately address the  
13      customer's concerns while they were on the telephone.

14              For July we reviewed 110 calls. There were  
15      zero instances when we found the CSR was not courteous,  
16      two instances where they were not knowledgeable, zero  
17      instances of not responsive, one instance where we  
18      believed they lacked clarity in their explanation to the  
19      customer, zero instances where we, where there wasn't a  
20      reasonable effort taken, and two instances where the  
21      concerns were not addressed appropriately.

22              August we reviewed 105 calls. One where we  
23      believed the customer service rep was not courteous,  
24      zero instances where they were not knowledgeable, zero  
25      not responsive, zero where they lacked clarity, zero



1 where they did not take reasonable effort, and one  
2 instance where we believe they did not appropriately  
3 address the customer's concerns during that telephone  
4 call.

5 In September we reviewed 105 calls. Four  
6 instances where the CSRs were not courteous. We found  
7 zero instances where they were not knowledgeable, zero  
8 instances of not responsive, zero instances where they  
9 lacked clarity, one instance where we felt they did not  
10 take a reasonable effort, one instance where they did  
11 not address concerns appropriately as defined in the  
12 order.

13 In October we reviewed 110 calls. Two  
14 instances where the CSR was not courteous, five  
15 instances where they were not knowledgeable, one  
16 instance where they were not responsive, three instances  
17 where they lacked clarity, zero instances where they did  
18 not take a reasonable effort to address the customer's  
19 concern, and -- I'm sorry, zero instances where they did  
20 not take a reasonable effort to address the customer's  
21 concern, and then three instances where they did not  
22 appropriately address the customer.

23 **CHAIRMAN ARGENZIANO:** Thank you. Is there any  
24 indication if the calls, the reason for the calls were  
25 solved or resolved at any point?

1           **MS. KING:** In some of the calls where it was a  
2 simple issue, we could pretty much tell if they resolved  
3 with that call. The customer may be asking for a  
4 duplicate bill and it was sent, or asking for a fax  
5 number and they were provided a fax number. We felt  
6 that those were resolved. Certainly if a customer  
7 service representative had to send out a technician, we  
8 wouldn't know the end result of that.

9           I know in the order it said that we were to  
10 review if concerns were addressed appropriately, and  
11 appropriately was defined by errors made and concerns  
12 addressed.

13           And we have all these, this documented and  
14 spreadsheets was filed in the docket file, the specifics  
15 of all these calls.

16           **CHAIRMAN ARGENZIANO:** Okay. Thank you.

17           Commissioners?

18           Okay. If we're ready, if the company would  
19 like to make some statements, remarks.

20           **MR. MAY:** Madam Chair, in speaking with, with  
21 the staff attorney this morning, we were under the  
22 impression that the customers had driven a long way, and  
23 if they wanted to go first, we'd certainly wait.  
24 But it's at your pleasure.

25           **CHAIRMAN ARGENZIANO:** We're going to hear you

1 first and then we'll hear the customers. Okay? I don't  
2 think they'll mind.

3 **MR. MAY:** Okay. Very good.

4 **CHAIRMAN ARGENZIANO:** Thank you though for  
5 offering. Appreciate that.

6 **MR. MAY:** Sure. Good morning -- good  
7 afternoon. I'm Bruce May with the law firm of Holland &  
8 Knight. I appear today on behalf of Aqua Utilities  
9 Florida, and I thank you for the opportunity to, to  
10 address you. And I thank the customers for driving up.  
11 I know it's a long drive and hopefully we'll have a good  
12 discussion today.

13 With me today is Chris Franklin. He's the  
14 regional president of Aqua America. To my far left is  
15 Jack Lihvarcik, the president of Aqua Utility Florida.  
16 Mr. Lihvarcik and Mr. Franklin have a very brief  
17 presentation to address and to apprise you of some  
18 recent system improvements that we believe address a lot  
19 of the customers' concerns.

20 But before going, before going there, Madam  
21 Chairman, I want to briefly address the staff  
22 recommendation.

23 **CHAIRMAN ARGENZIANO:** Okay.

24 **MR. MAY:** Commissioners, your staff I believe  
25 has accurately summarized the quality of service

1 monitoring program that you established in your last  
2 rate case order for Aqua. That order is Order Number  
3 09-0385. And I have just a couple of additional facts  
4 to add.

5 During the last rate case you expressed  
6 concerns about the company's quality of service. As a  
7 consequence of those concerns, you reduced Aqua's return  
8 on equity to 9.75 percent. You also heard allegations  
9 from customers about AUF's process for handling  
10 complaints at the call centers and the accuracy of its  
11 meters and the accuracy of its bills.

12 Although Aqua put on witnesses to refute those  
13 allegations, you decided to undergo or to instruct your  
14 staff to undergo an independent audit of the company's  
15 quality of service, and staff has done that. As  
16 Mr. Willis outlined, the three areas that were focused  
17 on were the handling of the customer complaints, the  
18 call center's process for handling customer complaints,  
19 and the accuracy of the bills and the accuracy of the  
20 meter readings.

21 To allow staff to conduct the monitoring, you  
22 ordered my client, Aqua, to provide three different sets  
23 of extensive information over a period of six months.  
24 My client has fully complied with that order at great  
25 expense and effort.

1           Aqua has submitted customer complaint logs for  
2 staff's independent audit for the six months. Aqua has  
3 submitted sound recordings for each call, each call that  
4 comes into its sound -- into its call center for a  
5 period of six months, again for staff to independently  
6 audit. And finally, Aqua has provided meter reading  
7 route schedules and meter reading logs that allowed, as  
8 Mr. Stallcup said, staff to go back behind Aqua's meter  
9 reading and independently verify the accuracy of those  
10 meters and the bills that result from those meter  
11 readings.

12           Based on that independent analysis, your staff  
13 has reported that Aqua is performing adequately. My  
14 client certainly supports the findings of your staff  
15 recommendation and believes that those findings are  
16 reflective of my client's commitment to customer  
17 service.

18           That said, I want to make two points. First,  
19 Aqua's efforts to comply with the quality of service  
20 monitoring program were, were substantial and came at a  
21 significant cost. Mr. Franklin will quantify those  
22 costs during his presentation.

23           The second point, just for the record I want  
24 to clarify that if, that we understand, my client  
25 understands, I understand that if you approve this

1 recommendation, that will not result in a rate increase.  
2 It will not result in an increase in Aqua's return on  
3 equity. That return on equity was established by an  
4 order which is final, nonappealable, and we're going to  
5 live with that.

6 As I indicated, Madam Chair, Commissioners,  
7 Mr. Franklin and Mr. Lihvarcik are here today to talk a  
8 little bit about the company's efforts to comply with  
9 the monitoring audit as well as to address some of the  
10 customers' concerns.

11 Before I turn it over to them, I'd like to  
12 take a moment and have you, have you consider three  
13 points. First, you sit in a quasi-judicial capacity  
14 today. In that capacity I think it's important for you  
15 to consider the nature of the report that's before you.  
16 The findings in this report are based on an independent  
17 analysis. The findings are not based on what I said,  
18 they're not based upon what Mr. Franklin said or what  
19 Aqua Utilities said. Likewise, the findings are not  
20 based upon what the customer said. Rather, the findings  
21 that are before you today are based on an extremely  
22 thorough and independent analysis by your staff.

23 The second point I'd like to make is I've  
24 practiced before this body for 25 years in a number of  
25 different disciplines, in telecommunications, in

1 electric and gas and water and wastewater, and I can't  
2 recall there ever being this level of scrutiny on a  
3 customer's service and a customer's meter accuracy. I  
4 want to be clear that I'm not complaining about that and  
5 neither is my client. I'm simply asking that you put  
6 the scope and intensity of this independent analysis in  
7 some context.

8 The third point I'd like you to take under  
9 consideration -- and as you'll hear, Aqua takes  
10 environmental compliance very seriously. Although it's  
11 not part of your monitoring program in your order, your  
12 staff has provided an update on the environmental  
13 compliance for this company. Aqua is proud of its  
14 environmental record.

15 In the last rate case we asked for additional  
16 revenue to cover costs needed to comply with  
17 environmental regulations and requirements and also  
18 address other aesthetic concerns with respect to the  
19 smell and taste of the water that are not mandated by  
20 the regulators.

21 As you know, Aqua was not given the level of  
22 increases that it asked for. For the Chuluota system it  
23 was not given any rate increase. I mention this again  
24 not to complain. I mention it because I think it's  
25 worth noting how Aqua responded to your order.

1           First, the company did not appeal the order.  
2           The order is final. The OPC didn't appeal the order,  
3           the Attorney General did not appeal the order, and  
4           neither did the customers. Moreover, the company in  
5           light of the order didn't threaten to back away from the  
6           system improvements it had previously committed to.  
7           Instead, Commissioners, it rolled up its sleeves and  
8           continued with the improvements to its systems,  
9           including the Chuluota system, which did not get any  
10          rate increase whatsoever.

11          Commissioners, those improvements go beyond  
12          what environmental regulators require and are designed  
13          to address some of the concerns that I think you'll hear  
14          later today regarding aesthetics.

15          Mr. Franklin and Mr. Lihvarcik are here to  
16          talk in more detail about what the company has done and  
17          what it will continue to do to address customer  
18          concerns. I'm available to answer any questions at the  
19          appropriate time, and I thank you for your time.

20                 **CHAIRMAN ARGENZIANO:** Thank you.

21                 Commissioners? Commissioner Skop.

22                 **COMMISSIONER SKOP:** Just one quick question to  
23          Mr. May with respect to the representation that the  
24          improvements go beyond what environmental requirements  
25          require.



1           On Page 11 of the staff recommendation it  
2       talks about the Chuluota system. And, you know, I just  
3       want to state for the record I appreciate Aqua's good  
4       faith effort to, you know, grab the bull by the horns  
5       and start addressing some of these issues, irrespective  
6       of what the Commission ordered or did not order. So,  
7       again, we're making progress and I don't want to  
8       underemphasize that.

9           But, again, the point I have for Mr. May is  
10      that with respect to the trihalomethanes, that issue is  
11      still outstanding and I guess they're working to  
12      complete it, but certainly they're not in compliance on  
13      that aspect yet.

14           **MR. MAY:** Commissioner Skop, actually we have  
15      a formal presentation on the trihalomethane issue and  
16      the additional equipment and technology that we're  
17      installing. We're installing a state of the art anion  
18      exchange system. Mr. Lihvarcik and Mr. Franklin are  
19      going to go into detail on that.

20           You're right, there's an outstanding consent  
21      order. The recent reading showed that we're in  
22      compliance, but we still have to have that rolling  
23      annual average compliance in order to close that consent  
24      order. But we're -- I think I'll let Mr. Franklin and  
25      Mr. Lihvarcik talk in detail about that.

1                   **COMMISSIONER SKOP:** I'll reserve my comment  
2 until their presentation.

3                   **MR. MAY:** Thank you.

4                   **CHAIRMAN ARGENZIANO:** Have there -- was there  
5 a new consent order for Tomoka and Twin Rivers? Is  
6 there a new consent order?

7                   **MR. MAY:** There was an existing consent order  
8 which has been closed.

9                   **CHAIRMAN ARGENZIANO:** Okay. Staff, maybe I'm  
10 reading this wrong. It looked like there were five  
11 outstanding consent orders. Consent orders for The  
12 Woods and Zephyr Shores and South Seas wastewater system  
13 have been closed. And it says, however, the consent  
14 orders related to Chuluota and The Village water and  
15 wastewater system are still open. In addition, new  
16 consent orders have been issued for Tomoka View Estates  
17 and Twin Rivers water system.

18                   **MR. MAY:** Madam Chair, I misspoke. I was, I  
19 was referring to Zephyr Shores and I got the two -- I  
20 apologize. The Tomoka View Estates is open. We expect  
21 it to be closed in June. Again, Mr. Lihvarcik is going  
22 to address that issue during his presentation.

23                   **CHAIRMAN ARGENZIANO:** Okay. Okay. Great.

24                   **MR. MAY:** I apologize. I confused the two  
25 systems.

1                   **CHAIRMAN ARGENZIANO:** No problem. It's easily  
2 done.

3                   If you'd like to proceed.

4                   **MR. FRANKLIN:** Thank you, Madam Chairman,  
5 Commissioners. Again, my name is Chris Franklin. I am  
6 the Regional President for Aqua America. And to my left  
7 here is Mr. Jack Lihvarcik, President of Aqua Utilities  
8 Florida. And I want to mention that both Jack and I are  
9 looking forward to hearing the customers' comments later  
10 in this session. I think, while we'll listen very  
11 carefully and intently to the customers' concerns, we'll  
12 also take some time to explain what the company has  
13 already done and to try to address the issues at Zephyr  
14 Shores and in other areas of the, our service territory  
15 with our aesthetic water issues.

16                   Commissioners, in the interest of time, I  
17 would like to address two points. First, I'd like to  
18 briefly discuss the quality of service monitoring report  
19 that your staff has just summarized. Throughout the  
20 six-month monitoring process my company took the  
21 necessary steps to ensure compliance with each one of  
22 your directives.

23                   In that regard, AUF hired two additional staff  
24 people necessary to ensure that we comply with all of  
25 the Commission's requests in a timely, accurate way with

1 the information needed to do the proper evaluation.

2 Let me quantify that for a moment. These  
3 two --

4 **CHAIRMAN ARGENZIANO:** Excuse me. Hang on one  
5 second. Can staff, somebody get that, please?

6 **MR. MAY:** Madam Chair, I think that this  
7 handout is a write-up on the system improvement for  
8 Chuluota and for Zephyr Shores.

9 **CHAIRMAN ARGENZIANO:** Right.

10 **MS. KING:** Ms. Merritt is with staff.

11 **CHAIRMAN ARGENZIANO:** My eyes aren't going to  
12 see. Okay. Your bad is right. Okay. Thank you.  
13 Please. I'm sorry to interrupt.

14 **MR. FRANKLIN:** No problem. Thank you. Thank  
15 you.

16 Let me quantify the additional staff and the  
17 effort that it took just for a moment to comply with  
18 this six-month monitoring program. We hired two  
19 additional customer service representatives in our call  
20 centers and took the two experienced call center  
21 representatives out and put them to this project so we  
22 had very experienced people.

23 We had legal costs associated with this  
24 project in the realm of about \$16,000. We had another  
25 approximately thousand hours of our management time, we

1 carved out specific people to this project to make sure  
2 that the information was accurate and timely in its  
3 response.

4 So our overall cost, this is not to -- taking  
5 into consideration all the people that had their hands  
6 into it, but easily identifiable cost was over \$100,000  
7 for this six-month monitoring program. And that is not  
8 to ramp up our effort; that was simply to comply with  
9 the information requests that we needed to provide.

10 It was an extensive, time-consuming and  
11 expensive process obviously. In all candor, it's not a  
12 process that my company would like to experience again.

13 That said, AUF fully supports the findings of  
14 staff's recommendation and believes that those findings  
15 are reflective of how the company operates in this  
16 state, even considering that that, that the survey was  
17 taken on the heels of a fairly large increase in rates.

18 In large part, I'm very proud of what the  
19 staff concluded through its investigation. However, I  
20 want to publicly state the continuous improvement in the  
21 service we provide our customers will always be one of  
22 our highest priorities.

23 The second point I want to make in the limited  
24 time remaining, I'd like to provide you with an update  
25 on the various system improvements that the company has

1       undertaken since our last rate case. Following the  
2       decision in that case, there was an internal discussion  
3       on how our company was to proceed in the State of  
4       Florida. The decision was ultimately made to continue  
5       to spend capital on projects in Florida and to further  
6       improve our product.

7               Last year we spent nearly \$6.5 million in  
8       capital improvements on our systems in Florida, and this  
9       year, 2010, we'll spend another almost \$6.5 million to  
10      improve water quality and other projects throughout our  
11      Florida systems.

12             Moreover, AUF has 61 employees, full-time  
13      employees, in Florida and an annual payroll of nearly  
14      \$3 million. This is in addition to the contracted  
15      employees and firms we use to cost-effectively  
16      supplement that staff on projects. I believe this  
17      underscores our commitment to our customers in Florida  
18      and to this state's economy, despite some pretty  
19      uncertain times.

20             One of the systems that has been the recipient  
21      of considerable capital is Chuluota. Between 2009 and  
22      2010 we'll spend nearly \$2 million on the installation  
23      of an ion exchange unit at the Chuluota water system.  
24      Obviously at this session time doesn't permit me to give  
25      you a full briefing on the details of this project, but

1 we prepared a written update -- I think you have it in  
2 your hands -- on this project. And with your  
3 permission, we'd be glad to distribute it to your staff  
4 and others here. I think that may be done already.

5 Jack Lihvarcik and I are also prepared to  
6 answer any questions you may have on the project.

7 Meanwhile, I'll leave you with this statement  
8 regarding Chuluota, and this is to your point,  
9 Commissioner. The Chuluota water project is on schedule  
10 to meet the requirements of the DEP consent order, which  
11 means the project will be operational by August of this  
12 year. At the conclusion of this project, the company,  
13 its internal engineers, consulting engineers and the  
14 engineers at the state's environmental agency believe  
15 that the TTHM issues that Chuluota has struggled with  
16 for nearly 40 years will be history once and for all.

17 And I'll conclude my remarks by briefly  
18 addressing what has become known as the aesthetic water  
19 quality issues that we inherited when we purchased our  
20 systems in the State of Florida.

21 At the conclusion of last year's AUF case, we  
22 initiated a pilot project to address the aesthetic water  
23 qualities, water quality issues of seven water systems.  
24 These are not compliance issues but aesthetic issues.  
25 Most of these seven systems were well represented in our

1 customer input hearings during our last rate case.

2 Our pilot project included surveying the  
3 customers of these systems first, then briefing the  
4 customers on plans for our improvements, and then we'll  
5 ultimately conclude with a final survey of the customers  
6 once the, once the final improvements have been made.

7 Now I don't want to leave you with the  
8 impression that this is a study of this issue. We've  
9 been working actively to improve these systems and have  
10 begun, begun already to spend capital dollars associated  
11 with the fixes.

12 Zephyr Shores is a perfect example of one of  
13 these systems where we have been actively working to  
14 address secondary standards in the water. Since there  
15 are customers here from Zephyr Shores in the room today,  
16 I've asked Mr. Lihvarcik to apprise you of the efforts  
17 to address some of the customer issues that we may hear  
18 later, later this morning. This was also one of our  
19 seven pilot projects.

20 At this point, I'll turn it over to Jack.

21 **MR. LIHVARIK:** Good afternoon, Madam Chair,  
22 Commissioners. My name is Jack Lihvarcik. I'm the  
23 President of Aqua Utilities Florida. And hopefully  
24 you've been able to look over the write-up on the Zephyr  
25 Shores system.



1 I'd like to make it clear that there is no  
2 open environmental compliance issues at Zephyr Shores'  
3 system. However, you heard there are some customer  
4 concerns about the aesthetic qualities of the water.  
5 The look, the taste, and the smell of the water is the  
6 issue that they're having. Although these aesthetic  
7 qualities are considered secondary standards and are not  
8 enforced by state and federal environmental agencies,  
9 Aqua has moved forward with initiatives to address the  
10 customers' concerns.

11 Like many Floridians, customers in Zephyr  
12 Shores get their water from the Floridan aquifer. The  
13 water can contain natural minerals that can accumulate  
14 in distribution pipes. Suddenly changes in flows in the  
15 distribution system can disturb the deposits in the  
16 mains and cause discolored water.

17 We know that many of our customers in Zephyr  
18 Shores are seasonal customers. When the water is left  
19 in pipes and fixtures for an extended period of time, it  
20 is prone to discoloration and could develop an odor.

21 To address that concern on a customer level,  
22 we have advised customers to flush their pipes and  
23 fixtures upon arrival at their home, especially if it  
24 has been a prolonged period of time.

25 To address this issue at the system level,

1 Aqua recently installed new flushing equipment and  
2 devised a systematic flushing schedule to clean the  
3 mains. The flushing program involves operating valves  
4 in a specific sequence to maximize the effectiveness of  
5 the flushing. This program will address accumulated  
6 natural deposits in the mains and will reduce the  
7 incidences of discolored water.

8 These natural minerals in the well water also  
9 can cause staining or deposit scales on fixtures over  
10 time and leave spots on glasses and dishes. To address  
11 these issues, Aqua has received an FDEP permit to  
12 install a sequestering agent that will reduce these  
13 effects of the natural minerals in the water.

14 And we have some posters of some of the  
15 improvements that we're making throughout our systems.  
16 As you can see in the picture, the unit has already been  
17 installed and DEP has scheduled a site visit for today  
18 to inspect the installation, and the clearance hopefully  
19 we'll receive in the next seven to ten days and we'll  
20 start the process of feeding the sequestering agent.

21 Thank you.

22 **CHAIRMAN ARGENZIANO:** Okay. Now let's move --  
23 I'm sorry. Commissioner Klement.

24 **COMMISSIONER KLEMENT:** I would like to ask the  
25 staff what resources were, went in, staff resources went

1       into this monitoring in terms of the same terms that the  
2       company just gave us in dollars and hours, and how that  
3       compares to comparable rate, water cases that you've  
4       monitored.

5               **MR. WILLIS:** Commissioner Klement, I'll answer  
6       you the best I can. Dollar wise would be kind of hard  
7       to quantify at this point. I can tell you that it was a  
8       mixture of three divisions doing this work, because  
9       Mr. Hoppe's division contains field staff, which we used  
10      to go out and actually read meters. My staff handled a  
11      portion of the survey, and Ms. Salak's staff handled a  
12      chunk of the call center information and the customer  
13      survey portion. So it was a mixture, depending on the  
14      staff available to actually be able to go out and do  
15      this.

16             As far as how this is representative towards  
17      other utilities, the only one that comes to mind would  
18      be Aloha Utilities, which I would have to say Mr. May  
19      probably wasn't involved in Aloha, but Aloha probably  
20      went to a much further extent than what Aqua has been  
21      through as far as their quality of service in Pasco  
22      County before it was actually sold to the Florida  
23      Governmental Utility Authority.

24             Hours, I would easily estimate between all  
25      three divisions and staff time, there's probably been

1 close to 800 to 1,000 hours put into this monitoring  
2 plan.

3 **COMMISSIONER KLEMENT:** Would you consider this  
4 an excessive amount of staff time for a case like this?

5 **MR. WILLIS:** Well, Commissioner, I would --  
6 it's far more than what you would normally put into a  
7 rate case. Yes, sir.

8 **COMMISSIONER KLEMENT:** Okay. Thank you.

9 **CHAIRMAN ARGENZIANO:** And is it far more  
10 because there were far more problems with these systems  
11 or customer complaints and --

12 **MR. WILLIS:** Well, Chairman --

13 **CHAIRMAN ARGENZIANO:** I mean, we heard 40  
14 years there's been a problem there, and some of it is  
15 occurring naturally. But, you know, the Floridan  
16 aquifer is a strange aquifer; in certain places it's  
17 wonderful water and in other places it's not. But  
18 wasn't it due to -- I mean, it's been a fairly loud  
19 complaint coming from the customers for a while.

20 **MR. WILLIS:** Chairman, you're, you're very  
21 correct. I do believe there were very valid complaints  
22 coming from the customers. That's why the Commission  
23 took the action they did. That's why the Commission set  
24 up the monitoring plan. And as you see from staff's  
25 recommendation, we believe the improvements have been

1 made.

2 **CHAIRMAN ARGENZIANO:** Commissioner Skop, and  
3 then we'll move on.

4 **COMMISSIONER SKOP:** Thank you, Madam Chair.

5 To Commissioner or Chairman Argenziano's  
6 point, Mr. Willis, along the same lines Mr. May alluded  
7 to, what in the belief of his client is unprecedented  
8 scrutiny of Aqua over other water companies. But I seem  
9 to remember from back in the rate case that one of the  
10 biggest problems, which we now seem to be correcting  
11 with the installation of the RF meters, was the billing  
12 issues and the meter readings. And to me, I don't know  
13 why in the life, an invalid meter reading would not  
14 warrant, you know, all the attention. Because at the  
15 end of the day consumers are being asked to pay more  
16 than they should if the meter readings are wrong. So  
17 can you elaborate on that?

18 **MR. WILLIS:** Well, you're correct,  
19 Commissioner Skop. What we saw in the rate case evolved  
20 around a lot of incorrect, what we termed incorrect  
21 meter readings. Whether it was incorrect meter readings  
22 or problems with the new billing system, there was a  
23 mixture of both as far as staff is concerned, created a  
24 multitude of problems for customers out there getting  
25 erroneous billings, high bills that were erroneous.

1           With the new frequency meters that have now  
2       been put in, the meter reading errors are pretty much  
3       gone since there is no human intervention in that  
4       process. It's a matter of the -- a car running by with  
5       a frequency that picks up the meters and transfers the  
6       data to a computer, the computer transfers that to a  
7       mainframe, which goes into the billing program. So a  
8       lot of the problems that we saw in the rate case as far  
9       as inaccurate meter readings and billing hopefully will  
10      be a way of the past, which is indicative of our staff  
11      recommendation.

12           **COMMISSIONER SKOP:** Just as a follow-up.  
13      Would a way to substantiate that, particularly with  
14      respect to the bill itself, because we know that the,  
15      the reading quality has improved because the human  
16      intervention has been taken out, but would additional  
17      monitoring of the billing, the accuracy of bills be an  
18      appropriate measure to determine whether that area is  
19      being addressed because of the small sample size used in  
20      the staff analysis?

21           **MR. WILLIS:** Staff could, staff would be more  
22      than willing to increase the sample size of that if the  
23      Commission believes it would give them a comfort zone.

24           Because of the way we've done this, as  
25      Mr. Stallcup indicated, we, we believe our sample size

1 was accurate, which did not give us any error rates  
2 which would have caused us to statistically widen that  
3 sample. But if the Commission desires more comfort,  
4 we're more than happy to oblige.

5 **COMMISSIONER SKOP:** I understand, and I  
6 understand why the sample size. So I'm not critical of  
7 that. I just was looking at, you know, the large sample  
8 size of the meter readings, and I would expect that the  
9 comparison from those specific readings to the bill be  
10 commensurate at the same level irrespective of the  
11 statistical criteria in terms of sample size that a  
12 table would provide. I just thought the sample size was  
13 a bit low in relation to the larger meter reading  
14 sample. So thank you.

15 **CHAIRMAN ARGENZIANO:** Well, to that point, is  
16 there merit -- you had indicated before that you thought  
17 one, because this was now a mechanical system rather  
18 than one of human, possible human error, that one was  
19 sufficient. Can you elaborate on that?

20 **MR. WILLIS:** Yes, Chairman. Before, you had  
21 several areas where humans were involved. In one you  
22 had a meter reader who was going out and actually taking  
23 manual readings of all these meters. Error came where  
24 meter readers would estimate bills, would not read  
25 meters properly, would write down or transpose digits,

1 causing a lot of meter problems.

2 **CHAIRMAN ARGENZIANO:** Well, that, that was --  
3 I didn't mean to cut you off, but at the point where the  
4 company was actually getting the meters in, I remember  
5 the compounding of the problems was the transposing of  
6 the numbers. Has that -- now that's, that's gone now.

7 **MR. WILLIS:** That's been corrected. At that  
8 point there was, somehow there was an extra zero being  
9 added in to the meter readings --

10 **CHAIRMAN ARGENZIANO:** Right.

11 **MR. WILLIS:** -- which was causing an  
12 astronomical bill for some of the customers. That was  
13 part of the, from what I understand, a part of the  
14 glitch in getting the software corrected and getting the  
15 meter readings properly brought over to the mainframe,  
16 which does the billing programs.

17 **CHAIRMAN ARGENZIANO:** But now -- and before we  
18 got to that problem, before we had gotten to that  
19 problem, I remember during testimony that before the  
20 company actually got to putting the new meters in,  
21 getting around to putting new meters, some meter readers  
22 weren't actually even reading meters. So now that this  
23 is installed, all those meters are installed, that  
24 solves that problem. But for me, if you would again,  
25 now that they're on this system, is it a drive-by type



1 of --

2 **MR. WILLIS:** That is correct, Chairman.

3 **CHAIRMAN ARGENZIANO:** -- reading?

4 **MR. WILLIS:** There is a vehicle with the  
5 receiver in the vehicle who drives down the streets, and  
6 that's all you'll see is a truck or a car driving down  
7 the street that has a receiver. It picks up the signal  
8 from the meters as it drives by at a set speed limit,  
9 and you can't exceed a certain speed limit. Drives by,  
10 picks up the signal, the meter transfers the reading to  
11 that computer sitting in the car. And once all the  
12 readings are taken automatically from the drive-by,  
13 that's uploaded to another computer.

14 **CHAIRMAN ARGENZIANO:** So then there would  
15 be -- so now, if it's mechanical, it would be known if,  
16 if they didn't do a drive-by --

17 **MR. WILLIS:** That's correct.

18 **CHAIRMAN ARGENZIANO:** -- because there would  
19 be no way of getting the numbers; is that correct?

20 **MR. WILLIS:** That's correct. Unless you have  
21 a meter which isn't reading. And my understanding from,  
22 from looking at these automatic frequency meters, as you  
23 drive by, if there's not a signal received from a meter,  
24 it's actually noted on the computer so the computer  
25 knows there was not a reading taken at a certain meter.

1 So it would send a representative out, give a note  
2 somewhere where a representative would have to go out  
3 and manually find out why that meter did not pick up  
4 when the drive-by was done. And they would do a manual  
5 reading at that point or fix the meter if the meter is  
6 broken.

7 **CHAIRMAN ARGENZIANO:** Okay.

8 Commissioner Stevens.

9 **COMMISSIONER STEVENS:** And not to, not to pick  
10 on the sample again, but I'm going to. Our sample size  
11 calculation, when we went through the chart to do that,  
12 what confidence level did we use for that sample size?

13 **MR. STALLCUP:** The confidence level was a  
14 90 percent confidence level.

15 **CHAIRMAN ARGENZIANO:** Any other questions,  
16 Commissioner Stevens?

17 **COMMISSIONER STEVENS:** Thank you.

18 **CHAIRMAN ARGENZIANO:** Okay. Thank you.

19 Moving on to the customers, I understand -- do  
20 we have -- Mr. Reams wants to make a PowerPoint  
21 presentation first, or are we taking Mr. Bussey first?  
22 Okay. Then, Mr. Bussey, you're recognized. Welcome.

23 **MR. BUSSEY:** Thank you, Madam Chairman and  
24 Commissioners. My name is Dave Bussey. My wife and I  
25 live in American Condominium Mobile Home Park, RV Park,

1 in Zephyrhills, Florida. And I want to thank you for  
2 giving us an opportunity to come here and address the  
3 Commission today.

4 I co-chair FLOWFlorida, Zephyrhills, Florida.  
5 FLOWFlorida or Friends of Locally Owned Water in  
6 Florida, and along with other communities who are  
7 involved with us, some of which are here today, we are  
8 interested in working to ensure that the water utilities  
9 will provide clean, safe water at reasonable rates to  
10 their customers.

11 As you can see, we've brought some folks with  
12 us. Many of us are here from Zephyrhills and -- but  
13 there are some folks here from Polk County and from  
14 other areas in Florida.

15 And we're currently at odds with Aqua  
16 Utilities Florida because of their poor water quality,  
17 inadequate customer service, and of course the high  
18 rates this Commission has allowed them to charge. And  
19 obviously we represent many more ratepayers who could  
20 not be here with us today. I don't like referring to us  
21 as ratepayers because it takes the human side away from  
22 things. I kind of feel like you're looking at billing  
23 units out here instead of human beings and taxpayers,  
24 which we are.

25 I guess we're some of the folks that help pay

1 your salaries, aren't we?

2 **CHAIRMAN ARGENZIANO:** You're all of the folks.

3 **MR. BUSSEY:** Yeah. We wanted you to see us,  
4 that's why we came up, and remind you about who we are  
5 and what we're like and what we're going through.

6 There are approximately 500 properties in  
7 Zephyrhills affected by Aqua and the PSC. We don't live  
8 in upscale homes like you folks do.

9 **CHAIRMAN ARGENZIANO:** Well, you have to see --

10 **MR. BUSSEY:** No. I'm serious about that. I  
11 know.

12 **CHAIRMAN ARGENZIANO:** Okay. But you have, you  
13 have to see my house.

14 **MR. BUSSEY:** We live in mobile homes. You  
15 need to come and visit.

16 **CHAIRMAN ARGENZIANO:** We'll do that.

17 **MR. BUSSEY:** Okay. We live in mobile homes.  
18 Some of us live in doublewides. Almost all of us are  
19 retirees. Almost all of us live on fixed incomes.  
20 We're senior citizens and we're trying to enjoy the  
21 golden years; however, it's not real easy because there  
22 is always somebody who's trying to steal some of our  
23 gold.

24 And that's why we're here. With the Public  
25 Service Commission's help in 2009, Aqua Utilities

1 Florida has become our biggest thief. Last year's  
2 Commissioners gave Aqua -- except for the Chairman here  
3 today -- gave Aqua permission to take advantage of us by  
4 raising our base facility charges 336 percent overnight.  
5 336 percent.

6 And I want to say to you, Commissioners who  
7 were on the Commission last year that voted for that,  
8 shame on you. Shame on you. Because you certainly  
9 didn't have our interests at heart.

10 Commissioner Nancy Argenziano, I hope I said  
11 that right, was the only Commissioner who voted  
12 correctly. She clearly understood the ramifications of  
13 implementing such a rate structure, and her foresight  
14 was 100 percent correct. Because of the actions of this  
15 Commission last year, hundreds, if not thousands of  
16 Florida ratepayers have now become servants of a water  
17 tyrant who is only interested in profit, profit, profit.

18 Our Pasco County state legislators are fully  
19 aware of our plight, and as you know, they sent a  
20 request to the Public Service Commission dated  
21 January 26th, 2010, requesting you do something on our  
22 behalf. They asked you to consider, and I quote, All  
23 measures available to minimize the rate impact on Aqua  
24 customers, unquote.

25 Based on similar requests by Aqua ratepayers,

1 I can't help but assume that the PSC's response to our  
2 legislators, if there was a response at all, was nothing  
3 more than the standard reply that we always get. And  
4 I'll paraphrase it, because this is how it sounds to us.  
5 Tough. Too bad. Get over it. We're not going to do  
6 anything about it. That's just the way it is now.  
7 That's what we hear when we talk about these issues in  
8 writing and get written responses from you folks.

9           Regarding your staff's findings pertaining to  
10 Aqua's customer service, I read their report, and I find  
11 it to be lacking simply because not enough effort was  
12 put forth by your staff to get out in the field and  
13 interact with the ratepayers, other than follow around  
14 some meter readers one day or two.

15           There's too much reliance on information given  
16 to you by Aqua. Keep in mind the only improvements, if  
17 any, the only improvements, if any, that have come into  
18 existence have only come into existence because you  
19 forced the issue. They have done nothing on their own  
20 to make things better for their ratepayers. Only when  
21 they've been forced to have they done anything. And it  
22 seems to be that's how they do business everywhere they  
23 are.

24           For instance, how many times did any of your  
25 staff actually visit the affected locations? How many

1 meetings did you hold with the thousands of people  
2 affected by your actions last year? And Aqua's poor  
3 quality water and their poor level of customer service,  
4 how many people did you actually go out and talk to  
5 about that?

6 How many glasses of this stuff that we drink,  
7 how many of your staff drank some of that out of our  
8 taps? How many, how many loads of washing did your  
9 staff stand there and watch us do and then watch us  
10 throw the laundry away because it was stained forever?  
11 And did you go, any of the staff, did you go to the  
12 store afterwards to watch us buy replacement clothing?

13 How much money did your staff spend on  
14 traveling out to our neighborhoods and sitting down --  
15 and I believe it was Ms. Toner from Aqua recently said  
16 the water is safe to drink. How many of you have drank  
17 it?

18 And how much money did your staff spend on  
19 medical bills because of skin irritations and rashes,  
20 bowel and bladder infections, et cetera, that seem to  
21 somehow mysteriously go away when we go back up north  
22 for six months?

23 Aqua publicizes they provide quality water at  
24 reasonable rates. They brag on that in their  
25 literature. As far as we can see, taste and smell, that

1 is not the case. The only thing Aqua has done in our  
2 area is install new meters at our expense for their  
3 benefit, and of course the rate increase.

4 And now they want to add a sequestering agent  
5 to the water that will do nothing more than disguise  
6 some of the discoloration. I think psychologically if  
7 we don't see this, we might actually consider drinking  
8 it, thinking there's probably nothing in it. I'd rather  
9 see the stuff. I would rather know what I'm consuming.

10 As I mentioned, Gretchen Toner said the water  
11 is safe to drink. And I notice you and I both don't  
12 have any water here. If you'd like some, I brought some  
13 for you.

14 **CHAIRMAN ARGENZIANO:** Let's try to stick to  
15 the points. Okay?

16 **MR. BUSSEY:** I know. I know. But she did say  
17 that. And I'll be more than happy to send her cases of  
18 this stuff on a weekly basis at my expense if she thinks  
19 this is safe to drink. I doubt she'd want her parents  
20 to drink it, I don't think she'd want her kids to drink  
21 it, she probably wouldn't want her significant other to  
22 drink it, and I don't know why she would think that we  
23 would want to drink it.

24 Tom and Peggy Welch, my neighbors, every two  
25 weeks they have to spend \$35 on a new filter. If they



1 don't, their drinking water is worse. And when they  
2 pull it out and replace it, the stuff just rubs off real  
3 easy. Of course it won't now because it's dry.

4 Ron and Linda Sterling are other neighbors of  
5 mine. They came by the other night and gave me -- last  
6 night, late last night, gave me a sheet of information  
7 about the problems they're having with customer service.  
8 Late fees. They finally, they got customer service to  
9 understand, hey, they shouldn't have been charged a late  
10 fee. And I'll forward this to the Commission because I  
11 didn't have time to get it prepared.

12 But I ran, I went through it, and on three  
13 different occasions they've tried to get it straightened  
14 out, and they're still being charged a late fee, even  
15 though they're being told on the phone "We'll take care  
16 of it, not a problem, just don't worry about it."

17 A gentleman in Zephyr Shores on the other side  
18 of our fence, I was over there a couple of weeks ago --  
19 as a matter of fact, it was on February the 25th I was  
20 there for a meeting. This gentleman came up to me and  
21 showed me a letter from -- it might have been you, sir.  
22 It was from one of the head people in Aqua here in  
23 Florida. Said in ten business days you will have your  
24 check because of some clothing that was destroyed  
25 because of this. Okay. The date of that letter was

1 January the 26th. I'm over there on February the 25th,  
2 which is about 30 days, and he still hasn't got the  
3 check. And this letter came from the wheel of Aqua  
4 Florida. He was going to take care of it. I am just  
5 amazed that you folks think that their customer service  
6 is so good.

7 **CHAIRMAN ARGENZIANO:** Mr. Bussey, can I ask  
8 you a question?

9 **MR. BUSSEY:** Yes. Yes, Chairman.

10 **CHAIRMAN ARGENZIANO:** On that incident, for  
11 that incident, did anyone call in? Did we get a call on  
12 that, or did anyone try to get to our, our call line?

13 **MR. BUSSEY:** I believe on the bottom of her  
14 note she has if she doesn't get this resolved in, you  
15 know, in a couple of more days, she's going to file a  
16 complaint with the Commission. Because she's -- it's  
17 been a few weeks now, hasn't it? Well, I know it has.  
18 It's been about three weeks they've been going back and  
19 forth.

20 **CHAIRMAN ARGENZIANO:** But you see, my point is  
21 in asking that is if you call when you have a problem,  
22 then at least we have some kind of an idea that there  
23 are other problems that are continuing.

24 **MR. BUSSEY:** I understand that, and we'll  
25 relay that to them.

1           Many folks don't expect anything to be done,  
2           so they just try and deal with it. That's why you don't  
3           hear from them.

4           **CHAIRMAN ARGENZIANO:** But we've got to teach  
5           them that they need to call.

6           **MR. BUSSEY:** I really believe the staff needs  
7           to be out more in the field instead of doing all this  
8           stuff from behind their desks.

9           **CHAIRMAN ARGENZIANO:** And I'll address that to  
10          you, and I'll tell you this with all sincerity, coming  
11          from the legislative process, they're not going to let  
12          us spend money to go out and probably do that. And I'm  
13          being honest with you. I'm not making any excuses for  
14          staff. But they're talking about taking money away from  
15          the PSC at a time when we probably need more people out  
16          there to do those things.

17          **MR. BUSSEY:** I understand that, Madam  
18          Chairman, and obviously you understand the bias that's  
19          created by that --

20          **CHAIRMAN ARGENZIANO:** Well, we need to --

21          **MR. BUSSEY:** -- by not, by not knowing the  
22          whole story.

23          **CHAIRMAN ARGENZIANO:** I hear you.

24          **MR. BUSSEY:** Okay. And I'm almost done.

25          In the *St. Petersburg Times* there's a picture

1 of me in here standing by a curb that's stained for a  
2 city block long of this color on the curb. It comes out  
3 of the runoff, the systematic runoff that Aqua does in  
4 our park. And the property owner right in front of  
5 where that takes place asked the technician, "When will  
6 this stain be made to go away? Because this is  
7 affecting my property value." People make decisions in  
8 a billionth of a second when they come looking to buy  
9 something. And when they see things like that, it  
10 clicks.

11 And he was, he was told by the technician from  
12 Aqua, "Don't worry about it. The sun will bleach it  
13 out." And I asked the gentleman, the property owner, in  
14 the presence of the technician, "Now when did he tell  
15 you that?" He said, "A year ago." Customer service.

16 And moving along here to the end, in our  
17 opinion the Public Service Commission needs to right the  
18 wrong that has been done to us. You have the power to  
19 do so. So instead of quoting your standard verbiage  
20 about what the current rate structure is, we instead are  
21 here today requesting you to remedy the situation, for  
22 it is within your power to do so. You've made a serious  
23 mistake. Hopefully you know that you've made a mistake.  
24 And now you know that we know and we're not going to let  
25 this go away. All we want is the same level of quality

1 and service and cost of said service that you would  
2 expect if you were in our shoes.

3 The Public Service Commission statement says  
4 you are to facilitate the efficient provision of safe  
5 and reliable utility services at fair prices. In no way  
6 are you in compliance. That's our opinion.

7 We are surrounded by ratepayers in  
8 municipalities all around our little property area.  
9 They're on all sides of us. Okay? We're not getting  
10 fair rates like they are. We're getting special rates  
11 because we're owned by a profiteer instead of a  
12 municipality. We're not being treated the way the rest  
13 of Florida's citizens are that have municipal water.  
14 We're not on the same playing field.

15 And we want a few things from you. That's why  
16 we've come here today. We believe that above all you're  
17 supposed to be serving the citizens of Florida, not  
18 catering to water tyrants. And we believe you are,  
19 because the rate structure you have allowed is the only  
20 reason they're in business right now in our area,  
21 because without that rate structure they would not be  
22 able to compete. They wouldn't be afford (sic.) to.  
23 That rate structure you created last year is the only  
24 reason they're doing business there now, the only  
25 reason.

1                   Specifically we would like you to address the  
2 following issues. Number one, a new Public Service  
3 Commission proceeding needs to be initiated, thereby  
4 providing the Commission with the necessary tools to  
5 provide remedies that we are requesting.

6                   Number two, we want the current cap band rate  
7 structure replaced with something more equitable. If  
8 that cannot be done, we request that under a new  
9 proceeding our two locations be put in the lowest cap  
10 band rate. We should not have to subsidize other areas  
11 for Aqua. If anything, we should be receiving, on the  
12 receiving end of said subsidies.

13                   Number three, further, more in-depth research  
14 should be done by your staff to gain a better  
15 understanding of how bad Aqua's customer service really  
16 is compared to other similar systems in the State of  
17 Florida.

18                   Number four, seasonal rates should be  
19 established similar to what other utility companies  
20 provide. Right now we're being forced to give Aqua  
21 approximately \$64,000 every six months for nonuse.  
22 Nonuse.

23                   As in other states, Aqua should be made to  
24 provide, this is number five, they should be made to  
25 provide a high cost fund at their expense for its low

1 income ratepayers.

2 And, number six, because of the ongoing  
3 problems Aqua customers are having throughout the State  
4 of Florida, we strongly suggest Aqua Utilities Florida  
5 not be allowed any further acquisitions until they can  
6 demonstrate the quality of water and customer service at  
7 reasonable rates that they publicize, and to do so  
8 without being a burden to their ratepayers.

9 Thank you for your time. Please feel free to  
10 call on us for any assistance that we can provide in  
11 helping this Commission. Thank you once again.

12 **CHAIRMAN ARGENZIANO:** Thank you.

13 Commissioners, any questions? Thank you.

14 (Applause.)

15 Commissioner Skop for a question, and then I  
16 just want to ask staff to just address a couple of  
17 things before we go on to, I think Mr. -- I'm sorry.  
18 Mr. Reams, you're next?

19 **MR. REAMS:** Yes.

20 **CHAIRMAN ARGENZIANO:** Okay. Let's do this.  
21 Commissioner Skop.

22 **COMMISSIONER SKOP:** I'll defer.

23 **CHAIRMAN ARGENZIANO:** Okay. I think what I  
24 would like to do for just a minute, if staff can go over  
25 some of the statutory requirements and where we do have

1 leeway, and if we can speak to the aesthetic issue of  
2 what the Public Service Commission can and cannot do  
3 when it comes to aesthetics.

4 And I certainly understand, you know, I  
5 understand the aesthetic problems. But I want to make  
6 sure people understand what your Legislature told us we  
7 must do and must not do, because there are two different  
8 things here, and then where we have flexibility so you  
9 understand what we have jurisdiction over and what the  
10 Legislature has mandated us.

11 So this is very important for you to  
12 understand the differences. And that's not pushing  
13 anything aside. That's just telling you so you know  
14 where we are on certain things, what we can have  
15 flexibility with and what we don't.

16 So, Mr. Willis, if you could kind of go over  
17 the aesthetic issue. What jurisdiction do we have? I  
18 mean, there's some flexibility on aesthetics, but I need  
19 you to kind of go over that. I want to make sure the  
20 people in this room leave here understanding where we  
21 can and cannot apply pressure or demand a different  
22 result.

23 **MR. WILLIS:** Ms. Chairman, I'll do my best.

24 The Department of Environmental Protection --

25 **CHAIRMAN ARGENZIANO:** Can you hear Mr. Willis?



1       No.   Okay.   Just one more crank up.   Thank you.

2               **MR. WILLIS:**   The Department of Environmental  
3   Protection actually has the -- they have the primacy  
4   jurisdiction, which means they have basically sole  
5   jurisdiction over the quality of the water and  
6   wastewater of a utility company, whether it be a  
7   municipal or a private.

8               **CHAIRMAN ARGENZIANO:**   Now when you talk  
9   quality, and I'm not -- I'm talking aesthetics.   Now  
10   quality, as far as bacteria, E. coli and all that, DEP  
11   as well as this Commission, we have to be looking at  
12   that.   But I mean purely aesthetics.   And then you  
13   can -- but finish your train of thought, and then if you  
14   can go, go to that.   I'm sorry.

15              **MR. WILLIS:**   Okay.   I was getting there.

16              Like I said, they provide the primacy over the  
17   standards that utilities have to follow.   They have  
18   another basic category of what they call secondary  
19   standards.   Secondary standards relate to the color of  
20   the water, the taste of the water.   As long as there's  
21   nothing in there that the Department of Environmental  
22   Protection believes is a problem towards health, it's  
23   considered basically a secondary standard is the way I  
24   would put it.

25              **CHAIRMAN ARGENZIANO:**   So under the --

1           **MR. WILLIS:** We at the PSC don't really have  
2 control over any of those standards. That all relies  
3 upon, that's all within the Department of Environmental  
4 Protection's hands. What we do have by statute is the  
5 ability to look at the quality of the water being  
6 produced, the quality of the wastewater being produced,  
7 and we have the ability to penalize a company, you might  
8 say, to try and push them in the right direction to  
9 rectify those problems.

10           **CHAIRMAN ARGENZIANO:** So, in other words, if  
11 it's not, let's say, a high bacteria count and it falls  
12 within the normal ranges, but the color of the water,  
13 staining of the clothes, the odor of the water, we can  
14 ask them to remedy that problem?

15           **MR. WILLIS:** We can. We have the power in  
16 Chapter 367 to require a utility to do something.

17           **CHAIRMAN ARGENZIANO:** Okay. Now one -- wait a  
18 minute. Okay. One step farther. If we do that, isn't  
19 it -- or is it a statutory requirement that the  
20 legislators told the PSC that if you do that, the  
21 company shall be allowed to recover those costs?

22           **MR. WILLIS:** That's correct. That is  
23 absolutely correct.

24           **CHAIRMAN ARGENZIANO:** I say this because I  
25 want you to understand exactly what the Legislature has

1 told us. So if we hear from consumers that we don't  
2 like the color of the water and we find out that there's  
3 not a high bacteria count in it and it's just, let's  
4 say, just the color of the water. I'm not saying that  
5 there isn't. I don't know. If the DEP has a consent  
6 order on some, well, then they have a quality problem  
7 maybe other than just color.

8 But if that comes down and we hear from  
9 consumers that they want the quality, the color of the  
10 water to change or the odor of the water to change, the  
11 Legislature says that if we tell the companies, whether  
12 it's this company or any other company, that they need  
13 to change that, then you have to pay for it. And that  
14 comes straight from the policymakers, the Legislature.  
15 We cannot deviate from that. So understand that.

16 And when you, when you, when you look at that  
17 problem that the Public Service Commission is faced  
18 with -- I mean, I can certainly understand somebody  
19 saying I don't want to pay for water and then pay more  
20 than my neighbors do for this color water or this smell  
21 of water. I can understand that.

22 But if there's no -- and correct me if I'm  
23 wrong, because I want to make sure I've got it right,  
24 but I don't want these people to leave thinking it's  
25 just a PSC problem. And I'm not saying the PSC doesn't

1 have problems. Okay? But I want you to understand that  
2 some of these things are mandated by your legislators,  
3 the same ones who were there saying we want the PSC to  
4 give you the right outcome that you want. They need to  
5 be -- maybe you need to be holding them responsible for  
6 some of those things they mandate too. I was in the  
7 Legislature and I remember some of those things coming  
8 up.

9 But if you could just go one step farther and  
10 maybe go a little bit more into detail when it comes  
11 down to those -- I guess you did on the aesthetic  
12 problems. But when the company has bought a, bought a  
13 water system that may be dilapidated, may be in bad  
14 shape to begin with, they are, if you could go over  
15 their, what they're allowed to recover and what we must  
16 consider, must consider.

17 And, Commissioner Stevens, did you want to go,  
18 ask a question?

19 **COMMISSIONER STEVENS:** I just, I just have  
20 one, one question.

21 **CHAIRMAN ARGENZIANO:** Go right ahead.

22 **COMMISSIONER STEVENS:** And it's either -- I  
23 don't -- either Mr. May, Mr. Franklin or Mr. Lihvarcik.  
24 Do you guys, do your employees take samples of the water  
25 in your constituents', customers' areas? And is it

1 usually this color, or is it clear, or is it --

2 **CHAIRMAN ARGENZIANO:** What do you usually get  
3 when your samples are taken?

4 **MR. LIHVARIK:** We'll go out, we have required  
5 or specified sampling points --

6 **COMMISSIONER STEVENS:** Right.

7 **MR. LIHVARIK:** -- out in the system, at the  
8 homes that we take our bacteriologicals. I can't recall  
9 that they've reported that the water has come back very  
10 rusty when they're taking the samples. And if they do,  
11 they have the latitude then to flush the area if they  
12 are getting discolored water.

13 **COMMISSIONER STEVENS:** Okay. May I?

14 **CHAIRMAN ARGENZIANO:** Go ahead.

15 **COMMISSIONER STEVENS:** Thank you.

16 With the water filters, have these customers  
17 brought to your attention that they're having to change  
18 water filters every two weeks? And if so, has your  
19 company tried to remedy the situation? I know it's an  
20 infrastructure thing, but --

21 **MR. LIHVARIK:** I've met out there twice with  
22 the residents of Zephyr Shores, with the homeowners'  
23 association.

24 **COMMISSIONER STEVENS:** Yes, sir.

25 **MR. LIHVARIK:** And that's why we've

1       undertaken this secondary water quality of, number one,  
2       we went in and we found that the distribution system was  
3       devoid of valves, so that we can then flush specific  
4       streets or areas of the mains. So we installed the  
5       valves last year.

6               And then we put an application, a permit with  
7       DEP for adding the sequestering agent to do two things.  
8       Number one, we have iron pipe out in the system, so it  
9       will coat the inside of the pipe and prevent the iron  
10      from coming off during different flow fluctuations in  
11      the system.

12             And number two, it will mask or coat the iron  
13      particles as it's being oxidized when it's coming out of  
14      the well, both the iron and the manganese, so then you  
15      won't have those incidences of dirty water or black  
16      particles in your sink or toilet.

17             The third thing we're doing is when we do get  
18      complaints from the customers that they are having rusty  
19      water inside their homes, we have been checking the hot  
20      water heaters and flushing those out. And just the last  
21      couple of weeks, out of the four customers that we  
22      visited, three out of the four had hot water, hot water  
23      heater issues where they had an accumulation, and we  
24      flushed it out for them.

25             **COMMISSIONER STEVENS:** Thank you.

1 Thank you, Madam Chair.

2 **CHAIRMAN ARGENZIANO:** There's just been --  
3 it's a rocky road. It's been a very rocky road for a  
4 long time, and there's a lot of, and I hate to put it  
5 this way, bad blood. And there are things that the  
6 company has to remedy that we've, we've said you have to  
7 do things that need to get done here for the people.

8 And yet, like today, I just heard that -- I  
9 had heard at the meetings that we don't want the water  
10 to look like this color. And today I heard I'm not so  
11 sure I want not to see this color there as an indicator  
12 that something is wrong.

13 And I guess, have we -- because I remember at  
14 some of the meetings I asked if our, the local  
15 Department of Health or if we could take samples,  
16 because some, some customers had suggested that maybe  
17 something needed to be done on the outside, take it to  
18 the Department of Health instead of the company doing  
19 it. Have we done any of that?

20 **MR. WILLIS:** We have not taken samples in  
21 Zephyr Shores, no. We did that in Chuluota.

22 **CHAIRMAN ARGENZIANO:** In Chuluota? Okay.

23 **MR. WILLIS:** We had that done by an  
24 independent laboratory. Had it done. Those costs are  
25 fairly expensive to do testing. As utilities can

1       probably tell you, they're fairly expensive to have  
2       tests run like that.

3               DEP does oversee those tests. I would let you  
4       know that. Utilities are required to take those tests  
5       to independent labs. Those labs do perform an  
6       independent analysis and present those tests back.  
7       Those tests are required to be turned over to the  
8       Department of Environmental Protection.

9               **CHAIRMAN ARGENZIANO:** So we don't do any  
10       testing independently?

11              **MR. WILLIS:** No, we do not. We're not set up  
12       to do testing.

13              **CHAIRMAN ARGENZIANO:** I mean as far as with  
14       DEP, or even the Department of Ag, with their labs that  
15       they have, I guess maybe not for, so much for water, but  
16       there's no way that independent of what the company does  
17       there could be testing?

18              **MR. WILLIS:** We could follow along when a  
19       company pulls samples. We could do that. Our engineers  
20       do go out in the field. They do look at the utility  
21       operations. They go to the Department of Environmental  
22       Protection. They review all of the department's logs on  
23       the utility.

24              **CHAIRMAN ARGENZIANO:** But the water samples  
25       are going to an independent sample or a laboratory that



1 the company picks; right?

2 **MR. WILLIS:** Yes.

3 **CHAIRMAN ARGENZIANO:** That's what I meant. Is  
4 there any way of checking finally outside of that  
5 independent lab that the company picks? Because, as I  
6 said, there's bad blood. And the people I remember  
7 saying, "Can you send it somewhere else?" And I'm not  
8 saying the company is not doing a good job or a bad job  
9 or anything else. I'm not casting aspersions. I'm just  
10 wondering if there could be a separate testing of some  
11 of these water samples, at least to find out for the  
12 health and safety issues.

13 And if DEP says the company shall have the  
14 tests -- I'm just not sure what we can really do and  
15 can't. I thought -- I don't know why, I guess it may  
16 have been years ago -- that DEP can do some of the  
17 sampling on its own.

18 **MR. WILLIS:** DEP can do sampling on its own.  
19 They have done that in the past.

20 **CHAIRMAN ARGENZIANO:** Okay. Can we ask that  
21 agency?

22 **MR. WILLIS:** We can ask them to do some  
23 sampling on their own and see if they are willing to  
24 send it to an independent lab. There's no way we can  
25 require them to do that, but we can request it.

1                   **CHAIRMAN ARGENZIANO:** I would suggest we  
2 request it, just to see if the labs come up with the  
3 same results. And maybe that might help the individuals  
4 to understand if, you know, they're getting the proper  
5 results back and to find out if it's truly aesthetic and  
6 where you take it from there.

7                   And there's no guarantee that DEP is going to  
8 do it, but you might want to call your legislators to  
9 ask, see that they can help with DEP making that  
10 sampling, and that may help.

11                  **COMMISSIONER KLEMENT:** Madam Chair?

12                  **CHAIRMAN ARGENZIANO:** Commissioner Edgar, then  
13 Commissioner Klement.

14                  **COMMISSIONER EDGAR:** Thank you. Thank you,  
15 Madam Chair.

16                  I was just going to ask, either to our staff  
17 or to Aqua, I think we had a very similar discussion  
18 when we were at the service hearings, two, I believe,  
19 pretty much all day, and we had a representative from  
20 the DEP central district there at that meeting who heard  
21 all of the same things that we were hearing, and I think  
22 we had a very similar discussion at the time. And I'm  
23 just wondering if you can refresh my memory as to what  
24 actions were taken from that point forward along the  
25 similar line. Not to say it couldn't be done again, but

1 I do think we had some of this same discussion and I'm  
2 just not remembering where it went.

3 **MR. WILLIS:** The discussion I remember was the  
4 Chuluota service hearing --

5 **COMMISSIONER EDGAR:** Yes.

6 **MR. WILLIS:** -- where we actually had a DEP  
7 representative there. And they indicated that they  
8 would try and test a swab sample.

9 **CHAIRMAN ARGENZIANO:** That was just on the  
10 black, on the black on the inside of a pipe; right?

11 **MR. WILLIS:** They didn't satisfactorily do  
12 that and we ended up having to do that. We had two  
13 samples. We had one, they had one. And, in fact, I  
14 think Mr. Jaeger was instrumental in getting that swab  
15 tested. As to what --

16 **COMMISSIONER EDGAR:** But wasn't there similar  
17 --

18 **MR. JAEGER:** We also had DEP go out and test  
19 the school. They were having problems with a school and  
20 they turned the water off.

21 **CHAIRMAN ARGENZIANO:** That's right. That's  
22 right.

23 **MR. JAEGER:** And we had -- DEP did go out and  
24 test, do their independent sampling just for Chuluota.  
25 I'm not sure if they did it for any other of the aging

1 systems.

2 **CHAIRMAN ARGENZIANO:** No. I think it was just  
3 Chuluota.

4 **MR. JAEGER:** It was just Chuluota. But they  
5 did do, as we, as I think the Commissioner or the  
6 Chairman -- she was a Commissioner then, Chairman now --  
7 asked them to do and they did do that sampling. So,  
8 yes, they did do testing for Chuluota only.

9 **CHAIRMAN ARGENZIANO:** Well, perhaps -- I'm  
10 sorry. Go ahead.

11 **COMMISSIONER EDGAR:** I was, I think there was,  
12 there has been in the past also some testing coordinated  
13 with the Department of Health through the local public  
14 health unit as well. And I'm just, I'm trying to  
15 remember, because I know we had a lot of discussion  
16 about that. And I just, I don't want to just go back  
17 over plowed ground. If there's a way to improve or  
18 coordinate with some of these other entities a little  
19 better.

20 But, you know, my impression is that we tried  
21 to do some of those things and the results were -- I  
22 don't know. I guess that's what I'm asking to be  
23 refreshed. Were they inconclusive or conclusive but not  
24 ideal? And to try to figure out where, if anywhere, we  
25 can improve.

1           **MR. JAEGER:** I think it has to be a, what they  
2 call a very squeaky wheel for DEP to start doing stuff.  
3 I guess they, I don't think they were thrilled to do it.  
4 They did it in conjunction with American Waterworks and  
5 they did do the testing in Chuluota, because there was  
6 such a lot of testimony from the customers.

7           And we do, I mean, our engineers talk to them  
8 all the time and talk to them about problems. We talk  
9 to them about secondary. But we sort of, we bring it to  
10 their attention and we try to see, you know, make sure  
11 they know that there's a problem in this area. So --

12           **CHAIRMAN ARGENZIANO:** Well, I think, I think,  
13 to answer Commissioner Edgar's part of it, is that it  
14 was just really specified to, specific to Chuluota and  
15 that's all we did. And even the Department of Health,  
16 the local Department of Health, it had to do with the  
17 school there, because we were concerned with the school  
18 having problems with the quality of the water and if it  
19 was bacteria or chemicals at the time. I'm not sure  
20 what it was. And I don't even know, I don't remember  
21 what the results were, if they were ever reported back  
22 to us.

23           My point is, is that if we have the ability to  
24 ask DEP when you have ongoing problems that don't  
25 resolve, that are not resolved, the company is sending

1       it to a private company, to a private lab, and the  
2       people -- not all the people, I won't say all the  
3       people, the ones that have come before the Commission --  
4       are not very trusting. And I'm not saying there's  
5       reason or not. This is where it's at. This is the  
6       rocky road that we've come to, and it may continue to be  
7       rocky for a while. But to try to chip away at some of  
8       those problems. Otherwise, we're going to keep doing  
9       the same thing.

10               Is there a way to ask DEP if they could test  
11       the water of these systems, especially the water that's  
12       sitting there, to find out if there's anything other  
13       than aesthetic problems? That, I think that would go a  
14       long way.

15               And I know if I were the one at home having to  
16       drink that, I would feel a lot better knowing that, you  
17       know, that there's another independent look at it, and  
18       possibly find out that it's not a health hazard, which  
19       has a different meaning to us and to DEP, as well as the  
20       people who have to drink it.

21               But if we can do that, I have no guarantees,  
22       but I'd like to try that.

23               **MR. WILLIS:** No. I'd be happy to ask, you  
24       know, have my staff or myself call DEP and make that  
25       request.

1           **CHAIRMAN ARGENZIANO:** Okay. And then match up  
2 with what the company is finding too?

3           **MR. WILLIS:** What we're -- uh-huh.

4           **CHAIRMAN ARGENZIANO:** Okay.

5           **MR. WILLIS:** Is it only, Chairman, is it only  
6 Zephyr Shores that you're looking at?

7           **CHAIRMAN ARGENZIANO:** No. I think we were  
8 talking about two different systems here today, right,  
9 with the same quality problems as far as color of the  
10 water or concern for -- Mr. Reams, could you answer  
11 that? I'm sorry. Mr. Bussey. Okay.

12           **MR. BUSSEY:** American Condominium Park and  
13 Zephyr Shores use the same wells. We're in the same  
14 system.

15           **CHAIRMAN ARGENZIANO:** So then that would work  
16 for both.

17           **MR. BUSSEY:** So I think the billing, the  
18 billing from Aqua refers to us as Zephyr Shores.

19           **CHAIRMAN ARGENZIANO:** Okay. Mr. Bussey, can I  
20 ask you one other question?

21           **MR. BUSSEY:** Sure.

22           **CHAIRMAN ARGENZIANO:** Because you said that  
23 you really didn't want the color of the water to change.  
24 I mean, do you not want the color of the water to  
25 change?

1           **MR. BUSSEY:** What we want is to not have this  
2 in our, in our lines. Coating the lines is one thing.  
3 The sediment coming out of the well is where most of  
4 this is coming from. I get some agreement here. I  
5 believe, from what I've researched, that those  
6 contaminants can be pushed out of the way before they go  
7 into our lines.

8           **CHAIRMAN ARGENZIANO:** Okay. And that's where  
9 cost comes in too, I think.

10          **MR. BUSSEY:** I understand that. I understand  
11 that.

12          **CHAIRMAN ARGENZIANO:** Okay.

13          **MR. BUSSEY:** But also take into consideration  
14 the cap band rate we're in, we're in the high end,  
15 subsidizing other areas where Aqua does business. We  
16 shouldn't have to be paying for that if we're going to  
17 be in that high rate cap band. They've already made a  
18 lot of money off of us.

19               (Applause.)

20          **CHAIRMAN ARGENZIANO:** Thank you. Okay. Any  
21 other questions at this point? I'm sorry. Commissioner  
22 Klement, and then we'll move on to Mr. Reams.

23          **COMMISSIONER KLEMENT:** Yes. For the benefit  
24 of those of us who weren't on the Commission last May,  
25 there are two at least here, may we have a little bit of



1 background, Marshall? Has long has Aqua owned the, the,  
2 these facilities, these systems?

3 **MR. WILLIS:** Since -- it's various. The --  
4 Aqua Utilities itself purchased a lot of the Florida  
5 Water systems in 2006. That's when Florida Water  
6 basically divested itself of all of its operations.  
7 They picked up probably two-thirds of the systems they  
8 owned from Florida Water in 2006, and they picked up  
9 others all around the state between then and now.

10 **COMMISSIONER KLEMENT:** And would, would it be  
11 fair to say that many of those systems were antiquated  
12 and poorly funded as well and not in great condition?

13 **MR. WILLIS:** A lot of the systems, I wouldn't  
14 term them as antiquated, except that they're aged  
15 systems. A lot of those systems are fairly old. One of  
16 the biggest problems with what Aqua has purchased is  
17 they're very small systems. They're very uneconomical  
18 to operate because of their size. It's not like the  
19 City of Tallahassee, you might say, with a huge number  
20 of customers where they can get efficiencies in  
21 operations and treating water. Aqua can't do that  
22 fairly easy and very economically with the size of the  
23 systems that they own. And that's one of the, that's  
24 one of the problems they face.

25 **COMMISSIONER KLEMENT:** Uh-huh. And regarding

1 the base facility charge, which the customer, I  
2 forget -- I'm sorry, I don't remember your name.

3 **MR. BUSSEY:** Bussey.

4 **COMMISSIONER KLEMENT:** Referred to  
5 336 percent. Was that all imposed at once, and why was  
6 it put in at that level? It seems, that does seem  
7 rather steep if it was imposed in one, one decision.

8 **MR. WILLIS:** Well, there's -- I'm going to let  
9 Mr. Stallcup address some of this in a minute. But as  
10 far as the revenue increase, when the Commission dealt  
11 with the rate request before us at the time, the  
12 Commission came up with a revenue requirement for the  
13 company. How that was spread among the customers is  
14 what I'd like Mr. Stallcup to address, because the  
15 Commission came up with a unique method of coming up  
16 with uniform bands.

17 So if you would, Mr. Stallcup.

18 **COMMISSIONER SKOP:** If you could do that now,  
19 I'd appreciate it. Thank you.

20 **MR. STALLCUP:** Okay. The rate structure that  
21 Mr. Bussey was talking about is called a cap band rate  
22 structure. And the best way to describe a cap band rate  
23 structure is to tell you what it's not. Okay?

24 When the company came in, they had proposed  
25 consolidating the rates for all of their systems into

1 one rate structure, such that everybody paid the same  
2 rate no matter where they lived, in which system they  
3 lived. When staff evaluated that proposal, we found  
4 that if we were to put everybody together into the same  
5 group, that some systems that were fairly large and  
6 fairly inexpensive to operate would be paying much  
7 higher rates than perhaps they should. That is, they  
8 would be subsidizing the smaller, less efficient  
9 systems.

10 On the other hand, if we stayed with the  
11 status quo where every system had its own set of rates,  
12 the small systems with maybe just two or three dozen  
13 customers, because of the lack of economies of scale,  
14 would be paying extremely high rates. There were water  
15 systems I think that would have water bills in excess of  
16 \$150, \$200 a month, but particularly wastewater systems  
17 that could be as high as \$350 a month. It was a  
18 situation that nobody could live with.

19 So as kind of a compromise position or a, or  
20 some way of trying to bridge the gap between the bad  
21 components of pooling all the rates together into a  
22 uniform rate and the bad components of having those  
23 little tiny systems with the outrageously high rates,  
24 the Commission adopted what's called a cap band rate  
25 structure. And what that does is it takes a look at --

1        what are there, about 60 water systems, something like  
2        that? The most efficient systems are grouped into one  
3        group, and those very efficient systems are given one  
4        set of rates.

5                And then the next most efficient are grouped  
6        together in the next cap band rate, and they'll have  
7        slightly higher rates, so forth and so forth.

8                For those very expensive systems, ones that  
9        had very high rates, the Commission voted to cap those  
10       rates such that you would be able to avoid the  
11       affordability problems that would arise for people  
12       having to pay those extremely high rates I mentioned  
13       before.

14               So a cap band system bands similar cost  
15       systems together to minimize the effective  
16       subsidization. But for the most expensive systems it  
17       caps those rates such that an affordability criteria  
18       would not be exceeded.

19               And that fourth band, in this case there were  
20       four water bands, that fourth band is in fact the capped  
21       band and is in fact subsidized by the remaining three  
22       bands.

23               **COMMISSIONER KLEMENT:** And is that the group  
24       into which this system falls?

25               **MR. STALLCUP:** Yes, sir.

1                   **COMMISSIONER KLEMENT:** Is that what I  
2 understood?

3                   **MR. STALLCUP:** Yes, sir. They're in the  
4 fourth band. Their rates are capped.

5                   **COMMISSIONER KLEMENT:** And they -- so you're  
6 saying they are subsidized to an extent by the others?

7                   **MR. STALLCUP:** Yes, sir. Yes, sir.

8                   **CHAIRMAN ARGENZIANO:** Commissioner Skop, then  
9 Commissioner Stevens.

10                  **COMMISSIONER SKOP:** Thank you, Madam Chair.

11                  And in response to Commissioner Klement's  
12 concerns and also to Mr. Bussey's, I wanted to elaborate  
13 on some points he made, because I think this is a good  
14 segue to that.

15                  Certainly he had raised some issues in terms  
16 of the critical problem facing Florida. And one of  
17 those again is the rate structure as well as  
18 acquisitions and things that accentuate the problem and  
19 further compound the existing problem that we have  
20 today. So what I wanted to do is speak briefly to his  
21 concerns, and hopefully, Commissioner Klement, that'll  
22 give you some insight.

23                  First of all, I had to say with respect to him  
24 commending the Chairman, I couldn't agree more with her  
25 position on that. Again, as a lawyer, I'm bound to

1 follow the law. I think Mr. Willis has made reference  
2 to the statutory criteria that we have to follow.  
3 Sometimes even if I think it's wrong, I have to follow  
4 the law. That was a choice of evils that I will not  
5 repeat.

6 **CHAIRMAN ARGENZIANO:** Commissioner Skop, be  
7 careful, because you're trying to tell people that I did  
8 not follow the law, and I disagree.

9 **COMMISSIONER SKOP:** No. I'm not, I'm not, I'm  
10 not saying that at all. I'm saying she exercised her  
11 discretion. But I think if we were to look back on the  
12 transcript, I was torn. Because, again, one of the  
13 things, and I want to make this clear, and I'd hoped to  
14 be able to queue up a video segment, but we don't have  
15 the ability to do it here, but if you go on our  
16 Commission website on Meet the Commissioners, I actually  
17 spoke to this issue of ensuring quality water at  
18 affordable costs on my segment.

19 And I think, you know, at least from my  
20 perspective, that ensuring quality water at affordable  
21 cost is the biggest challenge facing this Commission and  
22 the State of Florida.

23 As Mr. Bussey has mentioned, in many instances  
24 municipalities are able to provide higher quality water  
25 at a lower cost to the consumer, and that puts private

1 water companies at a competitive disadvantage. And,  
2 again, I'm very pro business, but if you can't compete  
3 or if you're not able to compete on a quality cost  
4 basis, then we need to find a statewide solution to  
5 address that. I'm not sure what that solution may be.  
6 It may require a legislative intervention. But  
7 certainly, at least from what I've -- (applause) -- at  
8 least from what I've seen in many instances in the State  
9 of Florida, we have consumers that have water and  
10 wastewater bills that exceed their electric bill. And  
11 as a lifelong Florida resident, that was quite an  
12 eye-opening experience when I came to the Commission.  
13 And I'm hopeful that ultimately we can find a happy  
14 balance to address that critical issue facing Florida.

15 But to speak specifically to Mr. Bussey's  
16 point, with respect to the rate structure, again, the,  
17 it's an untenable situation that seems to compound  
18 itself and is in need of a solution. But, again, you  
19 have to follow the law. And where we are able to use  
20 discretion -- I don't want to say that Chairman  
21 Argenziano did not, because I agree with what she did.

22 But the point that Mr. Bussey made about the  
23 acquisitions, about denying acquisitions, that's one  
24 thing that I stood up for on this Commission after that  
25 decision, using Commissioner Argenziano's dissent as the

1 basis for that. Because the acquisition that Aqua had  
2 proposed would have, of Jumper Creek, would have further  
3 compounded the rate structure that already existed, and  
4 I could not allow in good faith that to happen, so I  
5 stood up and tried to stop that.

6 But, again, I don't know what the solution is.  
7 Mr. Bussey, I appreciate your concerns. It's, it's a  
8 challenge and we need to address it.

9 **MR. MAY:** Madam Chair, just --

10 **CHAIRMAN ARGENZIANO:** And then Commissioner  
11 Stevens.

12 **MR. MAY:** Just, if you would like, we have  
13 a -- just to put things in context, we have a sample  
14 rate for Zephyr Shores, which I think kind of highlights  
15 their average usage and then a high usage sensitivity  
16 analysis, and I think it might facilitate discussions if  
17 we distributed that to all the Commissioners.

18 **CHAIRMAN ARGENZIANO:** Okay. Do that.

19 Commissioner Stevens.

20 **COMMISSIONER STEVENS:** Thank you. I know that  
21 our staff through this monitoring went and looked at the  
22 meter reading accuracy, the bill accuracy and the call  
23 center procedures. And obviously I'm not sure we -- I  
24 don't think that we spent enough time with some of the  
25 water aesthetics, the color, taste and smell.



1 But -- and, Marshall, correct me if I'm wrong.  
2 Aqua came in and built a lot of facilities in 2006, if I  
3 understood.

4 **MR. WILLIS:** I need to correct that. It's  
5 2004.

6 **COMMISSIONER STEVENS:** 2004. Now they came in  
7 and some of the companies that they purchased needed  
8 some capital infrastructure fixed, repaired, money spent  
9 on.

10 Is the water quality, is there a way that we  
11 can look at the aesthetics, do we have any type of  
12 historical data that shows what the aesthetics were back  
13 in 2004 when they purchased the company? Where I'm  
14 going is is the water better now since Aqua purchased  
15 these companies, and are they moving forward in the  
16 right direction or are they going backwards?

17 **CHAIRMAN ARGENZIANO:** Well, Marshall, can I,  
18 can I say something to that for one minute? You know,  
19 in Florida it really depends on your drought cycles too  
20 --

21 **COMMISSIONER STEVENS:** I understand.

22 **CHAIRMAN ARGENZIANO:** -- on what's going to  
23 happen.

24 **COMMISSIONER STEVENS:** I understand.

25 **CHAIRMAN ARGENZIANO:** So if, if -- the quality

1 of water can change from cycle to cycle, and, but it's a  
2 good point. And I think some of us had made that  
3 suggestion to try to do some comparisons. Because --  
4 and while we're talking, while we've got everybody here,  
5 the Legislature many years ago decided that there were a  
6 lot of systems around the state that were older systems  
7 and nobody wanted to take care of them. Some were  
8 abandoned, some of them, some of them should have been  
9 torn down. Okay? And some, instead of trying to make  
10 them better, they couldn't be, I think.

11 But the Legislature passed bills to  
12 incentivize companies to come in and to buy and take  
13 over these, some of these facilities that nobody wanted.  
14 Okay? And some of them had real headaches attached with  
15 them for years.

16 So in one respect you can't blame the company  
17 for coming in and taking over and then doing what the  
18 Legislature --

19 **COMMISSIONER STEVENS:** And I'm not, I'm not  
20 blaming anybody.

21 **CHAIRMAN ARGENZIANO:** No, no. And I'm not --  
22 but, no, I'm not saying you are. I'm not saying you  
23 are. I'm trying to give you just a little bit of the  
24 benefit of what I saw through my legislative years.

25 **COMMISSIONER STEVENS:** I'm trying to see

1 the -- I noticed, and I was not involved in the hearings  
2 last year, but I noticed that there were meter reading  
3 inaccuracies, now they're not. There were bill  
4 inaccuracies, that the company has worked on those. And  
5 the call center is doing a much better job than they had  
6 been. So I'm --

7 **CHAIRMAN ARGENZIANO:** Trying to figure out  
8 what's --

9 **COMMISSIONER STEVENS:** What I'm looking at is,  
10 has there been progress made in the water aesthetics?

11 **CHAIRMAN ARGENZIANO:** Marshall?

12 **MR. WILLIS:** Okay. Let me explain it this  
13 way. The -- I don't have the staff to continually  
14 monitor the quality of a water company on a continuing  
15 basis, especially since DEP, the Department of  
16 Environmental Protection, has the primacy authority to  
17 do that. They do the monitoring at normal intervals for  
18 companies, required testing, required monitoring of all  
19 those facilities annually, quarterly, depending on their  
20 size.

21 We can, for all these systems, I can send my  
22 engineers to DEP and see if they have information  
23 dealing with the aesthetic issues, those secondary  
24 standards. If customers complain to DEP, they maintain  
25 records of those complaints.

1                   **COMMISSIONER STEVENS:** And if there is a  
2 historical base that we can benchmark and look at the  
3 progress that the company has made, if DEP has already  
4 made those or done those investigations, done the  
5 testing, and if they don't have the aesthetics, if  
6 they -- they obviously have to have the chlorine and the  
7 other chemicals in the water. If we can look at that  
8 and set that as a benchmark and then, and then get the  
9 information that's current, I believe we can show  
10 whether or not Aqua is moving forward in a good  
11 direction or going backwards in a bad direction. We can  
12 take that information and look at that.

13                   **MR. WILLIS:** We could look at that. It's  
14 going to take some time and some staff hours to do that.

15                   **CHAIRMAN ARGENZIANO:** Yes, sir.

16                   **MR. MAY:** May I respond to Commissioner  
17 Stevens' specific point?

18                   **CHAIRMAN ARGENZIANO:** Yes, please.

19                   **MR. MAY:** Just using the Zephyr Shores system  
20 as, as a point of reference, during the rate case there  
21 was an open consent order with respect to the Zephyr,  
22 Zephyr Shores system. It involved the testing of the  
23 water quality as well as some backup generators and, and  
24 redundant supply obligations that the company had to  
25 fulfill. And I want to read what the order said.

1           "The consent order remains open as DEP  
2 evaluates the effectiveness of existing treatment to  
3 address total sulfide concerns."

4           Subsequent to that, Commissioner Stevens, the  
5 DEP testing results have come in. That consent order is  
6 closed. So there has been progress made with respect to  
7 this specific system.

8           **COMMISSIONER STEVENS:** And I think that's a  
9 good point.

10          **CHAIRMAN ARGENZIANO:** What was the result?

11          **COMMISSIONER STEVENS:** The consent order was  
12 closed, so they're there.

13          **CHAIRMAN ARGENZIANO:** I mean, but, see, this  
14 is --

15          **MR. MAY:** Madam Chair, the sulfide concerns of  
16 the DEP were satisfied and the results showed that and  
17 they closed the consent order. So --

18          **CHAIRMAN ARGENZIANO:** Okay. Okay. Well, what  
19 I was trying to get at is that sometimes even though the  
20 consent order may be gone because there's not a danger,  
21 there may still be a smell, a lesser smell or a lesser  
22 odor, I should say. But that's what I'm trying to get  
23 conveyed, is that sometimes -- if there's a consent  
24 order, obviously something is wrong. It's above a  
25 certain standard. And then, but then there are times

1       that even though the consent order is gone and it is  
2       below that standard that says that, you know, you're  
3       okay here, it still may smell.

4               **COMMISSIONER STEVENS:**    Sure.

5               **CHAIRMAN ARGENZIANO:**   Okay.   That's Florida.

6               **COMMISSIONER STEVENS:**   But where I'm going is  
7       is progress going in the, in the right direction?

8               **CHAIRMAN ARGENZIANO:**   Right.   And I got you.

9               **COMMISSIONER STEVENS:**   And it appears that it  
10      is.

11              **CHAIRMAN ARGENZIANO:**   Right.

12              **COMMISSIONER STEVENS:**   Now it's certainly not  
13      going as fast as we want it, it's certainly not clearing  
14      up the water the way we want it as quick as we want it.  
15      But I think that it's steps in the right direction.

16              **CHAIRMAN ARGENZIANO:**   My only point was not,  
17      was to kind of piggyback on just sometimes, even though  
18      as things are getting corrected, sometimes they're still  
19      not perfect.   But I haven't heard from a lot of the  
20      people -- and let me do this, because we're going to run  
21      out of time.

22              I believe there's Mr. Reams and, hang on one  
23      second, and Ms. Sullivan, and I think I heard that there  
24      were other people who wanted to speak.   Are there other  
25      people who wanted to speak?   If you'd raise your hand.

1       Okay. Now not to say the same thing, but tell us your  
2       individual; is that what it is? Hand up. One, two,  
3       three, four, five, six, maybe seven. Okay. So we have  
4       to be cognizant of time and we still have an IA that  
5       we've got to finish. And I'm not going to rush anybody,  
6       because you're here, you came up here, and --

7               **COMMISSIONER STEVENS:** Do we have sign-up  
8       sheets?

9               **CHAIRMAN ARGENZIANO:** Did anybody take your  
10      name, or did we -- staff, did we get those who want to  
11      speak? All right. Cindy may be able to do that now.  
12      If you'd raise your hand once more. Cindy, are you  
13      around? There she is. Okay. We can get that going.

14              And then was there --

15              **COMMISSIONER SKOP:** Can we also to hear from  
16      Public Counsel?

17              **CHAIRMAN ARGENZIANO:** Yeah. We need to hear  
18      from Public Counsel. But we have Mr. Reams who's  
19      standing by waiting very patiently and Ms. Sullivan. So  
20      let's, let's go here and then we'll go back to Mr. Reams  
21      and we'll continue.

22              **MR. FRANKLIN:** I just wanted to say that  
23      Commissioner Stevens capsulized our progress I think in  
24      terms of what we focused on. The important point here  
25      is we've done, chosen seven systems, seven systems that

1 are in compliance, completely in compliance, but like  
2 Zephyr Shores have either discoloration or some other  
3 aesthetic water quality issues.

4 Now we surveyed customers in those seven  
5 systems, and then we're implementing an improvement. It  
6 could be anything from filtration to sequestration to  
7 flushing to solve the issue. And then what we want to  
8 do at the end of that, serving those customers again,  
9 make sure that our fix worked, and then declare a  
10 victory with the customers.

11 But those seven systems are a pilot project,  
12 because, as you said, Chairman, there's costs  
13 associated. We want to make sure that this is exactly  
14 what customers want, what the Commission will allow,  
15 before we dive in and we try to fix everything at once.  
16 So we have a very targeted approach here. Happy to  
17 share the specific system names and the details at any  
18 time.

19 **CHAIRMAN ARGENZIANO:** Okay. Let's do this.  
20 Let's go to Mr. Reams. And then as soon as Mr. Reams is  
21 done, I'm going to give our court reporter a break,  
22 because we only have one court reporter, so we have to  
23 be conscious of that. And we'll take like a ten-minute  
24 break so everybody can go use the restrooms and then  
25 we'll continue.



1                   Mr. Reams, welcome.

2                   **MR. REAMS:** Thank you, Commissioner. It's a  
3 pleasure to be here today, and the Commissioners as  
4 well.

5                   Just a couple of notes first before we start.  
6 I don't happen to be a customer of Aqua. I live near  
7 American Condominium and Zephyr Shores. And two members  
8 of our church reside, one in Zephyr Shores and one in  
9 American Condo. I'm retired with better than 40 years'  
10 experience in the telephone industry, and I have been  
11 before the Commission many times. And my last position  
12 was manager of engineering and I had about a \$40 million  
13 budget.

14                   So a lot of my comments are based around the  
15 fact that in my position accountability and  
16 responsibility were number one and number two. And  
17 that's, that's kind of where my comments are going to  
18 go. And I want you to understand what my position is  
19 and where I'm coming from.

20                   So to get right to it, we're talking about the  
21 monitoring plan, the findings, the report, and the  
22 recommendations. Our group, FLOWFlorida, would like to  
23 add the following comments regarding the staff  
24 recommendation recently issued for the Commissioners'  
25 action and review as it relates to the AUF monitoring

1 plan ordered May 29, 2009, by this Commission.

2 While the order had specific actions and time  
3 frames, AUF had time to prepare all departments  
4 concerned of the plan, and also to make additional  
5 adjustments as needed or necessary to assure desired  
6 results.

7 Excuse me. There's a delay in this operation  
8 here. Let me get back.

9 Our group used the complaint activity data.  
10 We feel this method provides a totally unbiased look at  
11 the company's performance, as the company has no control  
12 over an individual customer who was not satisfied with  
13 answers given by the call center. Complaints are  
14 defined in the system as billing or service-related.  
15 Nonetheless, much effort is required by the customer to  
16 file the complaint. As we review those reports today,  
17 it becomes self-evident of the real customer experience  
18 with the Aqua call center.

19 The next several slides covers some Aqua  
20 operations in other states as well as Florida to broaden  
21 the scale and scope of our findings regarding Aqua's  
22 customer service, methods and procedures.

23 The next five slides offer insight in adequate  
24 detail to the customers' experience when contacting Aqua  
25 customer service for assistance. Only those customers

1 with unlimited patience prevail. One of our speakers  
2 today experienced a similar roadblock when attempting to  
3 contact the president of Aqua Florida by e-mail  
4 published on the front page of the statement.

5 This report was generated by a customer in New  
6 York. And they'd been in dispute with Aqua over an  
7 excessive water bill in the amount of \$378 for the  
8 months of May through July 2009. Although they admit  
9 they were in error, I would appreciate it if you would  
10 kindly review the sequence of events we have had to  
11 endure from May through the present.

12 5/9, called Aqua, advised them of extremely  
13 reduced water flow at 965 Bellmore Road, Bellmore, New  
14 York. Paul comes to look at it and says he finds no  
15 problems, but a crew would be sent over to confirm this.

16 5/13, crew from Aqua arrives by truck,  
17 measures water pressure to be slightly over 46 PSI.  
18 Crew leaves and we hear nothing, nothing more from Aqua  
19 until -- and the flow problem continues. Excuse me.

20 7/1, we leave for Florida, where we intend to  
21 stay until December. And they give the address.

22 7/20, Aqua bill arrives in Florida for period  
23 of 5/8 through 7/7 in the amount of 378.86. Water bills  
24 for the entire year of 2008 were 437.67.

25 7/21, called Aqua, spoke with Alice. Was told

1       that someone would be sent to 965 Bellmore Road to make  
2       sure there were no leaks. Alice said she would call me  
3       in Florida after the inspection.

4               7/30, no call from Alice. I called and again  
5       spoke with Alice. She said that as of today, 7/30/09,  
6       they had not gone to check for the leaks, nor to examine  
7       the meter. She said that she would call me after they  
8       had done this.

9               8/12, no call from Alice. I called this time  
10      and spoke with Rob. He assured me that he would  
11      immediately have a revised bill sent to our Florida  
12      address.

13              8/15, no bill, no call. I called again and  
14      spoke with Rob, who said the bill had been revised to  
15      \$189.97. Said he would take care of it and I should  
16      receive it shortly. I then asked to speak with Alice,  
17      who said the meter had been read on 7/22. When I  
18      inquired as to why she hadn't called me, she had no  
19      explanation.

20              8/18, I wrote a letter to Aqua New York  
21      expecting -- pardon me -- expressing my dissatisfaction.

22              8/26, no bill and no call. I called yet again  
23      and spoke with Rob. He said bill had been submitted to  
24      the billing department but has not been posted. He  
25      further advised that there is a two-person billing

1 department and one is on vacation, and you will receive  
2 your bill shortly.

3 And then later on -- I didn't bring my  
4 glasses. I apologize. And I'm having trouble following  
5 that.

6 Anyway, on the bottom one he called again and  
7 received a phone call from Matt Snyder, who stated that  
8 he is the President of Aqua New York. He said we would  
9 be receiving a new bill with credit. He took our  
10 mailing address in Florida and he would make sure that  
11 the revised bill would be sent to us. He also spoke  
12 with my husband, Peter, and stated that a new one-inch  
13 meter would be installed at our home to improve the  
14 water flow situation.

15 9/10, still no bill. I called once again.  
16 Matt Snyder was not available. I spoke with Teresa  
17 Barri, Supervisor, who said she would print out the bill  
18 and send it to our Florida address, which she had at  
19 hand. She also said the new one-inch meter would be  
20 installed on Bellmore Road on Tuesday, 9/15/09.

21 9/12/09, today's mail. Insult to injury.  
22 Final termination notice. Water scheduled to be shut  
23 off on or after September 28, 2009.

24 9/14, spoke to both Teresa Barri, Supervisor,  
25 and Matt Snyder, President. They were very apologetic

1 and offered many excuses. I told Matt that I am  
2 appalled by the way Aqua is run. I also advised him  
3 that there are no excuses for this situation, and he  
4 agreed.

5 9/15, finally after eight phone calls, water  
6 bill arrives in mail for months of July through  
7 September with an adjustment of \$234.25. How was this  
8 figure computed? I didn't put the bill up here. But,  
9 anyway, the new bill was for \$199.57. Also today a  
10 phone call from Mickey Kane of Aqua Engineering. He  
11 spoke with my husband, told him that they would replace  
12 the existing three-quarter-inch feeder meter and a  
13 five-eighths meter to accommodate a new one-inch meter  
14 installation. They will have to open the street in  
15 cutting out the old meter pit and tunneling under to put  
16 a new feeder in.

17 To get right on down to it, the letter is  
18 mainly for your information as to the management, or  
19 should I said mismanagement of Aqua New York. How  
20 ironic that they would like to raise their rates by  
21 12 percent.

22 Now I've got a couple more follow-up slides,  
23 because the New York Public Service Commission just  
24 recently granted them a rate increase the first part of  
25 February.

1           Before I get to that, I've got one here on  
2           Ohio, and this is where last August the Ohio Public  
3           Service Commission fined Aqua \$132,000 for a delay of  
4           billing, and also they were, they were late in the  
5           billing and they were adding in late charges when the  
6           customers did receive the bill. And in addition to  
7           this, they also had to place \$25,000 into a high cost  
8           fund to support some of the low income consumers.

9           This latest order that they received in New  
10          York, the Commission put some requirements on the  
11          company, and one of them is the number of Commission  
12          complaints that they can receive without getting a fine  
13          for going over the number. And the table is up there.  
14          If it's greater than 3.8, and that's based on 100,000  
15          customers, they're fined \$64,000, and then it can go on  
16          up to as much as \$96,000.

17          The other thing that they did, they also put a  
18          stay-out provision in this order, and they will receive  
19          a 20 basis point return on equity stay-out premium in  
20          return for the company's commitment not to file for a  
21          base rate increase prior to February 6th, 2013. Should  
22          the company file for this rate increase to become  
23          effective prior to February 6th, 2013, the company will  
24          establish a deferred credit for the benefit of the  
25          ratepayers equal to the revenue requirement effect of

1 the stay-out premium for the period February 6th, 2010,  
2 up to the date the new rates take effect, if before  
3 February 6th, 2013.

4 Also, the New York Public Service Commission  
5 does a lot in the way of making sure that the companies,  
6 if they've overbilled a customer, that they make proper  
7 refunds to them. And I've got a slide up there.  
8 There's a little over \$4 million that was refunded to  
9 ratepayers, and this was by all the utilities. It  
10 wasn't any specific utility.

11 Moving on now to Florida, I have here a letter  
12 that was sent in by a customer in Fruitland Park, and he  
13 was telling the Commission that one of the customers  
14 near him had reported to Aqua five times that they had a  
15 water leak, and this was evidently in a, in a side  
16 distribution, but there were thousands of gallons of  
17 water that was going into the lake. And he's concerned  
18 because they were asking for a rate increase and at the  
19 same time they wanted to raise the rates that he was  
20 paying.

21 And this kind of is, is just the opposite of  
22 what SWFWMD districts are recommending customers to do.  
23 Everybody is working on reducing water use, and the  
24 Commission has also set up the water usage tables in the  
25 same fashion. And this just doesn't seem to be the



1 right culture for a company to have to allow this thing  
2 to leak for five days. And here's the answer. I'll get  
3 to it on the next slide.

4 In summary, the repair was delayed three or  
5 four days beyond the original schedule due to the  
6 priority ranking. Two of those days were weekend days.  
7 All repairs are completed on a priority basis as soon as  
8 practical or necessary. This repair would have been  
9 much more expensive if we had done it after hours or on  
10 the weekend. So it was cheaper for this supervisor to  
11 just let this water leak for almost a week. Now, you  
12 know, that just doesn't send the right message to  
13 customers. You know, that's just simply not sending the  
14 right message.

15 Okay. Now I mentioned at the start that what  
16 we used to determine Aqua's customer service and if they  
17 were making improvements was I went back and I've got  
18 the Commission history on a number of Commission  
19 complaints that's been submitted by Aqua customers since  
20 2006. And as you can see if you look on the bottom  
21 there, 33 for 2006, 188 for 2007, 168 for 2008, and 178  
22 for 2009. And already this year there have been 25  
23 complaints that came in, 13 in January and 12 in  
24 February. So they're pretty much tracking to have the  
25 same number of reports for 2010 that they had in 2009.

1           Now in addition I've got some numbers up there  
2           on March. And I just, I usually check the docket every  
3           day, and there's some issues down in Lee County because  
4           there's been ten Commission complaints submitted on the  
5           wastewater company there.

6           Now I also want to kind of look at how they  
7           compare with other private companies here in Florida.  
8           So this slide shows any report, any company that had a  
9           report of eight or more in any given year, and we're  
10          counting these from 2006 up through 2010. So between  
11          Aqua and the other companies there was a total of 224  
12          reports in 2009. Now the other 150 companies that's  
13          regulated by this Commission only generated 153 reports.  
14          So it's pretty evident that there's a lot of issues that  
15          Aqua still has yet to resolve with the customers.

16          Now if you look over at the total,  
17          901 complaints, now, that includes the other utilities  
18          as well, but that's a huge percentage of that total down  
19          there, the 1,337 for this reporting period.

20          Now we also looked at how Aqua compared with  
21          the other seven largest water companies in Florida. And  
22          I've set Aqua up there at about 20,000 plus. The  
23          numbers are pretty fluid on their customers, depending  
24          on which report you happen to be looking at. But the  
25          nearest competitor for reports was Alafaya Utilities

1 with 27. And if we look at North Sumter Utilities, with  
2 about 32,000 customers, they only had three reports for  
3 the whole year, versus 175 for Aqua. So Aqua has got a  
4 lot of work to do to try to improve customer service.

5 And I guess one thing I'd like to point out  
6 here, because I've spoke with, with customers in every  
7 county that they're operating in, and many of the  
8 customers that I call, they've basically just thrown in  
9 the towel. They've said, "we can't do anything about  
10 it. Why call?"

11 So I just, I want you to be cognizant of that,  
12 because if you go back to these reports that the staff  
13 sent out and the number of returns, that was a pretty  
14 low percentage. And I think that's one of the issues  
15 that has been developing here over time is that these  
16 customers have just given up.

17 I need to talk a little bit about this cap  
18 band. Before I go to the cap band rate structure, and I  
19 apologize for this, it's hard to read, but I have a  
20 breakdown here of the reports by each county and the  
21 number of reports, and over on the side I've got the  
22 percentage. And Alachua County has the highest percent.  
23 I think they were up over 12 percent of the customers  
24 over this same period of time, 2006 through 2009.

25 We -- Dave and I addressed the Pasco County

1 legislative delegation in January about some of these  
2 water issues, and as a result the state representatives  
3 and the senator sent a letter to you folks and I just  
4 have a copy of it here for reference. And we hope that  
5 you'll recognize the fact that they've taken the time to  
6 address our issue with you folks. And we're fully aware  
7 and cognizant of the limitations that you have.

8 Now on this cap band, I've -- this is out of  
9 the last rate order, and I've got a list of all the  
10 companies up there and which one they fall in. And then  
11 this next slide what I've done, I went through the, I  
12 went through the report and I got all the existing rates  
13 for every system in the area. So where you see over  
14 there on Band 1 and behind it you see a six, there were  
15 six systems in Band 1, and they accounted for 5,592 of  
16 the customers. So if you look at that from a percent of  
17 the total customers, that's about 33 percent of their  
18 customers. And their increase amounted to \$24,000 and  
19 change a month, and the percent of the total increase  
20 then for those folks was 10.6 percent. So then if you  
21 look at that as how it affects that individual customer,  
22 they're paying \$4.38 in additional over what they were  
23 paying before. And so you can see, once you get down to  
24 the bottom and you get into that Cap Band 3 and 4, those  
25 rates and those numbers really climb.

1           And I think a very interesting thing here is  
2   if you look at the Band 4, 41.8 percent of the customers  
3   is supporting almost 63 percent of the revenue of that  
4   last rate order, and this is for water only. I did not  
5   do sewer -- pardon me -- wastewater, I didn't do that  
6   one. But I did this one because I thought that, I  
7   thought that it was worthy of the Commission taking a  
8   look at it because -- and I understand that it's hard to  
9   set these rates with these small companies.

10           Now this is the same slide again, except what  
11   I've done here is I've used the 6,000 gallon because I  
12   think that was what was, was used when they established  
13   these numbers, so. And this one holds true. It's just  
14   about the same. There isn't any difference there. It's  
15   almost 42 percent of the customers and 62, 62.5 percent  
16   of the revenue is derived from those customers.

17           Now I was hoping to have a short movie but the  
18   U.S. Mail didn't cooperate with me. But anyway,  
19   December 9th, Channel 9 in Orlando did a story on Elaine  
20   Glasscock, and she lives in Fruitland Park. And as you  
21   can see, if you look at that water bill, I mean it's  
22   just all over the map. Now this is a lady that  
23   ambulates with a walker. And when she got her high  
24   bill, and it's the white one there in November, it was  
25   over 40,000 gallons of water. Now she readily admits

1       that she irrigates. And I stopped in and visited with  
2       her when I had a meeting up in Ocala the first part of  
3       February, and even, she even had her maintenance man  
4       there, and we talked about how much water she's using  
5       each time that she puts that out. And I can assure you  
6       from that slide that they still have problems with these  
7       water meter readings. And I can -- I didn't have the  
8       documentation so I didn't put it in the PowerPoint, but  
9       I've talked to other customers. And one of the things  
10      that happens, there will be an anomaly and one month the  
11      water bill might go up three or four or five times what  
12      the average is.

13               Now to get back to her, she called Aqua about  
14      this. And Aqua said, "Well, ma'am, you better check.  
15      You must have a leak." So she hired a plumber and had  
16      him come out. And the plumber found no leaks. So she  
17      called Aqua back. And Aqua says, "Well, ma'am, somebody  
18      must be stealing your water." Now it was at that point  
19      that she had not gotten any satisfaction from Aqua. So  
20      she called the TV station, and they come out and they  
21      did a study on it. They also tried to get ahold of Aqua  
22      to find out -- you know, they wanted to get their side  
23      of the issue. They never answered the phone.

24               Now this lady had went to the expense, she's  
25      drilled a well. I've been unable to talk to her for the

1 last week because she's back in the hospital. But her  
2 maintenance man said it's not quite ready to be hooked  
3 up. But she's decided that she can't live with the  
4 water bills that she's getting and do nothing more than  
5 the American way of keeping her lawn watered and looking  
6 nice. And it's not that big of a lawn. It's just an  
7 average sized home in a subdivision.

8 And somebody needs to really look at this  
9 thing. I don't know what the problem is. I don't know  
10 how those meters work. But they must be working on some  
11 sort of an RF frequency, and I'm not so sure that there  
12 might not, that there couldn't be some RF interference  
13 that's causing these readings to gyrate so much.

14 But what they did, they, they put her on a  
15 monthly payment plan for her bill because it was over  
16 \$400 for the month of November. And this happens quite  
17 regularly. There's several people over in Volusia and  
18 Seminole County who suddenly just got a water bill that  
19 shot way out of reason. And Aqua doesn't do anything  
20 about it. The only thing they do is, okay, we'll set  
21 you up on a 12-month payment plan and there's no  
22 interest with it.

23 So I can assure you, because I've talked to a  
24 lot of people, there's some issues out there, and that  
25 they may be some that's pretty hard to find or to

1 determine.

2           Some of the items that we are requesting is  
3 that the Commission review the rate setting process to  
4 be more equitable, equitable for all the ratepayers.  
5 The Commission needs to place an immediate suspension on  
6 all pending and future acquisitions by AUF until  
7 customer -- (applause) -- Commission complaints to this  
8 Commission are in line with other water operations in  
9 Florida.

10           The Commission also needs to consider enabling  
11 Witness Poucher's seven recommendations that was stated  
12 in the Order Number PSC-09-0385, and it was on Page 18,  
13 and it's at Paragraph 4. And I have, I have that here,  
14 but I didn't bother to list those things.

15           Now I want to talk a little bit about the  
16 company from another standpoint.

17           **CHAIRMAN ARGENZIANO:** Are you getting close to  
18 the --

19           **MR. REAMS:** I'm done. I've just got one more  
20 slide, ma'am.

21           **CHAIRMAN ARGENZIANO:** Okay. Okay.

22           **MR. REAMS:** They've got a very commendable  
23 picture up here with the way they've increased their  
24 dividends. I kind of think that they're on a course of  
25 self-destruction here because, if you notice, now



1 they're up to about four or five cents. Those are tough  
2 numbers to meet year in and year out. And if they were  
3 just spending half that much time trying to satisfy the  
4 ratepayers and the customers of Florida, we probably  
5 would not be sitting here today talking about this.

6 Now I just wanted to bring this up. Probably  
7 a lot of people are aware of it. But Congress  
8 authorized what they call the Universal Service Fund,  
9 and this came out in 1996 was the last communications  
10 update. But what this does, it does a few things, but  
11 one is it gives some support to low income customers.  
12 And people here in Florida can get a credit of about a  
13 little over \$13 a month on their, on their telephone  
14 bill.

15 But in addition to that, it also provides some  
16 funds for companies who operate in high cost areas. And  
17 it also provides money for rural health and for schools  
18 and libraries. But, anyway, that's a big number.  
19 That's \$7.1 billion.

20 And I don't know, maybe we need to take a look  
21 at the, or ask the Florida Legislature to take a look at  
22 maybe trying to put some sort of a tax on every gallon  
23 of water that's used so that, you know, some of this  
24 money can come back to some of these low income people.  
25 Because, you know, we're fast approaching the point

1 where water is not going to be affordable for every  
2 customer here in Florida, you know, and it's a critical  
3 situation. Thank you.

4 (Applause.)

5 **CHAIRMAN ARGENZIANO:** Thank you.

6 Commissioner Skop. Thank you.

7 **COMMISSIONER SKOP:** Thank you, Madam Chairman.

8 And, Mr. Reams, if you could maybe scroll back  
9 to your cap band rate summary for 6,000 gallons, I think  
10 would be a good, good point to address your concerns.  
11 The one where it had -- one more ahead. The other way.

12 **CHAIRMAN ARGENZIANO:** No. The other way. The  
13 other way.

14 **MR. REAMS:** Oh, you want me to go forward.

15 **COMMISSIONER SKOP:** Right there. Stop. Okay.

16 First I wanted to thank you for your very  
17 comprehensive presentation. I think it illustrates  
18 some, some very good points. I have to give credit  
19 where credit was due. And I misspoke previously, so I  
20 want to briefly clarify my point.

21 I did not have Chairman Argenziano's dissent  
22 before me when I did that, when I spoke previously. But  
23 essentially she fundamentally disagreed with the  
24 majority view to create the cap band rate structure in  
25 which ratepayers in some systems subsidize other higher

1 cost systems, and she basically stated that that was  
2 like putting a Band-Aid on a wound. And I have to say I  
3 have to agree, all credit is due.

4 We both followed the law. I think the  
5 difference was that in terms of the cap band rate  
6 structure, I voted to approve that, she dissented. The  
7 difference in that I think is illustrated in your slide.

8 What I voted for here, again, caused the  
9 difference in Band 4, as you correctly note, to  
10 materialize. The opportunity cost of not doing that  
11 would have been, as Chairman Argenziano mentioned, water  
12 and wastewater bills for some customers going over \$350  
13 to \$400.

14 So, again, that was the choice of evils that I  
15 was faced with that, again, I think had I not struggled  
16 with that so much, in retrospect I think that merely  
17 prolonged addressing the underlying problem that you  
18 mentioned, affordability of rates for Florida consumers.

19 And, again, with the standalone rates, had, as  
20 Chairman Argenziano's dissent would have forced the  
21 Commission to adopt, that would have prompted  
22 legislative action to integrate these high cost systems  
23 into municipalities somehow.

24 Because, again, it's an untenable situation.  
25 And I do say that I have to give credit where credit was

1 due. She called it correct; it's putting a Band-Aid on  
2 a wound. Because this problem is not going away, and I  
3 think that's the most critical challenge facing the  
4 state is how do we deal with this.

5 And your solution, again, I'm not really into  
6 taxes, but I could see the Legislature as a possible  
7 solution, you know, incentivizing municipalities through  
8 bonds or other mechanisms to go in and purchase these  
9 high cost systems such that we could bring quality water  
10 and a lower rate back to the consumers.

11 **CHAIRMAN ARGENZIANO:** But the legislation over  
12 the years was to find companies, incentivize companies  
13 to come in and buy systems that nobody wanted. And a  
14 lot of those systems before Aqua came in had problems  
15 way before. There were a lot of systems. It was an  
16 ongoing problem for a long time. That's why,  
17 Commissioner Stevens, I said it was a very, it's been a  
18 very rocky road.

19 But -- and to the chart you had before  
20 indicating that some of the systems, I'm sorry, on the  
21 graph you did, where the consumer -- I'm trying to  
22 remember the graph exactly. And I think it had to do  
23 with the customer, the amount of complaints that you  
24 showed on the, on the chart for Aqua versus other  
25 systems. And I didn't know, is there a comparison of

1 the age of those systems, the ones that, you know, have  
2 less complaints, equal? Is there a difference in age in  
3 those systems? And that's where I say the Legislature  
4 over the years wrote bills, because there were older  
5 systems that people were abandoning, were leaving, you  
6 would have been stuck, and companies came in and there  
7 was incentives for them to come in.

8 But at some point, because water is getting so  
9 expensive, and because they have the right to, to  
10 collect now on these systems that maybe some of them  
11 shouldn't have, maybe some of them -- and this is just  
12 my opinion -- should have been torn down and you start  
13 anew and you'd have your costs associated with a new  
14 system, but it would level out maybe quicker and have a  
15 better system.

16 And maybe the Legislature needs to be looking  
17 at that, because what we're faced with is the company's  
18 right by, according to the statute, to be able to  
19 collect those monies on systems that perhaps should be  
20 different systems today. I don't know. And that's  
21 where the Legislature is going to have to make a  
22 decision soon, because it's not just the PSC here or  
23 it's not just the company here. It comes down to a  
24 policy call on whether people can afford to pay the  
25 amount of money to bring these systems, these older

1 systems especially, up to where they need to be.

2 **COMMISSIONER EDGAR:** Madam Chair, we said 30  
3 minutes ago we'd give our court reporter a break, and I  
4 think we may need to have mercy.

5 **CHAIRMAN ARGENZIANO:** Yes. Yeah. We're going  
6 to do that in just a minute.

7 Marshall, if you would just do that and then  
8 we'll go to giving our court reporter a break.

9 Unfortunately that's what happens. We have  
10 to -- we forget and we keep going on and we have a court  
11 reporter, one court reporter, who's probably, her hands  
12 are ready to fall off.

13 But with all due respect, people come up, and  
14 this is their Public Service Commission, and we'll stay  
15 as long as we have to, as long as you want to, but let's  
16 give her a break.

17 But, Marshall, if you'd just finish that and  
18 then we'll go to a break in a second.

19 **MR. WILLIS:** Sure, Chairman.

20 The majority of these systems, and I believe  
21 you're talking about the companies with eight or more  
22 reports per year, that lists these utilities.

23 **CHAIRMAN ARGENZIANO:** Right.

24 **MR. WILLIS:** None of these are really small.  
25 I know Ferncrest is probably the smallest with four

1 points on here. There's different ownership. Most of  
2 these companies are fairly old, but probably with the  
3 exception of Alafaya, it's probably not more than, I  
4 think it's 20 years old from my recollection. The rest  
5 of these are fairly old, Lindrick especially.

6 I would point out that the Commission started  
7 with the rate case, on the original rate case. It was  
8 withdrawn back in 2006, towards the end of it. So for  
9 '06, '07, '08, '09 we were wrestling with an Aqua rate  
10 case, which it did produce, I can guarantee, I -- you  
11 know, my staff answered a ton of those letters and stuff  
12 that came in. That would have generated a ton of  
13 complaints.

14 And I'm not sure why there's all of a sudden  
15 25 for the first three months, which kind of equals the  
16 rest. I couldn't explain that one. If that helps.

17 **CHAIRMAN ARGENZIANO:** All right. Let's do  
18 this. Let's take a ten-minute break so everybody can go  
19 use the restroom and give our court reporter a break.  
20 We're on recess for ten minutes.

21 (Recess taken.)

22 Okay. All right. What we can do is -- let's  
23 see. Mr. Reams, you were, concluded your presentation?

24 **MR. REAMS:** Yes.

25 **CHAIRMAN ARGENZIANO:** Okay. And let's then

1 move to Ms. Sullivan. And then what we'll do is hear  
2 from the others who would like to speak. And hopefully  
3 we can kind of, not to, not to rush anybody, but just  
4 keep the -- Ms. Sullivan, go ahead. You three are -- I  
5 first looked at this as you were the spokespersons for  
6 the group, and then anybody else who wanted to speak  
7 could just come up and we'll have you sit over there as  
8 soon as Ms. Sullivan is finished.

9 So, Ms. Sullivan, welcome.

10 **MS. SULLIVAN:** Hello. Thank you. And it's,  
11 it's good to be here again. Unfortunately I am here  
12 again. I'm going on three years, Commissioner Stevens,  
13 at learning about -- I mean, when I first started my  
14 odyssey, I was a customer whose water got shut off  
15 inexplicably. And when I called the utility to find out  
16 why, because I pay my bills, their customer service at  
17 that time, the scripts that they go by, they weren't  
18 allowed to let customer service individuals call a  
19 supervisor. And so I had to go for almost 24 hours  
20 without water service even though I had paid my bill.

21 So I've been at this for three years. I've  
22 learned a lot. I've met a lot of people. The room here  
23 is filled with people that I'm just getting acquainted  
24 with. In Chuluota, which I'm from Chuluota, which these  
25 three know well I'm from Chuluota, but it's nice to meet



1 the two additions to the Commission.

2 But we started with what we called Chuluota  
3 FLOW, Friends of Locally Owned Water, because in  
4 Chuluota we felt like we had some particularly  
5 problematic situation that we were dealing with. As  
6 Mr. Franklin alluded to, the problems in Chuluota have  
7 been ongoing for 40 years. And I'm glad to see that in  
8 writing where they recognize that.

9 The Florida Water Service, the earlier utility  
10 that provided service for Chuluota, started in 1996 with  
11 a tremendous rate increase that was granted in order to  
12 renovate and upgrade the system, and that was 1996. In  
13 2004 when Aqua Utilities came in, I have a letter here  
14 from Hartman & Associates outlining all the problems,  
15 September 24th, 2004, outlining all the problems with  
16 the system.

17 And it's amazing that nothing happened until  
18 2007 when they wanted to, when Aqua decided they needed  
19 a rate increase. So one of my first issues when I spoke  
20 to my representative, Sandy Adams, I said, "I don't  
21 understand. I've looked at the statute. The statute  
22 doesn't seem to have any accountability built in."

23 Florida Water Service came before the Public  
24 Service Commission, they asked for a rate increase to  
25 renovate and upgrade the system. 2004, Aqua Utilities

1 comes in, the system is still in shambles. 2007, Aqua  
2 comes in and they want a rate increase to renovate the  
3 system. And ever since 2007 the residents of Chuluota  
4 have been guinea pigs. We've been through coliform  
5 bacteria, we've been through chloramination, now we're  
6 going through ionization.

7 The point is, and I'm sure that I may not  
8 pronounce some of the words correctly, because I never  
9 thought I needed to know these kinds of things, the  
10 point is as we continue today, there's a consent order  
11 in effect in Chuluota. And they say August 2000 -- you  
12 know, 2010. Well, how many more years are we supposed  
13 to tolerate this kind of water, how many more years must  
14 we sink irrigation wells, which the water management  
15 system says is the worst thing for our area, that if we  
16 sink shallow wells for irrigation because our price of  
17 water is so high, we're destroying the water source.  
18 You know, how many years are the residents of Chuluota  
19 supposed to be victimized in this way?

20 I understand. I mean, Aqua, Mr. Franklin was  
21 here before you once before. And he says, "We're the  
22 guys in the white hats. We're the good guys." Well, it  
23 doesn't feel that way if you're a resident of Chuluota.

24 And I'm not just here for myself and my  
25 neighborhood. I'm here for all the residents of

1 Chuluota, many of which are on fixed incomes, they live  
2 in small homes, they are on oxygen or they, you know,  
3 they can't afford, and they have other residents out of  
4 the good graces just deliver water at their front door  
5 for drinking.

6 In my situation, my husband and I finally  
7 decided we've had enough. I'm tired of the white  
8 clothes turning orange. You know, I'm tired of the  
9 fear. I'm tired of the bottled water, the insanity of  
10 all of that. So we spent \$3,200 to put in a water  
11 filtration system for the whole house.

12 Shortly after that my husband's dermatology  
13 problem started to resolve. And we thought, oh, it's  
14 just mind over matter. We're just hoping that this is  
15 true. Well, months, weeks, months go by and amazingly  
16 my husband's dermatology problems have resolved. Now I  
17 will tell you, the DEP, the public health department  
18 will, they'll come out and test the water. They say  
19 it's fine. But the proof's in the pudding.

20 You know, the proof is in -- now that we have  
21 a whole house filtration system, some of the issues that  
22 plagued us before have been resolved. Some of the  
23 issues -- you know, I get e-mails all the time from  
24 people in my neighborhood that talk about the smelly  
25 water. You know, they say it's every morning.

1           We know, and one of the things you asked  
2           about, Commissioner Stevens, there is quarterly testing  
3           of the water. But amazingly the way the program is set  
4           up, Aqua has 90 days in which to test the water. They  
5           can test it every day or they can test it on the 89th  
6           day, and as long as they flush the system on the 88th  
7           day, they're going to get good readings. We don't think  
8           that's fair. We don't think that's fair at all.

9           So you were absolutely right, Commissioner  
10          Argenziano. 20 years ago we invited the elephant's nose  
11          under the tent. We invited privatization in Florida.  
12          And what's happened in that 20 years is that with  
13          privatization there's 20 percent of the residents in  
14          Florida are affected.

15          And FLOWFlorida, because it's no longer just  
16          Chuluota FLOW, I had people coming to me, meeting me  
17          through acquaintances, and now we have a brand-new  
18          website, Flowflorida.com. It's no longer  
19          Chuluotawater.com, it's Flowflorida.com. And I'm  
20          learning all about websites, which is a skill I didn't  
21          think I needed to know, but I'm learning.

22          We are setting it up so that people from all  
23          over the state -- and right now Aqua Utilities is the  
24          thorn in our heel. But Utilities Inc., they're a  
25          problem. There are other private water companies

1       besides Aqua Utilities that 20 percent of the residents  
2       of this state are suffering with. 20 percent of the  
3       residents of this state are dealing with the high cost  
4       of water instead of water that is, that we're able to  
5       get through a municipality, where the municipality can  
6       float a 30-year bond, they can, you know, then run it  
7       with the property taxes to repay it, make it much more  
8       reasonably cost.

9               But you're absolutely right. The state  
10      Legislature -- you know, there's always a problem with  
11      money. We all -- I don't care who you are, what your  
12      budget is, there's a problem with money. Twenty years  
13      ago privatization was considered the panacea of our  
14      problems. This will solve our problems. It hasn't. It  
15      has not improved it, and in some cases we would say it's  
16      made it worse.

17             So a lot of cities around the country have  
18      started rolling back, and we through FLOWFlorida and  
19      through the assistance of the Food & Water Watch  
20      Organization, we are starting to go and talk to our  
21      legislators. We're going to start saying why doesn't  
22      the statute have provisions for penalties? Why doesn't  
23      the statute hold somebody accountable?

24             I was flabbergasted that Florida Water  
25      Services could get such a rate increase, and then the

1 docket is closed and there's no accountability. There's  
2 no auditing. You know, where did they spend that money?  
3 Where did it go? What happened to that money? It  
4 didn't go in the system. Ask Aqua. They bought it.

5 This is their business model, by the way,  
6 Commissioner Stevens. Their business model is to come  
7 in, buy the small, decrepit, you know, where normally  
8 you have poor people who aren't as outspoken, poor  
9 people who don't have the money to travel to  
10 Tallahassee, poor people who can barely buy food, buy  
11 their medications, most of their systems where they  
12 provide services, that's exactly the business model.  
13 That's how they want -- they make money.

14 So I'm so glad, Commissioner Argenziano, we  
15 must be of a, of a like mind, because I spent some time  
16 with the statute last night. I spent some time  
17 highlighting and flagging and said, "What does the  
18 statute say?" Let's look for a couple of things that  
19 I -- I mean this truly -- we didn't coordinate this.  
20 This is truly what was on my mind.

21 *Florida Statute 367.011:* The PSC has the  
22 exclusive jurisdiction with respect to authority,  
23 service and rates, which, by the way, I'm paraphrasing  
24 some of this. I don't mean to -- I'm not quoting. I am  
25 trying to be time-efficient.

1           The PSC has the regulation of utilities and  
2           the exercise of the police power of the state for the  
3           protection of the public health, safety and welfare, and  
4           this statute is to be liberally construed in favor of  
5           the citizens.

6           So remember when you're sitting up there, it's  
7           not just another job. There's people out here. There's  
8           people that your role as a, a section of the government,  
9           your role is to make sure that the health, safety and  
10          welfare of the public is, is -- somebody's looking out  
11          for it.

12          The statute also, it sort of has a pecking  
13          order. Before a utility system, a water utility can  
14          come in to the PSC to get a certificate of authority,  
15          that utility first has to go to the DEP, then has to go  
16          to the Water Management District, then they can come to  
17          you. So I view the PSC as at the top of the pecking  
18          order.

19          When I first got into this three years ago,  
20          everybody was pointing a different direction. Oh, you  
21          got to go over there. Oh, you got to go over there.  
22          They had us so tied up in knots we didn't know which way  
23          was up. And that's the God's truth. We didn't know who  
24          to hold accountable. We just knew we were suffering  
25          from poor quality water at exorbitant prices.

1           So let's read what 367.111 says. If the  
2 Commission finds that any utility has failed to provide  
3 service to any person entitled to services or service  
4 could be accomplished only at an unreasonable cost, it  
5 may rescind the certificate of authority.

6           The first time I came before the Public  
7 Service Commission in June of 2007 with a presentation,  
8 the last thing I asked for was revocation of their  
9 certificate of authority in Chuluota. I was kind of  
10 laughed out of the room as naive and like you don't know  
11 what you're talking about.

12           Well, you know, the Commission has only done  
13 this three times. Is Aqua as bad as Aloha? I don't  
14 know. I didn't live through Aloha. But what I can tell  
15 you is, is that under 367.045, the PSC may modify a  
16 certificate of authority if in the public interest --  
17 you must determine that the system is inadequate to meet  
18 reasonable needs of the public or that the person  
19 operating the system is unable, refuses or neglects to  
20 provide reasonably adequate service.

21           Well, I'm here to tell you, I've got the, the  
22 DEP -- it starts in 1997 with the consent orders, the  
23 violations, the Water Management District violations.  
24 What we learned early on as citizens in Chuluota is that  
25 the different agencies didn't talk to each other. So



1 the DEP, when they were cutting them a deal on, on some  
2 kind of fine or penalty, they were negotiating down to  
3 what I would call de minimis pocket change for a company  
4 this size.

5 But the Water Management District didn't  
6 realize what was going on at the DEP because there's no  
7 coordination. Well, the PSC is at the top of the totem  
8 pole here, you know, short of the legislator coming --  
9 Legislature coming in, changing the statute. And we  
10 plan to do something about that. We're going to talk to  
11 some people.

12 So you have it within your power to, to  
13 rescind certificates of authority if they're unable.  
14 And in Chuluota, how long must we be guinea pigs? How  
15 many times? I mean, I can read a -- you know, first  
16 there's this report from 2004. Aqua Utilities didn't do  
17 anything to improve our water quality until 2007 when  
18 they decided they wanted a rate increase, and finally  
19 they started dealing with some of those problems.

20 And then in 2007 they made such a mess of  
21 things they ended up having to just throw in the towel  
22 and walk away. And in 2009 they came back and they did  
23 this -- so that instead of a system by system, because  
24 they had, I don't know, 82, 83, 84, I've seen different  
25 numbers, systems in the state, they ended up with this

1 cap band structure.

2 So now you've got some people who are not in a  
3 position to be subsidizing other systems around the  
4 state, but they have to. So now they're having to make  
5 choices between do I buy my drugs this month or do I pay  
6 my water bill? And those are real choices. I invite  
7 you, let's have a -- your staff, they work hard. You  
8 know, they had a, they put together a survey. It's  
9 unfortunate that those dollars were ultimately wasted.

10 But let's talk about what is customer service?  
11 Is customer service how polite the person on the phone  
12 is or how well they can read their script? Is that  
13 customer service? How well they can sit there and they  
14 say, oh, here's the customer's problem. This is -- oh,  
15 here's your answer. Is that customer service? I don't  
16 think so.

17 I don't think customer service is just talking  
18 to somebody on the phone. In fact, on the front of the  
19 bill there's an e-mail address. If you need customer  
20 service, I forget what is. Custserve@aquamerica.com or  
21 something like that.

22 I have sent to the Public Service Commission  
23 my rejects. I mean, I will send it to Cecilia Bradley  
24 at the Attorney General's Office. I will send it to  
25 Charlie Beck at the Public Counsel's Office. They got

1       theirs. But Aqua America's, when I try to get the  
2       complaint through, it rejects. Well, how many other  
3       customers were just like me?

4               Well, so, when that wouldn't work, I decided,  
5       well, you know, Mr. Lihvarcik knows who I am now. We've  
6       met, we've talked. And I thought I really hate to sort  
7       of pull in a personal favor, but let me try this. I'll  
8       start at the top.

9               Well, it was a great conversation. He called  
10      me. I sent him an e-mail, he called me. Within two  
11      days somebody came out to my house. These guys came in.  
12      I granted them access while I was away at work. They  
13      took water samples. I didn't hear a thing. 90 days go  
14      by and I still didn't hear a thing.

15              So I finally decided this is ridiculous, and I  
16      wrote a letter to the PSC. Within a week I get a phone  
17      call in the middle of the day. Mr. Lihvarcik was  
18      shocked that I answered the phone. "I thought you'd be  
19      at work." "Well, I am at work. But this is my cell  
20      phone number." So thankfully I was available to answer  
21      the phone, because if I was in a meeting, I couldn't  
22      have. But at that moment and time I was available.

23              And we talked, and we talked about the issues  
24      and he talked about the testing. They tested my water.  
25      They said my water was fine. And I said, "Well, you

1 know, Mr. Lihvarcik, meanwhile, since I made that  
2 complaint that took y'all 90 days to get back in touch  
3 with me, we put in this filtration system. And you know  
4 what? We're seeing improvement in my house. We're  
5 seeing improvement because we could afford to spend  
6 \$3,200." Not that that's where I wanted to spend it.  
7 Not that I want to spend my vacation day here today, by  
8 the way. This is my vacation.

9 So my point is, is after that, you know, for  
10 us to validate that you-all got the logs, how can we  
11 validate that? I understand privacy. I work for a  
12 health system, a hospital system. I know all about  
13 privacy.

14 But until Mr. May forwarded my information,  
15 it's my assumption that my complaint wasn't counted. So  
16 I didn't count because I went out of channels, I went to  
17 the President. Okay. So I can understand that. I can  
18 understand trying to go, you know, staying in the, in  
19 the bounds of the rules here.

20 Well, the rules aren't working for us in  
21 Chuluota. I mean, the rules, if they were working three  
22 years ago when I said, "Isn't it ludicrous to have Aqua  
23 spend all this money?" I mean, Mr. Franklin told us  
24 today about all the money that they're spending in  
25 Chuluota, and that's on top of the money they spent last

1 year, and that's on top of the money -- they spent  
2 \$2 million prosecuting the rate case back in 2007. All  
3 that money wasted.

4 And at what point does the PSC step in and say  
5 that's unreasonable cost? I mean, they may be able to  
6 prove all those figures. They probably can. They're  
7 creative accountants. You know, that first time when we  
8 had -- the spreadsheet was so amazing that it finally,  
9 they just threw it out and started over again. Well, I  
10 don't doubt that they can somehow justify those costs.

11 What I'm asking you is, is that reasonable to  
12 expect customers to reimburse this company for what was  
13 an unreasonable situation? It's unreasonable. They  
14 keep trying. They've hired professors. They've done  
15 all kinds of things. But you know what? The fact  
16 remains that the water source in Chuluota is terrible.  
17 It will, the expense to make that water potable, to make  
18 it so it doesn't look funny, that it doesn't smell  
19 funny, that it doesn't turn our clothes orange, that it  
20 doesn't deteriorate my dishwasher, my water filtration  
21 system, my icemaker, all these things that we have to  
22 replace, those cost money. It's an inconvenience. You  
23 have to take off, you know, where they'll be there from  
24 8:00 'til 12:00 and you've got to be there to wait for  
25 the repair guy.

1           But, you know, so, so what are we here for?  
2       We're here for customer service. The public, you know,  
3       the staff, they do a great job. I'm not complaining  
4       with the staff. I've met most of them. They're good  
5       people. They've never seen anything like this. You  
6       haven't either, from what I can tell.

7           It's not just Chuluota that's unhappy. There  
8       are citizens all over the state. Chuluota, geez, I  
9       guess they just got lucky that they got an Irish woman  
10      with a temper. And when my water got shut off, I  
11      haven't let up yet, and I don't intend to. In fact, you  
12      talk about, okay, so I'm asking you, revoke their  
13      certificate of authority in Chuluota. Then your answer  
14      is going to be, well, you better watch what you ask for  
15      or we might give it to you. And then you're going to  
16      say who's going to step in?

17           Well, let me explain. This gentleman right  
18      here with me and Commissioner Bob Dallari talked to us  
19      at one of their Aqua Connects, you know, where they were  
20      getting, they connect with their customers. They did  
21      that for about four months because you made them do it.  
22      And then, you know -- I mean, this company doesn't do  
23      anything you don't make them do. I can guarantee you  
24      that. And I guess if I was spending money, I wouldn't  
25      do anything you didn't make me do either.

1 But this gentleman right here with me and  
2 Commissioner Bob Dallari talked about selling the  
3 Chuluota water system. We talked about price. He said  
4 he thought he could do it for \$6 million. He'd work  
5 with us. We went out to the Florida Governmental  
6 Utilities Association. We said, hey, you guys get  
7 together, work it out. Well, they're a monopoly. You  
8 grant them a monopoly, so you have the power to give  
9 them the power to say, well, yeah, we'll sell it to you.  
10 How about \$9 million, how does that sound?

11 When the Seminole County engineers say, oh,  
12 no, no, no, even with their improvements all it's worth  
13 is \$2 million. Now somewhere between \$2 million and \$9  
14 million there's got to be somewhere in the middle. But  
15 they strung FGUA along for a while and finally talks  
16 broke off.

17 But they're in the catbird seat because  
18 they've got your certificate of authority. If you were  
19 going to take procedures to revoke it -- the citizens in  
20 Chuluota have had public meetings where they all raised  
21 their hand, tax me. Now when have you ever seen that?  
22 They all say let Seminole County get the 30-year bond,  
23 let them run with the property to increase the rates,  
24 let us buy our system. Let us have local control of our  
25 system.

1           And then do you think we're going to keep  
2           pumping water out of these same wells? No. We're going  
3           to find other alternatives so we'll get better water  
4           finally.

5           (Applause.)

6           **CHAIRMAN ARGENZIANO:** Hang on one second,  
7           Ms. Sullivan.

8           Commissioner Skop.

9           **COMMISSIONER SKOP:** Thank you, Madam Chair.

10          And I want to speak to Ms. Sullivan's point.  
11          Welcome back, Ms. Sullivan.

12          And you've raised a couple of issues. First  
13          and foremost is the Commission's authority to revoke a  
14          certificate of authority under *Florida Statute*  
15          367.161(2). And essentially, you know, I think in a  
16          nutshell, and I think we've had the discussion before  
17          publicly, the reluctance of staff to go to that extreme  
18          measure, notwithstanding the fact that the company has  
19          to be found to comply with or have willfully violated a  
20          lawful rule or order of the Commission, so it's an  
21          extreme remedy.

22          But assuming you were to get in a position of  
23          taking that extraordinary step, essentially I think the  
24          reluctance of staff historically has been that there's  
25          nothing to tell you what happens after you do the



1 revocation. Essentially under the United States  
2 Constitution it would be taking a property, the company  
3 would be entitled to be compensated, and that would all  
4 be, have to be worked out.

5 I don't see Ms. Helton here, but you raise the  
6 very point that I've been trying for probably two years,  
7 I think Chairman Argenziano has tried to help me too in  
8 IA meetings. But there was some staff language to  
9 address this very issue you speak of, to give the  
10 Commission the ability to amend 367.161(2) so that we  
11 know what happens afterwards, to give us tools to do  
12 something in an extreme situation. And staff wrote that  
13 language, I saw it, we talked about it at IA, I think  
14 Chairman Argenziano was --

15 **CHAIRMAN ARGENZIANO:** We can't do that. The  
16 Legislature has to do it.

17 **COMMISSIONER SKOP:** No, I understand. But we  
18 had proposed, we had proposed legislative change, and I  
19 don't know what happened. It either got stalled  
20 internally or, or it never made it to -- you know, maybe  
21 it was slipped into a box.

22 **CHAIRMAN ARGENZIANO:** Let's leave it up to you  
23 why it didn't happen. I think you-all can figure than  
24 one out.

25 **COMMISSIONER SKOP:** So, I mean, but if

1 Marshall could speak to that briefly. I think  
2 Ms. Helton is not here, but I think ERC staff helped to  
3 draft that language, or somebody from legal, can  
4 somebody speak to that? Because I don't know where  
5 Ms. Helton is. Because I know language was drafted to  
6 address that very concern.

7 **MR. WILLIS:** I'd love to help you out,  
8 Commissioner Skop, but I don't know where that stands at  
9 this point in time.

10 **COMMISSIONER SKOP:** But the language was  
11 drafted.

12 **MR. WILLIS:** From what I recall it was.

13 **COMMISSIONER SKOP:** Okay. Thank you.

14 **CHAIRMAN ARGENZIANO:** You can't put people's  
15 jobs on the line. Okay?

16 **MS. SULLIVAN:** We, we intend, FLOWFlorida  
17 intends to pursue this with the Legislature. We know we  
18 started late this year. You know, I was kind of happy  
19 over Chuluota that we didn't get a rate increase. I had  
20 some folks reach out to me and say, "We need your help."  
21 I've learned more about regulating water than I ever  
22 wanted to know. I mean, this has become a hobby for me.  
23 It's a strange hobby. It's a strange way to spend a  
24 vacation day.

25 But I'm here because it's not just Chuluota.

1 All of the, you know, whether it's New York, Ohio, these  
2 complaints are ad nauseam. So I invite you -- I  
3 understand you don't have staff, you can't afford to  
4 send people out to visit with folks. But rather than  
5 accept -- you know, why are we here? We're here for you  
6 to decide one thing, should you accept staff's  
7 recommendation on the customer service? They say it's  
8 adequate. And Commissioner Skop pointed out that, even  
9 assuming it is adequate, it's on the low end of  
10 adequate.

11 So what I'm suggesting to you -- because I  
12 don't think, I mean, the survey came back with answers  
13 that was unexpected or, you know, after the fact they  
14 decided that the complaints of the citizens couldn't be  
15 depended on or weren't reliable because there was a rate  
16 increase, and so they listened to some customer service  
17 calls. And the, there's been a lot of great training,  
18 there's been a lot of money invested in their call  
19 system and they can read scripts.

20 But customer service -- let me read from  
21 Cheryl Banks. This is from May 18th, 2007. "The  
22 Commission in every rate case shall make a determination  
23 of the quality of service provided by the utility. This  
24 shall be derived from an evaluation of three separate  
25 components of water and wastewater utility operations:

1     Quality of the utility's product (water and wastewater),  
2     operational conditions of the utility's plant and  
3     facilities, and the utility's attempt to address  
4     customer satisfaction. Sanitary surveys, outstanding  
5     citations, violation and consent orders on file with the  
6     DEP and county health departments or the lack thereof  
7     over a preceding three-year period shall be considered.  
8     DEP and county health department officials' testimony  
9     concerning quality of service, as well as the testimony  
10    of the utility's customers shall be considered."

11           So I invite you, have -- before you make a  
12    decision -- because what happens next? I mean, because  
13    I'm learning. What happens next? If you accept this  
14    recommendation, there's no further monitoring, then  
15    you're going -- they're going to want to close the  
16    docket. If they close the docket, what happens next?

17           What happens next is the citizens of Florida  
18    are then, we either have to pool our money for a  
19    protest, we have to see if there's a pro bono lawyer in  
20    the State of Florida that would represent our cause.  
21    Twenty-one days is not even enough days to find somebody  
22    to do that.

23           So we're here because we know, we're here as  
24    citizens because we know this company doesn't do  
25    anything you don't make them do, and because we know the

1 customer service in terms of the quality of the product  
2 statewide, all the problems are pretty much the same,  
3 because it's their business model to buy the old,  
4 decrepit systems, and they all suffer the same problems.

5 Thank you for your attention.

6 (Applause.)

7 **CHAIRMAN ARGENZIANO:** Thank you. Thank you  
8 very much.

9 Commissioner Skop, quickly so we can move on  
10 to the speakers, please.

11 **COMMISSIONER SKOP:** Just, just very briefly,  
12 one sentence to Ms. Sullivan. Again, if you were to  
13 look at the next statutory provision, 367.165,  
14 abandonment, the rules are clear what happens in that  
15 situation and what that --

16 **MS. SULLIVAN:** But it's not been abandoned.

17 **COMMISSIONER SKOP:** Right. I understand. But  
18 to your point about the revocation, the intent of the  
19 language that was previously proposed was to add some  
20 clarity to that provision that you referenced. So I'll  
21 leave it at that.

22 **MS. SULLIVAN:** Having read and studied this  
23 statute, it is my next goal to make some  
24 recommendations. I would welcome any guidance from the  
25 PSC, any guidance of names that you can provide me so I

1 can go talk to whoever I need to talk to to learn more  
2 about our legislative process.

3 **CHAIRMAN ARGENZIANO:** I could tell you one  
4 thing, is that that's going to be a very tough process.

5 **MS. SULLIVAN:** I know. I'm Irish.

6 **CHAIRMAN ARGENZIANO:** The only thing, the only  
7 thing that you have going for you right now is that so  
8 many people are affected with can't afford water.

9 But, but to be fair to the companies, and I'm  
10 not saying they're doing things in the right way,  
11 they're doing them expeditiously or anything else, if  
12 the Legislature opens its arms and says here's what you  
13 do -- and at that time the argument was, and I remember  
14 it was the first year I was elected, 1996, I remember  
15 that argument very well, it was Representative Thrasher  
16 and some others, and it was an argument that went back  
17 and forth.

18 Half of the argument was, well, there's old  
19 systems that are ready to be abandoned and so on and so  
20 on, and somebody needs to take those and we need to give  
21 companies incentives to go in there. But there were  
22 other things in that legislation, and then years later  
23 legislation that followed it that kind of made it  
24 difficult for the citizens.

25 But I can't blame the companies, because if I

1 was a company and I was being told Florida opened its  
2 arms to come in and here's what you can do, you can't  
3 blame the company for following the rules.

4 **MS. SULLIVAN:** I understand.

5 **CHAIRMAN ARGENZIANO:** But the only thing I was  
6 going to say you have going for you now is that many  
7 citizens are getting to the point where they can't  
8 afford water. I here from representatives and senators  
9 who say, "What are you guys doing?" I say, "Go back and  
10 read your statutes and you can do something, you know,  
11 and it's up to you guys to do it." So that may be your,  
12 you know, the thing you can do.

13 And Commissioner Skop, one more and let's move  
14 on. That's it. Let's move on.

15 **COMMISSIONER SKOP:** Just to Ms. Sullivan's  
16 point about requesting help. I'd ask our staff to find  
17 and give you that previous language in any manner in  
18 which it would assist your, your desires.

19 **MS. SULLIVAN:** Thank you.

20 **MR. MAY:** Madam Chair?

21 **CHAIRMAN ARGENZIANO:** Where are we? Yes, sir.  
22 Please.

23 **MR. MAY:** I don't want to interrupt. I  
24 understand you want to move, move it along.

25 **CHAIRMAN ARGENZIANO:** Go ahead. You have --

1           **MR. MAY:** But at the appropriate time, and  
2 I'll make this brief, but at the appropriate time later  
3 I'm hopeful to have an opportunity to respond.  
4 Ms. Sullivan said a lot, and --

5           **CHAIRMAN ARGENZIANO:** Absolutely. If you'd  
6 rather do that now while it's fresh in your mind, please  
7 go right ahead. It's only fair.

8           **MR. MAY:** I want to make one -- two points.

9           **CHAIRMAN ARGENZIANO:** Okay.

10          **MR. MAY:** I want to make it absolutely clear  
11 that what she said was absolutely incorrect with respect  
12 to the testing that my client does at Chuluota. She  
13 suggested, and I think I heard it correctly, that the  
14 company is manipulating its testing by flushing  
15 immediately before the test. That is absolutely false,  
16 and you know it.

17               What the company does is in strict accordance  
18 with the Florida Department of Environmental Protection  
19 requirements. It has to test at the midpoint between  
20 flushing events to avoid any manipulation. I just  
21 wanted to make that clear.

22               She made some other disparaging remarks about  
23 the business plan, the business model of my client,  
24 which I vehemently disagree with, but that's for another  
25 day. But I just wanted to make that point. Thank you.



1                   **CHAIRMAN ARGENZIANO:** Absolutely.

2                   Okay. Let's call Mr. Gus Alexakos. Welcome.  
3 From Zephyr Shores. And if someone could show him --  
4 there he goes. And I don't want to cut anybody off, but  
5 just keep in mind we have several people, and your  
6 spokespersons have kind of hit the nut, or the nail on  
7 the head, and if you would just try to be --

8                   **MR. KISER:** Madam Chairman, you might want to  
9 get them to all come over and line up. That way you  
10 don't have to sit there and wait after each witness and  
11 have each one take the time to walk up there.

12                  **CHAIRMAN ARGENZIANO:** Well, I don't want them  
13 to stand. But you know what, there's seats behind  
14 there. So let's do this, Paul Stakun from American  
15 Condo in Zephyrhills, Eugene --

16                  **MR. TAURIAINEN:** Tauriainen.

17                  **CHAIRMAN ARGENZIANO:** -- Tauriainen. All I  
18 needed was a minute. Donna Fletcher, Julie -- is it  
19 Knox or Knex?

20                  **MS. FLETCHER:** She's taken her name off. She  
21 doesn't want to speak anymore.

22                  **CHAIRMAN ARGENZIANO:** Taken her name off,  
23 okay.

24                  And Colleen Baylis from American Condo in  
25 Zephyrhills.

1           If you could all sit behind Gus and we'll  
2 proceed.

3           Good afternoon, Gus.

4           **MR. ALEXAKOS:** Good afternoon, Madam Chairman  
5 and Commissioners. Thank you for the opportunity for  
6 all of us to say a few words here in front of you.

7           First of all, my name is Gus Alexakos, and I  
8 reside at 4625 Windy Lane in Zephyrhills. And that's a  
9 Zephyr Shores subdivision. It's the homeowners  
10 association. It's a senior park.

11           My background with water goes quite a ways  
12 back, probably more than most of you here. I was  
13 elected as president of our association 11 years ago and  
14 I served two terms on that. My background with water, I  
15 was the mayor of Cary, Illinois. And I'm sure all of  
16 you have heard of Cary, Illinois. It's a small town.  
17 It's not too small now. It's about 50 miles northwest  
18 of Chicago. And I was mayor there for eight years. I  
19 also served on the city council and other areas involved  
20 with the town.

21           And speaking about water, I was the only mayor  
22 in the entire country that challenged the USEPA on the  
23 barium issue, because they closed down one of our wells  
24 because they said there was barium in our water. So I  
25 challenged them. I took them to the Supreme Court and I

1 won my case to the Supreme Court, and President Carter  
2 called my home, and they relaxed the standard. And when  
3 my wife called me at work, she said, "The President's  
4 office called you." And of course, you know, I think  
5 the President of the United States? Sure enough. So  
6 they relaxed the standard, our well went back on. So I  
7 was the only mayor -- and I represented all of you, no  
8 matter what town you're in. We challenged it and we won  
9 our case.

10 **CHAIRMAN ARGENZIANO:** We may want to send you  
11 to the Supreme Court on a few of our cases.

12 (Laughter.)

13 **MR. ALEXAKOS:** It was a good challenge.

14 But I want to talk about Aqua here. Here's  
15 one of my bills here, \$123.25. Right now there's no  
16 filters on the two wells that we have. We can't drink  
17 the water. We have to buy bottled water from  
18 Zephyrhills. Zephyrhills is known for the best water in  
19 the State of Florida. They ship it all over; they ship  
20 it to Iraq, Afghanistan. But the water that Aqua serves  
21 us, we can't drink it, so we have to buy our bottled  
22 water here. And we spend hundreds of dollars to buy  
23 this bottled water.

24 And I've got pictures here. And I'm going to  
25 give these to you, Madam Commissioner. This is a

1 picture of our water on December 17th, 2009. We can't  
2 drink this water. It's brown. Look at that. My  
3 socks -- I had to bring in my socks here. Some people  
4 think they're designer socks. These are my white socks  
5 and this is after the laundry. This is the color. And  
6 people are expected to drink this type of water here.  
7 That color. It's discolored. You can't drink it. It's  
8 dangerous.

9 I had heart surgery back in 1975. I'm still  
10 here today, but I can't drink that water. I was  
11 interviewed by ABC News already, CBS, and they all  
12 know -- they won't even drink the water. When ABC came  
13 to my home a year and a half ago, they refused to drink  
14 the water. They looked at the water, a clean glass of  
15 water, just came out of the dishwasher, and they saw the  
16 particles floating up and down. They refused to drink  
17 it. None of -- their staff on the TV crew refused to  
18 drink the water. They just can't handle it.

19 And Mr. Spyropante (phonetic) is here today,  
20 and here's some pictures that I'm going to present to  
21 the Commission. Ms. Spyropante's clothes, all of her  
22 clothes got stained. They did get reimbursed. It took  
23 about three, four weeks to get reimbursement. They had  
24 to write to the President of Aqua before they got  
25 reimbursed. They did get reimbursed though, and I got

1 reimbursed also for my clothing.

2 And I've got pictures here of my shed. I've  
3 got all kinds of bottled water that I have to buy in the  
4 cabinet, in my shed, and I'm going to leave them with  
5 you folks so you can look at them.

6 The main thing --

7 **CHAIRMAN ARGENZIANO:** Excuse me. Steve, would  
8 you get the pictures?

9 **MR. ALEXAKOS:** We can't drink the water.  
10 There's always an odor there. It stains our clothes --  
11 you can have them all -- and we spend a lot of dollars  
12 in buying bottled water.

13 The one thing I'd like to ask the President of  
14 Aqua, after the Commission voted for the increase, that  
15 300 percent plus, what did the President, Mr. Lihvarcik,  
16 get as a bonus? Did he get a bonus after he took us to  
17 the cleaners? I'd like to have that answer. I don't  
18 know if you got a bonus check for something like that,  
19 what you did to us. You really took us to the cleaners,  
20 and we can't drink the water.

21 **CHAIRMAN ARGENZIANO:** Gus, let's -- give me  
22 your points. Okay? Let's not go there.

23 **MR. ALEXAKOS:** Okay.

24 **CHAIRMAN ARGENZIANO:** And what I need you to  
25 do, as soon as Gus is done, before we take the next

1 witness, we might need to take a break again for our  
2 reporter. We can't get another court reporter, so I'll  
3 take small breaks just to give her a little bit of a  
4 chance.

5 Continue, Gus. I'm sorry.

6 **MR. ALEXAKOS:** The one thing about customer  
7 service, one of the Commissioners said it was improving.  
8 It's not really improving at all. I got a call from a  
9 neighbor, from Josephine Summerville, and I've got her  
10 address here and her bills. She got turned off on  
11 January 28th of this year in the morning for no reason  
12 at all. They came to her house. They did not ring the  
13 doorbell. They never knocked on the door. They came in  
14 the backyard and turned her water off.

15 And so the neighbor said, Gus, you're an old  
16 mayor. You can do anything. So I had to call Aqua and  
17 I got ahold of the representative. I didn't call the  
18 main office. I called the representative himself. And  
19 in the afternoon they got their water back turned on.  
20 They apologized, but she got turned on -- turned off for  
21 no reason at all. And you can't have that. That's poor  
22 customer service.

23 And I brought her bills. She didn't get  
24 billed for ten months. Ten months, no bill at all. So  
25 I brought all her bills with me and her address and all.

1 She lives at 4613 Newcomb Avenue in Zephyr Shores.

2 Okay. That's evidence there.

3 And the other thing, the last item I want to  
4 mention, they took a, what they call a satisfaction  
5 survey, and I completed the survey and I brought a copy  
6 of the survey to show all you Commissioners about the  
7 survey. And I thought the water quality was just  
8 terrible. You can't drink the water at all. I'm afraid  
9 of getting sick. I don't want my heart disease to get  
10 any worse than it is, so I have to keep buying the  
11 bottled water.

12 And so here's a copy of my survey. And I want  
13 to mention one more item, that Aqua sent me a letter  
14 here dated October 1st, 2009. And "Thank you for  
15 participation in the lead and copper sampling program,"  
16 so they sent me a copy of the sampling survey. And I  
17 happen to be Greek descent, but this is all Greek to me.  
18 I don't understand it. I'm not a chemist, so I don't  
19 know if the water is good or bad. They don't tell you  
20 at the bottom of the letter if it's drinkable or not.  
21 So I'd like to turn that in, part of the testimony also.

22 Thank you very much, Chairman.

23 **CHAIRMAN ARGENZIANO:** Okay. Any questions for  
24 Gus? No? Okay. Thank you so much.

25 **MR. ALEXAKOS:** Thank you.

1           **CHAIRMAN ARGENZIANO:** Appreciate that. And  
2 these pictures are for us to keep?

3           **MR. ALEXAKOS:** Yes, ma'am.

4           **CHAIRMAN ARGENZIANO:** Okay. And the bill.  
5 And then there's other items over there that we'll look  
6 at, and if staff could look into a couple of things  
7 that --

8           **MR. ALEXAKOS:** I am keeping the socks. These  
9 are souvenirs.

10          **CHAIRMAN ARGENZIANO:** Okay. We want you to  
11 keep the socks.

12           Oh, okay. We may have a buyer here. Thank  
13 you, Gus.

14           (Laughter.)

15          **MR. ALEXAKOS:** Thank you.

16          **CHAIRMAN ARGENZIANO:** Okay. Let's just do  
17 this. Let's take a five-minute -- only five minutes,  
18 give the court reporter a break. We're going to have to  
19 take little short breaks to give her a break.

20           (Recess taken.)

21           Okay. Let's get moving; otherwise, we're  
22 never going to get out of here. Everybody come back to  
23 your seats. All right. I actually gave you nine  
24 minutes, or eight and a half. Okay. Let's make sure  
25 everybody gets back to their seats.



1 And I would imagine that you are Mr. Stakun?

2 **MR. STAKUN:** That's correct.

3 **CHAIRMAN ARGENZIANO:** Okay. Welcome.

4 **MR. STAKUN:** Thank you very much. Thank you  
5 all for listening to us today.

6 My name is Paul Stakun. I come from  
7 Zephyrhills, the city of pure water, with certain  
8 exceptions.

9 First of all, I would like to say that I don't  
10 think it's material whether we live in a trailer park or  
11 a mansion. I think this affects all of us who are  
12 served by Aqua Utilities.

13 I checked my high school chemistry book for a  
14 description of water. It says it is a colorless,  
15 odorless liquid, just for your information.

16 My background is that I was a project engineer  
17 for a major aerospace company for many years, and my job  
18 was customer service. Our goal for customer service was  
19 to make all of our customers happy and satisfied.  
20 Obviously you can't do that 100 percent. But in my line  
21 of work, if we failed in any of those respects, we would  
22 have had a lot of aircraft at the bottom of the ocean,  
23 and that's unacceptable.

24 And I want to thank the Aqua Utilities people  
25 for your presentation. You've given me several talking

1 points. First of all, I'd like to speak in regard to  
2 the customer service analysis that you spoke of. And  
3 from an engineering standpoint, I find that very  
4 unacceptable and incomplete. I realize it was done  
5 according to some standards of the American institute of  
6 financial people. Anyway, it's a standard that allowed  
7 48 samples out of 20,000 customers. 48, 48 samples can  
8 be very delusional and you can't really get a good  
9 picture of the, of really what's going on.

10 This -- first of all, the, it was discussed  
11 that the people who, the customer service  
12 representatives that talk to us were very polite and  
13 were reasonably knowledgeable and did a good job. I  
14 can't dispute that. Every one of them that I've spoken  
15 to were, were very good. However, the problems that  
16 were brought forth to these people, it was never  
17 discussed the, what happened afterwards, whether that  
18 problem was totally resolved.

19 It was mentioned that several phone calls were  
20 made to the customer service reps and they said they'd  
21 call back, they never called back. Billing errors were  
22 mentioned, and I personally had some problems with that  
23 myself. And apparently the customer service reps talked  
24 to, either didn't talk to the billing people in your  
25 department, or if they did, the billing people never

1 resolved the issues. So I think the analysis of  
2 customer service has to go much further in-depth to get  
3 a better picture.

4 In regard to meter readings, the new meters  
5 that were installed, I have no idea whether they've been  
6 calibrated either by the manufacturer or by Aqua  
7 Utilities, but any meter that's used to measure liquids  
8 or whatever need that calibration. In addition, the  
9 calibration of the instruments that are used to read the  
10 meters every month must be calibrated on a periodic  
11 basis as well.

12 If you go to the gas pump to buy gasoline,  
13 there's a sticker on each one of them to indicate that  
14 they've been certified that they're accurate. And I  
15 think I would like to have the answer as to whether,  
16 whether this, whether this water measuring system is  
17 indeed calibrated.

18 My next point is I checked the financial  
19 performance of Aqua America on the New York Stock  
20 Exchange, and find it's a very healthy company, despite  
21 the fact that in these difficult financial times they're  
22 doing very well.

23 The gentleman from Aqua indicated that they  
24 had to spend some capital, major capital expenditures to  
25 improve some of their facilities, plus hundreds of

1 thousands of dollars in additional legal fees in recent  
2 months. Well, that's the normal part of doing business.  
3 And I don't think that we have to be, we have to pay for  
4 those capital improvements ourselves. I think that that  
5 should be part of, part of your doing business.

6 In fact, if that additional money spent on  
7 legal fees is -- I don't know what you're afraid of, why  
8 you need to do that. Why don't you put that money back  
9 into the infrastructure?

10 And finally compliance. You indicated that  
11 you're compliant with all of the regulations and all of  
12 the rulings by the Public Service Commission. Hopefully  
13 your company has business ethics that are, that are far  
14 beyond that and that you don't just meet the compliance  
15 of the rulings that these people just make and nothing  
16 more. I would hope you would follow that further.

17 And one of these gentlemen indicated that the  
18 water system, our water system is uneconomical to  
19 operate. Well, if that's so, I would recommend that you  
20 consider divesting yourself of our water system, because  
21 we have Pasco County water right out in the street. It  
22 wouldn't take much to hook into it.

23 And finally I would like to encourage the  
24 Public Service Commission in conjunction with our  
25 Legislature to get together to do something good for the

1 voters and the citizens of the State of Florida. I  
2 think this is an issue that really needs improvement and  
3 we need clean water and we need it now.

4 Thank you very much.

5 (Applause.)

6 **CHAIRMAN ARGENZIANO:** Thank you. Any, any  
7 questions for Mr. Stakun, Mr. Stakun? No? Thank you.  
8 Thank you very much.

9 Mr. Tauriainen?

10 **MR. TAURIAINEN:** Wow. I was 16 before I could  
11 say it.

12 **CHAIRMAN ARGENZIANO:** Well, with a name like  
13 Argenziano, I know.

14 **MR. TAURIAINEN:** No. I was 16 before I could  
15 spell it.

16 Thank you, Madam Chairman and members of the  
17 Commission, for the opportunity to address you.

18 I have a brief statement, a question, and then  
19 a request. We're winter residents of the American Condo  
20 Park in Zephyrhills, but are seriously considering  
21 making Florida our permanent home. And like all of our  
22 neighbors, we're retired and on fixed incomes. And we,  
23 like the others, have serious concerns about the quality  
24 of the drinking water that we're, we're getting.

25 We -- I put a double filter under our sink and

1 I run it through a Brita, and my wife won't give it to  
2 our dog. Isn't that a sad commentary? But, anyway, we  
3 can purchase drinking water and we do, but we shouldn't  
4 have to.

5 The elephant in the refrigerator here seems to  
6 be that unconscionable rate increase that came about  
7 last year, the 300 percent thing. And my, my concern is  
8 that our rates went from 17.69 a month to 51.15 a month.  
9 That's right around 300 percent. And the distressing  
10 thing is that there's a base monthly charge of 51.15  
11 whether we're here or not.

12 Now other utilities and other companies have  
13 vacation rates where they give you a break if you're not  
14 here, but not Aqua Florida. Now we understand that,  
15 that the infrastructure to provide water and sewer  
16 treatment for our small subdivision is, is there and  
17 it's hooked up to our homes whether we're there or not.  
18 We understand that.

19 But the word on the street is that there are a  
20 number of ex Public Service Commission members that now  
21 work for Aqua Utilities Florida. Now I don't know if  
22 that's so or not. But, boy, it would -- and I  
23 understand that that's common in government and in other  
24 companies. But it's a little dangerous when the  
25 regulated have an inside track to the regulators, and

1       that, that is really not such a great idea.

2               But the question is, does the Public Service  
3 Commission have the authority to go back and revisit  
4 that 300 percent rate increase? Does it have the  
5 authority to look at that again? And if the answer is  
6 yes, then please do it. And thank you for your  
7 consideration.

8               (Applause.)

9               **CHAIRMAN ARGENZIANO:** Thank you. Any  
10 questions?

11              Marshall, do you want to answer that question  
12 for him? Do we have the ability to go back and look at  
13 that? And also --

14              **MR. WILLIS:** I'm happily going to defer that  
15 to our legal staff.

16              **CHAIRMAN ARGENZIANO:** Okay. We'll do that.  
17 And then also on the vacation mode, when people are not  
18 here, isn't it statutory that, or is it our rules that  
19 say that the companies shall be able to recover whether  
20 you're here or not in the base charge?

21              **MR. WILLIS:** As far as the, as far as the  
22 vacation rate, yes, and there's a good reason for that.  
23 A lot of these small systems in Florida are made up of a  
24 lot of people who go back and forth.

25              If, if the Commission were to give a break to

1 the customers who go back up north for the summertime,  
2 the sole operations of the utility company that are  
3 there regardless, the fixed costs, whether there are  
4 customers present pumping water, taking water, are  
5 there, and that would be solely borne by the customers  
6 who are left here in Florida, which would make their  
7 rates go way up. And that's why the Commission has  
8 traditionally said the base facility charge is what  
9 we're going to charge you. That'll cover the bare  
10 minimum.

11 **CHAIRMAN ARGENZIANO:** Now Legal?

12 **MR. KISER:** Madam Chairman, in order to go  
13 back and examine what was in the previous order, I think  
14 you'd have to be exceeding the return on equity that was  
15 set in that order. And if you weren't at that level,  
16 I'm not sure you could get back there.

17 **CHAIRMAN ARGENZIANO:** I just want to make sure  
18 his answer -- his question is answered.

19 Okay. And Donna, Ms. Donna Fletcher.  
20 Welcome.

21 **MS. FLETCHER:** Yes. Thank you very much for  
22 talking to me, Madam Commissioner and members. You'll  
23 have to excuse me because I'm a little bit nervous.  
24 I've never done this.

25 **CHAIRMAN ARGENZIANO:** Oh, don't worry about



1       it. Just, just be yourself.

2               **MS. FLETCHER:** And I'm more or less speaking  
3       for more than just myself on the estimate and the actual  
4       readings that they say that they have fixed. And I have  
5       called them a couple of times on this, and yesterday we  
6       called again. And I'll tell you, on -- we called when  
7       we left in March or April 22nd in '09 and told them we  
8       were leaving and we had them read the meter. And we  
9       wrote down what the actual reading was ourselves.

10              And we come back in November and we have not  
11       had a bill from them after several calls during the  
12       summer stating that I did not want to get a big bill,  
13       where if we got a \$50, \$70 bill, that's, we can afford  
14       that, but to come and get a thousand-dollar bill or  
15       something when we get back, I would rather have a small  
16       amount and be able to afford it. They said that they  
17       would take care of that. I never heard from them.

18              So when we came back in November, I called  
19       them and said we were back and they said they would  
20       come. And we told them we turned down the water and  
21       they were going to come and read the meter.

22              Well, on January 15th, 2010, they came and  
23       read the meter. And we asked them where had they been?  
24       They said that they just got the work order to turn our  
25       water on. So we got an actual reading for 268 days for

1 13,100 gallons of water, and that was a \$629 bill.

2 And then I got a bill on the March 1st, 2010.  
3 It's an estimated bill. For 19 days they said we used  
4 300 -- 3,600 gallons of water in 19 days on an estimate.

5 On March 29th, I just got an estimated bill,  
6 28 days. They said we used 3,900 gallons of water. In  
7 47 days they said we used 7,500 gallons of water. My  
8 husband read the meter on the 13th of March and it read  
9 15,820 gallons. So the actual reading, we used  
10 2,720 gallons, and they're trying to charge us for  
11 4,098 -- 4,980 gallons that we did not use.

12 I stopped the man when he was reading meters  
13 in the truck and I asked him if he can't get an actual  
14 reading, why can't he go out and fix the meter? He told  
15 us that was not his job. So I don't know how -- I  
16 called yesterday and they told me someone would call us  
17 yesterday afternoon. We did not hear anything from  
18 them.

19 And the only reason we're here is we're not  
20 the only ones. I'm just speaking for others that they  
21 say the estimate and actual readings are fixed and they  
22 are not. And I thank you for your time.

23 (Applause.)

24 **CHAIRMAN ARGENZIANO:** Thank you.

25 I have a question. That's one of the new

1 meters that's read from the truck?

2 **MS. FLETCHER:** Yes. That was installed in  
3 American Condo. Yes.

4 **CHAIRMAN ARGENZIANO:** Well, why, if, if it was  
5 turned off for vacation mode or whatever when they left,  
6 I'm sure there are still some rates, the base rates that  
7 go in, but why would there be, why would there still  
8 be -- why would you need to have an estimated reading?

9 **MR. FRANKLIN:** It's hard to tell without doing  
10 an investigation, but I assume that you could have a  
11 broken radio frequency device, which would, which would  
12 preclude us from picking up the read as we drive down  
13 the street. So we go back and fix those.

14 But we have -- I think there were less than 30  
15 accounts that we estimated this month. So there are  
16 very, very, very few, but it does happen. Any kind of  
17 a, either a, a weed whacker, or there can be any number  
18 of reasons that the RF device becomes disconnected from  
19 a, from a meter, and in that case it wouldn't get a  
20 read. We'd have to go out and fix it.

21 **CHAIRMAN ARGENZIANO:** And the discrepancy --

22 **MS. FLETCHER:** Excuse me.

23 **CHAIRMAN ARGENZIANO:** Wait. Hold on. Wait.  
24 Wait.

25 **MS. FLETCHER:** This is a buried meter in the

1 ground. It has nothing to do with grass cutting. It  
2 has nothing to do with anything. They lift up a cover.  
3 It's about this deep into the ground.

4 **CHAIRMAN ARGENZIANO:** And, Ms. Fletcher, you  
5 said when you left, what was the meter reading?

6 **MS. FLETCHER:** On the March -- or April 22nd,  
7 the -- let me -- I've got it here -- was 900 gallons.

8 **CHAIRMAN ARGENZIANO:** 900 gallons?

9 **MS. FLETCHER:** Yes. Right here it is.

10 **CHAIRMAN ARGENZIANO:** That was the reading,  
11 that's the --

12 **MS. FLETCHER:** That's the meter reading.

13 **CHAIRMAN ARGENZIANO:** That you took before you  
14 left?

15 **MS. FLETCHER:** Yes. And they also did an  
16 actual reading for my final bill.

17 **CHAIRMAN ARGENZIANO:** And was it the same  
18 number? Did they come up with 900?

19 **MS. FLETCHER:** Yes. Ours was like 900 and  
20 something, a couple of numbers just different. And then  
21 when I called them on January 15th, when they said they  
22 just got the work order, they said we used 13,100 is at  
23 the actual meter reading.

24 Now they told me when -- in November, in  
25 December, I asked, well, how could I know how much I

1       used in, in November and December? And they said  
2       there's no way of showing that because they didn't come  
3       and read the meter because the man didn't get the work  
4       order until the 15th of January. And we called on  
5       November 9th.

6               **CHAIRMAN ARGENZIANO:** Okay. When -- you left  
7       in April. When did you come back to the residence?

8               **MS. FLETCHER:** On November 9th.

9               **CHAIRMAN ARGENZIANO:** Okay. And it's in  
10       January. So you were there from November, December and  
11       January.

12              **MS. FLETCHER:** Until they come and said they  
13       got a work order to turn our water and read our meter.

14              **CHAIRMAN ARGENZIANO:** Okay. Can staff check,  
15       you know, check up with that with the company --

16              **MS. FLETCHER:** I have all my copies of my  
17       bills.

18              **CHAIRMAN ARGENZIANO:** -- and find out what's  
19       going on, and maybe we get an answer.

20              **MR. FRANKLIN:** Chairman, we'd be happy to  
21       address that as well today and see if we can get this  
22       resolved.

23              I will point out one other issue that's  
24       important for customers to know. We sent out a bill  
25       stuffer, we've actually worked with the Commission staff

1 on this, so that customers could call us to designate  
2 their accounts as a seasonal account.

3 What happens is if an account isn't designated  
4 as seasonal and somebody goes home to the north for a  
5 while, you get zero reads. If it's not designated as a  
6 seasonal account, we could get an estimate. They could  
7 go as estimated reads. Right? So we're happy to work  
8 this out though today.

9 **CHAIRMAN ARGENZIANO:** Okay. But, again, and I  
10 understand that, and customers should, should know that  
11 if you're seasonal, let them know you're seasonal. But  
12 if it's turned, help me here, because if it's turned off  
13 and they have to come back and physically turn it on,  
14 how -- I mean, do you have a turnoff notice? I mean, do  
15 you know that it's turned off?

16 **MR. FRANKLIN:** We do know that it's turned  
17 off. The service order is closed.

18 **CHAIRMAN ARGENZIANO:** Okay.

19 **MR. FRANKLIN:** But if the customer has not  
20 said turn my account off, right, it could generate --

21 **MS. FLETCHER:** Oh, I did, I called them and  
22 told them we were leaving and that the water was turned  
23 off. And I called -- and she said, "When you come back,  
24 just call us right away and tell us." And then my  
25 bills -- but I couldn't understand not getting the

1 bills, because they apparently now charge you 60 some  
2 dollars a month whether you're there or not. I never  
3 got any of those bills. And I requested them because I  
4 didn't want a large bill.

5 **CHAIRMAN ARGENZIANO:** Right. Okay. So are  
6 you -- she may not be designated as seasonal either.  
7 That might be something --

8 **MS. FLETCHER:** Yes. They know we're  
9 snowbirds.

10 **CHAIRMAN ARGENZIANO:** Okay. Well, let's make  
11 sure it's designated on her, on her bill as seasonal. I  
12 think that would be --

13 **MS. FLETCHER:** This is the first time that  
14 I've had this kind of problem, so, and we've been coming  
15 to Florida.

16 **CHAIRMAN ARGENZIANO:** And you still do not  
17 have it resolved as to how much your bill --

18 **MS. FLETCHER:** No. As of the estimate, no, I  
19 haven't, because they said they were going to call me.  
20 Again they said they would call and straighten it out,  
21 and we have not heard anything.

22 **CHAIRMAN ARGENZIANO:** Okay. Maybe that'll  
23 happen today.

24 **MR. FLETCHER:** Okay.

25 **CHAIRMAN ARGENZIANO:** Thank you very much.

1                   **MS. FLETCHER:** Thank you.

2                   **CHAIRMAN ARGENZIANO:** Okay. Ms. Baylis from  
3 American Condo in Zephyrhills. Welcome.

4                   **MS. BAYLIS:** Thank you, Madam Chairman and  
5 Aqua Utilities.

6                   **CHAIRMAN ARGENZIANO:** We can't hear you.  
7 Okay.

8                   **MS. BAYLIS:** Thank you for letting me just ask  
9 one question for the Chairman and Aqua Utilities. What  
10 is your verbal definition of gouging?

11                   **CHAIRMAN ARGENZIANO:** I don't know how to  
12 answer that question here right now, and I don't know  
13 that the -- do you have some specific issues that you  
14 can --

15                   **MS. BAYLIS:** Well, when we're gone in the  
16 summer we still get a \$50 water bill. Wouldn't you  
17 think that if it's something that you haven't used or  
18 you're not going to use in that period of time, that is  
19 gouging?

20                   **CHAIRMAN ARGENZIANO:** Unfortunately, and I  
21 don't know if you heard Mr. Willis before answer the  
22 question as to how come people still have to pay when  
23 they're not here, especially on smaller systems. If you  
24 don't pay when you're not here, then the people who do  
25 remain here have to pay and their bills will go up.



1           **MS. BAYLIS:** Well, of course. I expect to.

2           **CHAIRMAN ARGENZIANO:** Well, no, they would  
3 have to pay for -- Marshall, maybe you can explain it  
4 better than I can.

5           **MR. WILLIS:** Okay. For the small systems,  
6 there's a fixed cost of running the system all year  
7 long. Of course the more you pump, there's some  
8 variable costs. The costs would go up the more people  
9 you have here. But there are fixed costs for running  
10 that system regardless of whether any water is pumped  
11 out of it or not.

12           **MS. BAYLIS:** I realize that.

13           **MR. WILLIS:** If, if the company were to, and  
14 the Commission were to allow people who left to go back  
15 up north to pay a much smaller amount or no money at all  
16 while they're gone, those costs would then have to be  
17 borne by the customers who remained here, and their  
18 bills would actually rise to pay for those fixed costs  
19 while those customers leave to go up north.

20           It's not, it's not a prevalent problem when  
21 you have an extremely large system that do not have  
22 vacationing customers that much. But unfortunately in  
23 Florida we have a lot of small systems that are made up  
24 of people who do like to go back up north in the  
25 summertime, and that does put a tremendous cost upon the

1 company to be able to meet its revenue and the need to  
2 pay its fixed costs.

3 **MS. BAYLIS:** You do know what the word gouging  
4 means, don't you?

5 **MR. WILLIS:** Excessive profits is what it  
6 means to me.

7 **MS. BAYLIS:** Well, yes. Okay. Okay. Thank  
8 you very much.

9 **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

10 **COMMISSIONER STEVENS:** Madam Chair, thank you.  
11 I don't know where the rest of the Commission  
12 is. I appreciate the work that staff has put into this.

13 **CHAIRMAN ARGENZIANO:** We still have to hear  
14 from OPC.

15 **COMMISSIONER STEVENS:** I know that.

16 **CHAIRMAN ARGENZIANO:** Okay. All right.

17 **COMMISSIONER STEVENS:** I just wanted to make  
18 one statement to Aqua.

19 **CHAIRMAN ARGENZIANO:** Oh, go right ahead.

20 **COMMISSIONER STEVENS:** Please help these  
21 people. Do what you have to do. But brown water is not  
22 going to cut it and it's not right. So please help  
23 them.

24 (Applause.)

25 **CHAIRMAN ARGENZIANO:** Thank you.

1           Okay. Mr. Beck, Office of Public Counsel.

2           **MR. BECK:** Thank you, Madam Chairman. Charlie  
3 Beck with the Office of Public Counsel.

4           I know you want to zero in on what to do with  
5 the staff recommendation that's in front of you. The  
6 first thing I'd like to mention in the rate case,  
7 Commissioner Stevens and Commissioner Klement, you  
8 weren't here during the rate case itself, but the  
9 Commission held ten customer service hearings during the  
10 rate case, nine of them in different locations. Two of  
11 them were in Chuluota.

12           The Commission went around the state to listen  
13 to customers. We heard live testimony from 169  
14 customers during the case, and that generated well over  
15 a thousand pages of transcript.

16           In the case there were volumes upon volumes of  
17 written communication and complaints to the Commission.  
18 The Commission also considered that.

19           I don't know whether that was a record or not  
20 for a water and wastewater case, but I do know we heard  
21 a massive outpouring from customers with dissatisfaction  
22 with the water they were receiving and the service they  
23 were receiving from Aqua.

24           In the case the Commission found that the  
25 quality of service was marginal for all the territories

1       except for Chuluota, where the Commission found that it  
2       was unsatisfactory.

3               So is their quality of service adequate?  
4       Because that's essentially the issue that's before you  
5       in the staff recommendation. The customers I think have  
6       told you here today no, they're dissatisfied with the  
7       service and they're dissatisfied with the product  
8       they're receiving from the company.

9               In the staff recommendation you have the  
10       results of the AUF customer satisfaction survey on Page  
11       5 of the staff recommendation, and I know there's been  
12       some comment about that already. The overall  
13       satisfaction has, the six-month average was a 2.28 on a  
14       scale of 1 to 5.

15               Staff has raised, I think, valid points that  
16       these surveys were started right after a rate case and  
17       customers were, probably had concerns about the level of  
18       rates. You'll see that the worst month for overall  
19       satisfaction in the extent that the customers'  
20       complaints were resolved was the first month, in May,  
21       and it got slightly better for two months. The best  
22       month was July, but then it went steadily down since  
23       then.

24               So you've got to question whether it's just  
25       the rate case or not, because you would think the

1 further away you got from the rate case, the better the  
2 results would be, and that's not so. You know, since  
3 July the overall satisfaction has gone down as well as  
4 the extent resolved. So the customers told you no, that  
5 this is not adequate also in the results of the customer  
6 satisfaction survey.

7 Early this afternoon the staff told you, and I  
8 believe I got this right, that they didn't even consider  
9 the survey responses in formulating their  
10 recommendation. They've outlined various reasons why  
11 they didn't think that they should, and so they did  
12 their own investigation and made their own evaluation,  
13 and that's what they recommended to you today.

14 We would recommend, Commissioners, that you  
15 not make a decision today on whether their, the service  
16 is adequate, and that's what the staff has recommended  
17 to you, but I don't think it's right to do that without  
18 taking into account what the customers have to say.  
19 Because I don't see anything in here where that actually  
20 has been done, other than a survey that has been  
21 discarded by the staff. So one way or another I think  
22 that needs to be done. I would suggest you have some  
23 more customer hearings. Go around the state again like  
24 we did during the case itself and listen to the  
25 customers, see what they have to say and judge their

1       credibility and see what the issues they have are.

2               I would make, I would -- we would recommend  
3       you not make a decision until you do something like  
4       that. Either have the, go around the state, hear from  
5       customers, do a survey that's valid, but you need to  
6       take that into account. And at this point I would say  
7       do not make a finding one way or the other.

8               That's all I have. I think Ms. Bradley would  
9       like to address you too.

10              **COMMISSIONER STEVENS:** Madam Chair?

11              **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

12              **COMMISSIONER STEVENS:** Thank you.

13              I don't know where everyone else is. The  
14       definition of adequate seems to be broad, and I'm  
15       certainly not ready to say that it's adequate. I do  
16       think the company has made some steps in the right  
17       direction. But I think that, just to throw this out  
18       there, I think that we need to continue monitoring the  
19       company. But I think included in that monitoring should  
20       be some sort of aesthetic monitoring. We don't need to  
21       test the chemicals, because other agencies do that. But  
22       if, if we could monitor some of the brown water  
23       complaints, the smelly water complaints and the bad  
24       tasting water complaints, that, I think that would be  
25       another step in the right direction. Thank you.

1                   **CHAIRMAN ARGENZIANO:** Thank you.

2                   Ms. Cecilia Bradley from the Attorney  
3                   General's Office.

4                   **MS. BRADLEY:** I'll try to be very brief here,  
5                   but I did want to thank the Commission for allowing all  
6                   these consumers to speak. This is important to them.  
7                   And it's important to us to hear from them, and it's the  
8                   best way to judge whether or not the company is doing  
9                   what they're supposed to be doing.

10                  So we appreciate all the customers coming and  
11                  taking time out of their busy schedules to come up here.  
12                  Not that you-all are not a lot of fun, but I suspect  
13                  they had other things that they probably needed to do  
14                  and people took vacation days and time away from jobs  
15                  and family to be here, and we appreciate them coming.

16                  A question was asked about has there been  
17                  improvement? It seems like we've been doing Aqua  
18                  forever. It's like we're on at least Aqua 3 at this  
19                  point. And if you want to go back and look at the  
20                  transcripts, you'll see that the complaints today are  
21                  very similar to the ones we've been hearing this whole  
22                  time.

23                  Customer service, Ms. Sullivan kind of took  
24                  away my thought, but it's not just being polite and  
25                  nice. I have a voice mail that I saved for a long time

1 from a rather nasty attorney who left me a message. And  
2 she put it very pleasantly and then forgot she still had  
3 her phone on and turned to her husband and said, "There,  
4 was that nice?"

5 Nice is not always the key. You've got to  
6 provide some service. In talking with customers before  
7 we started and during the breaks, they frequently  
8 complain that they will call about this or maybe water  
9 quality, and what they're told is, well, go get somebody  
10 to test it. Well, the customer shouldn't have to be  
11 doing that. That's expensive for them.

12 We heard several people during the hearing and  
13 during the breaks talking about the expense they've gone  
14 to to put different type of filters and expensive  
15 systems in just so they can use the water.

16 I know we keep talking about, well, it's just  
17 the color or the way it looks or the way it smells, but  
18 implicit in our ability to provide water to customers is  
19 their ability to be able to drink it. And if it's  
20 filthy looking, if it smells like sewage, people can't  
21 drink it. They're paying for something they're not  
22 getting, and they're paying a pretty high price.

23 Something was said about the vacation rate or  
24 whatever they called it, but several people mentioned  
25 the fact they're paying between \$50 and \$60 a month.



1 And obviously we don't want somebody else's rates to go  
2 up, but one of the gentlemen said he pays more for his  
3 vacation right here than he does when he goes up to his  
4 other home that he actually spends for the elec -- I  
5 mean for the water he uses during that period of time.

6 You heard a lot of the consumer complaints  
7 about customer service and the problems they're still  
8 having. But I think the key is the fact that -- and we  
9 appreciate Aqua's efforts to improve things. But, I  
10 mean, you saw the color of the water. It was yellow. I  
11 guess that's changed a little bit. I think the first  
12 water I saw from Aqua was gray with black stuff floating  
13 in it. But a couple of the customers mentioned to me  
14 during the break that they're still suffering from that  
15 problem.

16 But they're concerned about the water. One of  
17 the very first people that came and testified, and her  
18 testimony is, written testimony has been submitted, was  
19 Nancy Evans. They had moved into their dream home in  
20 Chuluota. And they had a lovely son, Aiden, a little  
21 guy, and they had a beautiful collie dog.

22 And within a few months of moving into their  
23 home, the dog died. And the vet said, "What in the  
24 world has he been drinking that he has all this metal  
25 and, you know, all this stuff in his system?" And they

1 said, "Well, he hasn't really been drinking that much."  
2 The vet suggested they not use the water or not drink it  
3 because of what had happened to the dog.

4 And I think at some of the subsequent service  
5 hearings Ms. Evans and her husband came, and by that  
6 time the husband had severe health problems. Then the  
7 little boy started having skin irritation and this type  
8 thing. They finally abandoned their home. And when  
9 they moved to a different area with a different water  
10 system, their health problems cleared up. And we've  
11 heard some of that today. When people go up to their  
12 summer homes, a lot of their health problems they have  
13 down here are clearing up.

14 So people are afraid of the water and they  
15 don't feel like they can drink the water. Those that  
16 can afford to are buying bottled water and doing other  
17 things. And, you know, if we're going to charge them  
18 this much money, they need to be at least able to drink  
19 their water.

20 So I would also urge that you continue to  
21 monitor this and not to terminate this at this time, but  
22 go forward looking at what can be done to help these  
23 people. Thank you.

24 (Applause.)

25 **CHAIRMAN ARGENZIANO:** Thank you. Any

1 questions from the company?

2 **MR. MAY:** Would you give me one minute to  
3 review my notes? There was a lot, lot said.

4 **CHAIRMAN ARGENZIANO:** Sure. Okay. Sure. Was  
5 there anybody else that wanted to speak?

6 Okay, sir. If we could just get your name,  
7 and while the company is -- and then we'll move on. I  
8 just wanted to make sure.

9 And, Commissioners, don't forget we have to go  
10 back to our other issue as soon as we're done with this  
11 one to finish that one up, and we still have the IA  
12 discussion. Sure. Oh, yes. We'll have time for that.

13 **MS. MUIR:** Mr. Glen Rogers.

14 **CHAIRMAN ARGENZIANO:** Mr. Glen -- I'm sorry.

15 **MR. ROGERS:** Glen Rogers from American Condo.

16 **CHAIRMAN ARGENZIANO:** Welcome, Mr. Rogers.

17 **MR. ROGERS:** I'd just like to thank you for  
18 allowing me to come late.

19 I'd just like to comment a little bit,  
20 piggyback on what the gentleman said here about the cost  
21 of service when you're not here.

22 I've just got some, a couple of public or  
23 private companies like Progress Energy, U.S. Cellular,  
24 and Brighthouse, and I've got some figures here for what  
25 they charge when we don't have any usage, and these are

1 pretty good size companies.

2 Progress Energy charges \$4.74 a month for a  
3 seasonal rate. U.S. Cellular charges me \$4.95 a month  
4 for a seasonal rate when there's no usage. And  
5 Brighthouse does not charge anything for a seasonal rate  
6 for no usage.

7 **CHAIRMAN ARGENZIANO:** The only difference  
8 there is the size of their customer base, and that's  
9 what Mr. Marshall was talking about before. The larger  
10 the customer base, the easier it is and the lighter it  
11 can be. When they're smaller facilities, smaller  
12 amounts of people involved.

13 **MR. ROGERS:** Yeah. But they're a big company.  
14 It's not just our little bitty service over here, our  
15 little bitty service section. It's, you know, they've  
16 got a big base too. Thank you.

17 **CHAIRMAN ARGENZIANO:** Thank you, sir.  
18 Any questions for Mr. Rogers?

19 **MR. BUSSEY:** Madam Chair?

20 **CHAIRMAN ARGENZIANO:** Yes, sir.

21 **MR. BUSSEY:** May I just respond?

22 **CHAIRMAN ARGENZIANO:** Okay. Very quickly and  
23 then we're going to go to the --

24 **MR. BUSSEY:** Very quickly.

25 **CHAIRMAN ARGENZIANO:** Okay. Thank you.

1           **MR. BUSSEY:** Okay. I understand that the,  
2 we're talking about the seasonal rate issue. Okay.  
3 We're in, we're in, we're subsidizing other areas.  
4 We're in the high end. Okay? They get approximately  
5 \$64,000 for nonuse six months out of the year. And all  
6 they have to do is increase the flushing a little bit  
7 more because of the nonuse.

8           And I don't see why we should have to pay more  
9 for a, for a seasonal rate when we're already  
10 subsidizing other places in the State of Florida on  
11 their behalf. It doesn't make any sense. And if --  
12 Progress Energy can, can survive the summer. If they  
13 can't survive the summer, they need to get rid of the  
14 utility. Thank you.

15           (Applause.)

16           **CHAIRMAN ARGENZIANO:** Thank you. Thank you.  
17 Okay. Did you have a comment, Commissioner Klement?  
18 No. Okay.

19           Are you ready? Thank you.

20           **MR. MAY:** Madam Chair, I'll give it a shot.

21           **CHAIRMAN ARGENZIANO:** Okay.

22           **MR. MAY:** A lot has been said today, and I'm  
23 not going to, I'm not going to repeat what we have said,  
24 and I respect the customers and I thank them for coming  
25 up. We listened very carefully to their concerns, we

1 took notes, and we are committed to responding and  
2 continuing to respond to customer concerns.

3 I do want to say, however, that, reflecting  
4 back on my opening remarks, a lot of the, a lot of the  
5 information you've heard today was information that you  
6 heard during the rate case. I think Ms. Bradley  
7 mentioned Ms. Evans, that testimony was in the last rate  
8 case. You considered that. You considered the number  
9 of complaints.

10 And what you did, you didn't sit on your  
11 heels, you didn't ignore that. You reduced our return  
12 on equity significantly. This company is operating in  
13 Florida at one of the lowest return on equities of any  
14 other water utility in the state.

15 Again, I would bring your attention to what  
16 the company did in response to that. I can tell you  
17 internally the company considered, you know, pulling  
18 back, not doing anything, and just trying to ride it  
19 out. Tightening the belt and do the best they could,  
20 ignoring aesthetic issues. The company didn't do that.

21 I think you heard Mr. Franklin and Mr.  
22 Lihvarcik say that they went beyond what DEP requires,  
23 they went beyond what you require. They've, they have a  
24 project that should be operational today. DEP was going  
25 to authorize or give the green light to put it in

1 operation with the sequestration for Zephyr Shores.  
2 That wasn't required by DEP. It wasn't required by you.  
3 Aqua did it to address the concerns of the customers.

4 Now we have, we've said what we believe is the  
5 right thing to do. The customers have given their  
6 opinion, Mr. Beck has given his opinion, and Ms. Bradley  
7 has given hers. I'd again ask you to look back on  
8 what's before you. What's before you is an independent  
9 analysis of your staff. It's not based upon what I  
10 said, what Mr. Beck said, what the customer said. It's  
11 based upon their review.

12 And I, and I apologize. I may have got it  
13 wrong, Mr. Willis. I simply don't recall ever where the  
14 Florida Public Service Commission asked any utility,  
15 whether it's a water utility or an electric utility, to  
16 produce every audiotape coming into their call centers  
17 and then independently reviewing and auditing those  
18 tapes to determine not only if they're courteous, not  
19 only if they're polite, but also whether the concerns  
20 were appropriately addressed. Your staff didn't just  
21 look at courtesy or politeness; it looked at whether the  
22 company adequately responded to the problems presented.

23 The cost of doing this is significant. I  
24 think Mr. Franklin quantified those costs somewhere  
25 north of a hundred thousand dollars for the last six

1 months.

2 Aqua is a good corporate citizen. We're going  
3 to do what you tell us to do, and we're going to do more  
4 than you tell us to do. But there is a cost in going  
5 forward with this. We think we have -- we think it's  
6 been shown with an independent analysis that we're  
7 performing adequately in these three years that you've  
8 asked us.

9 Now there may be some disagreement from  
10 different sides, but that's what we firmly believe, and  
11 we believe your staff recommendation before you supports  
12 that. We would ask you to, to approve that staff  
13 recommendation.

14 If I might address Commissioner Stevens'  
15 suggestion. Commissioner Stevens, the aesthetic issues  
16 that you've asked to be addressed are very difficult to  
17 independently test for because aesthetics are, by  
18 definition, in the eye of the beholder. If we're going  
19 to do that for the entire system, I think it's going to  
20 be an extremely complicated and expensive process.

21 What I would, what, in the limited time, Madam  
22 Chairman, I've had the chance to talk, and this is the,  
23 obviously the first time we've heard about the, the  
24 extension of the, of the monitoring, which we prefer not  
25 to do. But if you're inclined to move in that



1 direction, we would suggest that maybe a more manageable  
2 future monitoring for the next three or four, five  
3 months would be to take the model that the company has  
4 in place today. It's a pilot project where there are  
5 seven systems, one of which would include Zephyr Shores,  
6 and we would test in conjunction with your staff the  
7 aesthetic qualities of the water and report that back to  
8 you, and then get some direction from you on how you  
9 want us to address that. That's --

10 **COMMISSIONER STEVENS:** That's a good solution.

11 **CHAIRMAN ARGENZIANO:** Well, are you --

12 **MR. MAY:** I was just going to say that that's  
13 a, that's a proposal that we would be willing to make  
14 today in a good faith compromise to try to move this  
15 along in a way that's cost-effective, not only for the  
16 company but also for the customers and the, and the  
17 staff. We'd be willing to work with the OPC, Mr. Beck  
18 and his staff, as well as Ms. Bradley, and your staff on  
19 doing that on those seven systems, and then reporting  
20 back periodically, and, and responding accordingly to  
21 your direction.

22 **CHAIRMAN ARGENZIANO:** Commissioner Klement.

23 **COMMISSIONER KLEMENT:** Thank you, Madam Chair.

24 I would like to ask Mr. May, I acknowledge  
25 everything you just said, but how do you account for

1 these, granted they're anecdotal, but some of these wild  
2 swings in their bills, the lack of response for month  
3 after month when these customers have said I, I haven't  
4 gotten a bill and they don't get one, then they get one  
5 for seven months or whatever at once, for the meters not  
6 read, for the water that we saw, the color, the photos  
7 of this brown water in their, in their laundry tub?

8 And then for the customer satisfaction number,  
9 the bottom number, 2.28 on a scale of 1 to 5 is not even  
10 50 percent. It's not median. They haven't hit the  
11 median rate.

12 So given all of what you said in your defense,  
13 how do you account for these things?

14 **MR. MAY:** First, Commissioner Klement, I'm  
15 from a small town in North Florida, Port St. Joe, and my  
16 father had a hardware store. And when I grew up, I  
17 worked in that hardware store since I was five years old  
18 until I graduated from college. And what I learned from  
19 there is the customer is always right.

20 I'm not going to sit here today and debate  
21 with a customer. What I would like to do is take a  
22 look, and I think my client is more than willing to do  
23 this, take a look at each one of the instances that they  
24 mentioned today, and then we can respond. But right now  
25 I take them for their word if they have a problem.

1 I do know, however, that with respect to  
2 estimated bills, with respect to wide swings in bills,  
3 with respect to meter accuracy, I think your staff has  
4 done an excellent job and a statistically valid job in  
5 going out and independently verifying the accuracy of  
6 those meters and the accuracy of the resulting bills.

7 Now with respect to the, to the discolored  
8 water, the system of Zephyr Shores meets every standard  
9 of the Florida Department of Environmental Protection  
10 under the Safe Drinking Water Act. It's not under -- it  
11 is, it is, it is not under any open consent order.

12 That's not to say there's not aesthetic issues  
13 with respect to color, clarity and smell. But what the  
14 company has done today is told you as the Commission,  
15 and the customers hopefully, they're taking steps to  
16 address that.

17 They're putting in a sequestration project.  
18 It should be in the latter part of this month. It  
19 should be approved today by DEP. So the company is  
20 taking steps to address that.

21 **COMMISSIONER KLEMENT:** Thank you.

22 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

23 **COMMISSIONER SKOP:** Thank you, Madam Chair.

24 Listening to Mr. May's proposal as well as the  
25 comments from my colleague Commissioner Stevens, I think

1       where I'm at with this -- and, again, I'm open-minded,  
2       but it would seem to me that as to Issue 1 I guess my  
3       preference would be to deny the staff recommendation,  
4       continue monitoring through the end of this calendar  
5       year, adopting what Mr. May proposed of monitoring the  
6       quality of seven systems to be chosen, obviously for the  
7       ones that have quality problems, Chuluota and others as  
8       appropriate. Continue to monitor complaints, maybe send  
9       out additional surveys. But, again, the level of effort  
10      here, we need to be cognizant of the improvement that  
11      Aqua has shown. There are some concerns in terms of  
12      satisfaction that need to be addressed.

13               I'd also monitor meter readings. You know,  
14      appropriate sample size, billing accuracy, a larger  
15      sample size, continue to monitor environmental progress  
16      in terms of consent orders, progress closing those, as  
17      well as any new warning letters that may come out. But,  
18      again, I think some thoughtful monitoring through your  
19      end may be appropriate in light of some of the  
20      continuing concerns.

21               And I respect the position of your client,  
22      Mr. May. I think monitoring is not in itself a bad  
23      thing. I think, as staff has mentioned, the Commission  
24      has discretion to do that if my colleagues choose to do  
25      it. But, again, I just wanted to throw that out there

1 as a basis for discussion. I'm not wed to it.

2 But, again, the commonality of the concerns  
3 that I've heard are water quality, which is a secondary  
4 aesthetic issue, but mainly the complaints, the meter  
5 readings, the billing and the environmental progress on  
6 solving those problems. Thank you.

7 **MR. MAY:** Commissioner Skop, could I respond  
8 just very briefly?

9 **COMMISSIONER SKOP:** Absolutely.

10 **MR. MAY:** Again, my client is not opposed to  
11 continuation of the monitoring. What, what we're  
12 concerned about is putting some parameters to, to  
13 control some of the costs and to make it a meaningful  
14 exercise, not only for you, but also for the customers  
15 and the company together. So that's a concern.

16 The other thing I just mentioned with respect  
17 to secondary water quality standards, on the United  
18 States Environmental Protection Agency website there,  
19 there's a list of things you can do when you have  
20 secondary water quality or aesthetic concerns. And one  
21 of them, and I want to quote, is support rate increases  
22 for your local water supplier where necessary to upgrade  
23 your suppliers' treatment facilities to meet drinking  
24 water standards. And I think that's really the elephant  
25 in the room today.

1 I think there's a, obviously there's concerns  
2 with respect to aesthetics and my client is willing to,  
3 to address those, but it comes at a price. And I'm not  
4 saying that to scare anyone or to push the alarm button.  
5 I just think we need to be honest about it. And as we  
6 move forward, I hope we can -- let me back up.

7 This is, this is kind of, this is kind of a  
8 new thing for Aqua. Aqua is a, is a large, publicly  
9 traded water utility that's got an excellent reputation.

10 (Audience interruption.)

11 **CHAIRMAN ARGENZIANO:** Okay. Okay. Come on  
12 now. Hang on now.

13 **MR. MAY:** They are -- the company itself  
14 culturally is not used to being in an adversarial  
15 position with its customers and it doesn't like that,  
16 and it understands it's inefficient, it's costly.  
17 They're paying me I know more than they want to to do  
18 this.

19 And I would like to move into a phase where  
20 we're working together, working together with you,  
21 working together with your staff, and most importantly  
22 working together with the customers so we're moving  
23 forward. We're not going to make everybody happy. This  
24 comment -- I'm not gonna, I'm not gonna to tell you  
25 that. There are going to be customers that are upset

1 with their bill. I get upset when I read my bill.

2 But I'm hopeful that we can, this would be a  
3 phase of monitoring where it's not adversarial, where  
4 it's collaborative, where the parties can work together,  
5 talk together and try to come up with a solution that's  
6 long term.

7 That's all I have to say.

8 **COMMISSIONER STEVENS:** Madam Chair?

9 **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

10 **COMMISSIONER STEVENS:** I think that Aqua and  
11 Mr. May put together a good solution. I don't think --  
12 I think part of that solution was to accept staff's  
13 recommendation and move forward. I think staff did a  
14 good job. I think they looked at some things in a  
15 statistically correct manner with a high confidence  
16 level.

17 I believe if we accept staff's recommendation,  
18 push forward with what Aqua has proposed where they can  
19 help us help make sure that the customers are getting  
20 satisfied, that if this doesn't work, we can come back  
21 and do another monitoring program. But I think pushing  
22 forward with Mr. May's solution is the way to go.

23 **CHAIRMAN ARGENZIANO:** Commissioner Skop, then  
24 Commissioner Edgar.

25 **COMMISSIONER SKOP:** Thank you, Madam Chair. I

1 just want to respond briefly to Mr. May's comments.

2 Some of the areas, again, aesthetics are going  
3 to be a problem for the foreseeable future. It's  
4 inherent to water in Florida in some certain geographic  
5 areas.

6 I guess in order to address that problem on a  
7 system-by-system basis, obviously it's not going to be  
8 cost-effective for the ratepayers to address those  
9 central concerns. So then you get to the ultimate  
10 solution, which I think we heard Ms. Sullivan speak to,  
11 you know, not all acquisitions go as planned. Sometimes  
12 you think you do due diligence, you step into a  
13 situation, you're new to a regulatory environment, and  
14 things don't work out.

15 But in those, for those systems where it's not  
16 going to be cost-effective in the immediate future to  
17 improve the water quality in terms of the aesthetics or  
18 across the board, why would it not make sense for making  
19 customers happy and ensuring affordable water, I mean  
20 quality water at affordable prices in Florida to merely  
21 divest those problem systems and encourage  
22 municipalities to buy them up? I'm pro business.

23 (Applause.)

24 **CHAIRMAN ARGENZIANO:** All right. Hang on.

25 **COMMISSIONER SKOP:** I'm, I'm very pro



1 business. Don't get me wrong. But, you know,  
2 inherently municipalities have that competitive  
3 advantage. It should not be taken as any means as  
4 negative towards Aqua, because Aqua has costs that  
5 municipalities don't have. They have depreciation, they  
6 have return on equity, they have a whole host of other  
7 costs, taxes that ratepayers have to pay for, pursuant  
8 to United States Supreme Court precedent.

9 But the bottom line is, is when that  
10 affordability criteria gets so far out of proportion  
11 with what the person across the street is paying in a  
12 municipality that has great water at, you know, \$20 a  
13 month bill, then, I mean, how do you foresee addressing  
14 that? Because, again, I think there's an interest in  
15 divestiture or acquisition to buy these out. But, you  
16 know, obviously the parties can't agree on the, on the  
17 price. And ultimately somehow, some way there's got to  
18 be a solution.

19 **CHAIRMAN ARGENZIANO:** Commissioner Edgar.

20 **COMMISSIONER EDGAR:** Thank you, Madam Chair.

21 Mr. Beck reminded us, not that we needed  
22 reminding, but I appreciate you bringing it up, of the  
23 number of public hearings that we had as part of this  
24 issue. Was it just last year? I guess it was just last  
25 year. And of course the number of public hearings that

1 we had the year or so prior to that on, on this issue.

2 So a lot of time and resources has gone into  
3 issues for the rate case that brought us to these more  
4 specific or more customer service and quality issues  
5 that we're dealing with today.

6 And I think, this is what I think, I think  
7 that obviously the rate case, the ratemaking, financial  
8 issues that we deal with are an important part of our  
9 regulatory purpose and authority, but also so is the  
10 ongoing day-to-day requirements and impacts on customers  
11 that we have that regulatory oversight for.

12 And in fact, I think that, I think that I was  
13 the one actually that asked staff initially with the  
14 rate case what could we do once those rate issues were  
15 resolved for at least one point in time, to do some  
16 ongoing monitoring and try to address in a  
17 forward-looking way some of the additional concerns that  
18 we had heard about meter readings and some lack of  
19 courtesy on the part of some phone calls and some other  
20 issues that we heard at the time. Also recognizing, as  
21 we've discussed, that other agencies have a piece of the  
22 larger issue and the larger problems.

23 So with that, I think that, as Mr. May has  
24 said, this is a little different area and a little  
25 different way than we as a Commission have perhaps

1       proceeded in the past, but I think it was important for  
2       us to try to put our arms around it and address many of  
3       the concerns that we heard during those many public  
4       hearings, and I think it's important that we continue to  
5       do so.

6               For the monitoring plan that we had these  
7       months past, it was composed primarily of reviewing, for  
8       our staff to review the complaint logs, the sound  
9       recordings and the meter readings schedules and logs. I  
10      guess what I want to throw out there, which I think is  
11      similar to what Commissioner Skop, Commissioner Stevens  
12      and Mr. May have said, is that I believe it would be an  
13      important public service for us to continue to do some  
14      monitoring.

15             I'm just not sure what the right pieces, parts  
16      and components of that are to be both cost-effective,  
17      meaningful, and then also to add or enhance that  
18      collaborative aspect of it. Because I think that  
19      feedback loop is important for us as regulators, for our  
20      staff as we move forward, and certainly for the utility  
21      and for the customers and consumers as well. So I'm not  
22      sure what is the best way to move forward.

23             I like what I'm hearing and I like where I  
24      think that we're kind of coming after the afternoon of  
25      discussion and the detailed and passionate concerns that

1 have been raised by some of the consumers and customers.  
2 It may be, Commissioners, I don't know, maybe we can  
3 more specifically lay out with the help of all those  
4 here today what is the right, best way to continue some  
5 monitoring, trying to do it again in a way that  
6 recognizes aesthetic concerns, is cost-effective, is  
7 meaningful and is collaborative.

8 Or perhaps maybe we might be better off, I  
9 hate to just delay and defer, but recognizing that we  
10 have, I think, kind of raised those points, maybe  
11 embrace them as goals and ask our staff to go back and  
12 think about it, working with the utility and any others,  
13 and bring back a recommendation on an ongoing monitoring  
14 plan to try to meet those points.

15 And I've said them once or twice, but I'll say  
16 it again. To take into account aesthetic concerns and  
17 other complaints in a cost-effective, meaningful and  
18 collaborative way so that we have more information and  
19 can come back in a three- to six-month time frame, after  
20 we act on whatever those, that monitoring plan would be.  
21 Because I'm just not sure that continuing the surveying,  
22 the review of sound recordings is maybe the best way to  
23 try to accomplish what it is I think that we're talking  
24 about. Thank you.

25 **CHAIRMAN ARGENZIANO:** Commissioner Skop, then

1 Commissioner Klement.

2 **COMMISSIONER SKOP:** Thank you, Madam Chairman.

3 I appreciate Commissioner Edgar's comments as well as  
4 those of my colleagues.

5 Again, I think for the issue before us is just  
6 mainly Issue 1 is is Aqua Utilities Florida's  
7 performance as specified in the monitoring plan detailed  
8 in the final order adequate? And staff answers that  
9 question in the affirmative. I think that, again, part  
10 of me is not comfortable with that. And, you know, what  
11 I want to throw out there, and this is a point of  
12 discussion, is alternatively I would say, no, while  
13 preliminary monitoring results show substantial  
14 improvement in AUF's performance, additional monitoring  
15 is required to ultimately render a determination as to  
16 the adequacy of AUF's performance. And that implies  
17 additional monitoring that I guess perhaps either staff  
18 can bring back or we can agree upon. But Issue 1, I  
19 have some concerns still.

20 **CHAIRMAN ARGENZIANO:** Commissioner Klement.

21 **COMMISSIONER KLEMENT:** May I ask Commissioner  
22 Edgar which of those, of the two proposals she agrees  
23 with, Commissioner Stevens' to approve with monitoring  
24 and Commissioner Skop's to deny with monitoring, so we  
25 can get some sense of --

1           **COMMISSIONER EDGAR:** Sure. Thank you. And  
2 not because it's the easiest, but this is, this is what  
3 I think. I think that I would be more comfortable not  
4 making a definitive statement one way or the other as to  
5 is adequate, is not adequate. I think what we are  
6 saying is we need more information and we'd like the  
7 monitoring to continue and try to learn from how we have  
8 done that in the past and bring forth, working with  
9 all -- I would say 30 days or so for our staff to bring  
10 us a recommendation as to how best to continue that  
11 monitoring.

12           In other words, to Issue 1, more information  
13 needed before a finding of either adequacy or  
14 inadequacy, lack of adequacy.

15           **COMMISSIONER KLEMENT:** Or whether to initiate  
16 show cause as to not, not performing adequately. That's  
17 what I read. And wouldn't saying not make a decision  
18 today amount to a no?

19           **COMMISSIONER EDGAR:** I don't think that asking  
20 for more information based on the information that we  
21 have and the way the monitoring has proceeded is  
22 necessarily a stop point. In fact, I would hope that it  
23 would not be a stop point. I would hope it would be a,  
24 let's perhaps refine and enhance the monitoring and come  
25 back in three to six months with that additional

1 information and see where we are.

2 **CHAIRMAN ARGENZIANO:** Commissioner Klement,  
3 did you want anybody else's opinion?

4 **COMMISSIONER KLEMENT:** I think that I can go  
5 along with that suggestion also, proposal.

6 **CHAIRMAN ARGENZIANO:** Commissioner Stevens?

7 **COMMISSIONER STEVENS:** I -- Mr. May, could --  
8 and I don't want to put words in Aqua's mouth. Could  
9 you go over what your proposal is? Is it to accept  
10 staff's recommendation and then push forward? And I'll  
11 stop right there and let you --

12 **MR. MAY:** That was, that was my original  
13 proposal, Commissioner Stevens, is to accept the staff's  
14 independent audit, and to recognize that in light of the  
15 discussions today that additional information was needed  
16 to address aesthetic water quality and water quality  
17 issues for seven systems. And then we would work  
18 collaboratively with the staff and with the other  
19 parties, including the customers, to, to come back to  
20 the Commission with a, with a report.

21 **COMMISSIONER STEVENS:** Madam Chair, and  
22 that's -- I agree with that. I think that's a good  
23 proposal, but I'm one guy.

24 **CHAIRMAN ARGENZIANO:** Commissioner Skop.

25 **COMMISSIONER SKOP:** Thank you, Madam Chair.

1           And this was brought up early on, but it  
2           hasn't been raised in quite a number of hours. But I  
3           guess the part that gives me pause is on Page 6 of the  
4           staff recommendation. You know, even staff admits that  
5           after reading customer comments and taking, talking to  
6           several customers, staff does not believe the survey  
7           responses meet the intended objective, and they also  
8           talk about sampling bias. And also further down on the  
9           second to the last paragraph, could not be relied upon  
10          in determining if AUF is meeting its customer needs.

11                 So, again, that seems to -- you know, nothing  
12          against staff. I appreciate the hard work. My only  
13          caveat is I wish there would have been more billing,  
14          sample size larger. But it seems to me that staff has  
15          some, I don't want to say self-doubt, but some  
16          reservations about the quality of the information that  
17          we were ultimately able to obtain.

18                 **CHAIRMAN ARGENZIANO:** Okay. Now I'm going to  
19          put my two cents in, what I, what I think. And it's  
20          really a difficult, very, very difficult, but I am not  
21          for, for waiting down the line for another  
22          recommendation.

23                 I think that, as I said before, it's a rocky  
24          road. I understand the company's position. I  
25          understand what the state, you know, said in legislation



1 and saying companies come in and buying older systems.  
2 But I have to ask myself, you know these systems are  
3 old, you know the problems they had. I mean, SSU I  
4 think had this system before Florida Water had it, and I  
5 remember back then the problems that it had.

6 So when you came in and bought these systems,  
7 you had to know that the water was brown and black and  
8 stinky, and not, just not a problem that you created,  
9 but a problem you inherited and it would cost money.

10 What comes down to my mind today is I'm not  
11 sure that these people are saying that -- I mean, I  
12 think they're so tired of having brown water and so  
13 tired of a system that probably has gone a lot farther  
14 than they thought. I mean, we heard around those  
15 hearings so many people say that their, their particular  
16 problem lasted for so long, that to tell these people  
17 today that we're going to let it last longer and longer  
18 and longer, I can't do that in good conscience. I  
19 understand the company's position also.

20 (Applause.)

21 Hang on. I understand the company's position  
22 also, and I do commend the company for taking the steps  
23 that need to be taken. As I say, you had to know those  
24 companies -- that those systems were bad. And  
25 unfortunately they require some probably major

1 infrastructure to solve those problems.

2 I'm not so sure I hear people today saying  
3 that they want to pay any more for this company to, to  
4 do that. Not, not that it's -- I'm not speaking  
5 disparagingly about the company. Okay? What I'm saying  
6 is I'm not sure, because if I asked you today, I'm not  
7 sure, do you want to pay more to get cleaner water and  
8 better water? Of course nobody really wants to pay more  
9 for that.

10 But when you look at their neighbors, like  
11 Commissioner Skop said before, at what point is it not  
12 feasible anymore just to get clean water or water that's  
13 not brown? And that's a company decision you're going  
14 to have to ultimately decide.

15 But sitting here, looking at even people who  
16 are not at their homes, they're paying \$60 a month. And  
17 that's not for anything -- I mean, they're not even  
18 getting any water at that point. But then to have to  
19 deal with brown, stinky water. And I'm not saying  
20 that's your fault, but you've got to understand how, how  
21 the reluctance is on the people's part to keep  
22 continuing.

23 And so to, I guess to put it in a nutshell is  
24 that personally I think that monitoring needs to  
25 continue, especially since you said the sequestration is

1 not even due until, what was it, August? I'm sorry.

2 **MR. LIHVARIK:** They're doing, DEP is coming  
3 and doing the clearance inspection today, so we're  
4 probably looking five to seven days to have a release to  
5 start feeding the sequestering agent.

6 **CHAIRMAN ARGENZIANO:** Well, until we know  
7 that -- some of these things is new -- and I don't even  
8 know if down the line, I guess, there'll be increased  
9 cost for this to the customer, right?

10 **MR. LIHVARIK:** There'll be additional costs  
11 for feeding the sequestering agent, yes.

12 **CHAIRMAN ARGENZIANO:** And I guess because of  
13 the length and the problems that have been involved,  
14 and, as I say, I know, and I do commend the company for  
15 taking care of a lot of things, but it took a long time,  
16 and there were things that compounded those problems.

17 And in saying that, I think that my feeling is  
18 that monitoring needs to continue for a while,  
19 especially on the -- I say on the seven systems. And  
20 that you had mentioned before one of the graphs, I guess  
21 that one of the mechanisms staff was using on the one to  
22 five or however it was we were rating things, wasn't  
23 segregated for each, for different problems to get a  
24 better clue as to some of those complaints that you were  
25 getting. It was the, Page 17, was it?

1                   **COMMISSIONER KLEMENT:** Page 5.

2                   **CHAIRMAN ARGENZIANO:** I'm sorry. Was it Page  
3 5 and 17, I think. Commissioner Skop, you had mentioned  
4 it before. No, no. It was 17.

5                   **COMMISSIONER KLEMENT:** Yes. You're right.

6                   **CHAIRMAN ARGENZIANO:** And that, that may have  
7 changed some of the, some of the complaints -- or some  
8 of the answers that you got. And then, and then when  
9 Mr. Beck had mentioned that staff didn't consider the  
10 survey responses and did it on their own, and that --  
11 maybe we need to, to keep monitoring for a while longer  
12 to make sure.

13                   The company is instituting new things, and  
14 probably it's not a good time to stop monitoring now.  
15 And I don't see how it -- I understand the costs, but I  
16 think you have people out there paying right now for  
17 brown water, for having problems for a long, long time.  
18 There's still billing problems out there. And I just  
19 don't feel comfortable with stopping the monitoring at  
20 this point.

21                   And that may be the will of the majority of  
22 the Commissioners, but --

23                   **COMMISSIONER EDGAR:** Madam Chair, I'm a little  
24 confused, because I thought I heard each of the five of  
25 us say that we wanted some monitoring to go on.

1                   **CHAIRMAN ARGENZIANO:** Well, well --

2                   **COMMISSIONER EDGAR:** I guess, how, how and  
3 what and hopefully to get to the results.

4                   **CHAIRMAN ARGENZIANO:** Right. Well, I may be  
5 confused as to what you indicated, and Commissioner  
6 Klement kept asking you what you wanted to do. And I  
7 think what the answer was there that you said that you  
8 wanted to postpone and let staff come back and tell us  
9 what additional things needed to be in --

10                  **COMMISSIONER EDGAR:** I'm sorry. You  
11 misunderstood me.

12                  **CHAIRMAN ARGENZIANO:** Okay. Then maybe you  
13 could clarify.

14                  **COMMISSIONER EDGAR:** What I was saying is I  
15 didn't -- that I thought the best way to proceed  
16 procedurally was to not make a finding of adequacy or  
17 lack of adequacy but to continue the monitoring.

18                  **CHAIRMAN ARGENZIANO:** Okay.

19                  **COMMISSIONER EDGAR:** But then to try to focus  
20 on what is it that we're monitoring and how is the best  
21 way for that monitoring effort to proceed. So I --

22                  **CHAIRMAN ARGENZIANO:** Well, I thought you said  
23 that staff comes back later on and tells us what, what  
24 specifics we were going to be monitoring or adding to  
25 the monitoring.

1                   **COMMISSIONER EDGAR:** Well, that was part of  
2 it, but that was with no monitoring stopping. It was  
3 with the monitoring continuing.

4                   **CHAIRMAN ARGENZIANO:** Okay. Well, then that's  
5 great. That's great.

6                   **COMMISSIONER EDGAR:** So I --

7                   **CHAIRMAN ARGENZIANO:** That's great. And  
8 specifically I think to some of the things in my opinion  
9 are what we heard today, you know, brown water,  
10 aesthetics, the billing, still some billing concerns,  
11 and the, I guess the issue of vacation, the seasonal  
12 issue, maybe just getting better notification out there  
13 to people that, to let you know that they are seasonal  
14 may help in that area.

15                   But if, if we can then clarify what everybody  
16 really wants to do -- Commissioner Skop, hang on one  
17 second -- and if that's the case, and we're going to  
18 continue the monitoring as we are now but with maybe  
19 some specifications today?

20                   **COMMISSIONER EDGAR:** Well, if I may try again.  
21 Obviously I was not being as clear as I had hoped I was  
22 being.

23                   I think it's important that the monitoring  
24 continue. I think I've heard that from the com -- an  
25 understanding, maybe not a first choice, but an

1 understanding or recognition of that from the company,  
2 certainly from the consumers, and I thought I heard it  
3 from each of the five of us in slightly different words.

4 What I was trying to go on to say is that I  
5 would hope that that monitoring effort from this point  
6 forward we would be able to hone in a little bit and  
7 have those efforts go toward aesthetic concerns, that  
8 our monitoring is to the best of our ability done in a  
9 cost-effective, meaningful and collaborative way.

10 And, again, I never said stop the monitoring.  
11 What I said is maybe -- is that perhaps the most  
12 effective way to proceed would be to not make a finding  
13 of adequacy or lack of adequacy or inadequacy, as is  
14 called for in Issue 1, to just not make a finding, but  
15 instead to say we're going to continue to monitor but  
16 that we ask our staff to get with the company in the  
17 next two to four weeks and bring back Son of Monitoring,  
18 which would be monitoring plan Phase II, realizing what  
19 we've learned, what has been effective, what other areas  
20 perhaps we didn't address in the monitoring plan.

21 **COMMISSIONER KLEMENT:** Madam Chair?

22 **CHAIRMAN ARGENZIANO:** Excuse me. But I never  
23 said you said to stop the monitoring, so let's make that  
24 clear. What I thought was being proposed was that there  
25 was a time frame of coming back, and I didn't get the

1        specifics of what you wanted to wait and bring back down  
2        the line.

3                So, with that said -- well, I think  
4        Commissioner Skop, then Commissioner Klement.

5                **COMMISSIONER SKOP:** Thank you, Madam Chair.  
6        I'd like to try and take, just to try and move us in for  
7        a landing. I mean, it's kind of getting late and we've  
8        got other issues to consider here, and then an IA that  
9        we have to get to because they're timely.

10               But as to Issue 1, I want to go back and make  
11        a motion, and basically the motion would be to deny  
12        staff recommendation on Issue 1, and in place of the  
13        recommendation state, no, which doesn't take a position  
14        either way. It just says, "No. While preliminary  
15        monitoring results show substantial improvement in AUF's  
16        performance, additional monitoring is required to  
17        ultimately render a determination as to the adequacy of  
18        AUF's quality of service. Additional monitoring shall  
19        be conducted in the three major areas of concern that  
20        staff previously looked at, customer complaints,  
21        incorrect meter readings and improper bills, as well as  
22        environmental progress and the monitoring of the quality  
23        of seven systems to be determined by staff and the  
24        company.

25               **COMMISSIONER KLEMENT:** Second.



1           **COMMISSIONER EDGAR:** I have no idea what that  
2 was. Could you please do it again more slowly?

3           **COMMISSIONER SKOP:** All right.

4           **COMMISSIONER STEVENS:** May I? Is anything in  
5 that recommendation looking at aesthetics?

6           **COMMISSIONER SKOP:** Yes.

7           **COMMISSIONER STEVENS:** Because I didn't hear  
8 that.

9           **CHAIRMAN ARGENZIANO:** Well, let's, let's do  
10 this. Okay? Let's do this. Slowly go through your  
11 list. I'm sure aesthetics was in there. I heard  
12 complaints, meter reading, improper billing.

13           **COMMISSIONER SKOP:** Yep. Yep. Okay. Let me,  
14 let me repeat the motion very slow.

15           **CHAIRMAN ARGENZIANO:** Do it slowly so  
16 everybody gets it.

17           **COMMISSIONER SKOP:** Okay. And this should  
18 address all the concerns I've heard, without rendering a  
19 determination as to adequacy.

20           So my motion as to Issue 1 would be to deny  
21 the staff recommendation and substitute for the  
22 recommendation: "No. While preliminary monitoring  
23 results show substantial improvement in AUF's  
24 performance, additional monitoring is required to  
25 ultimately render a determination as to the adequacy of

1 AUF's quality of service. Additional monitoring  
2 consistent with the three major areas of concern that  
3 staff previously looked at, customer complaints,  
4 incorrect meter readings and billing accuracy, will be  
5 addressed, as well as environmental progress and also  
6 monitoring the quality of seven systems to be chosen by  
7 staff and the company."

8 **CHAIRMAN ARGENZIANO:** I didn't hear  
9 aesthetics.

10 **COMMISSIONER STEVENS:** I didn't hear  
11 aesthetics.

12 **COMMISSIONER SKOP:** That -- I mean, what I  
13 mean, quality, aesthetic quality. Let me substitute  
14 that language. Aesthetic quality of the water of seven  
15 systems.

16 **COMMISSIONER STEVENS:** Put aesthetics in  
17 there?

18 **COMMISSIONER SKOP:** Yes.

19 **CHAIRMAN ARGENZIANO:** Okay.

20 **COMMISSIONER SKOP:** Is that good?

21 **COMMISSIONER KLEMENT:** I'll second that motion  
22 for discussion purposes.

23 **CHAIRMAN ARGENZIANO:** Okay. We have a second.  
24 Any other discussion?

25 **COMMISSIONER EDGAR:** Yes.

1                   **CHAIRMAN ARGENZIANO:** Commissioner Edgar.

2                   **COMMISSIONER EDGAR:** So where do we go? Then  
3 what do we do? What is it that we are asking our staff  
4 to do, and how will we assess that monitoring and when?

5                   **CHAIRMAN ARGENZIANO:** Commissioner Skop.

6                   **COMMISSIONER SKOP:** Madam Chair, again, I need  
7 to append this to the end of the motion. Monitoring  
8 will be conducted through the end of the 2010 calendar  
9 year, and that would address, I believe, Commissioner  
10 Edgar's concern. So monitoring would continue through  
11 the end of the calendar year in those areas, which would  
12 include the aesthetic quality of the water for seven  
13 systems.

14                   **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

15                   **COMMISSIONER STEVENS:** Madam Chair, thank you.

16                   So are we giving direction to staff to  
17 continue a monthly or quarterly statistical sample,  
18 evaluating billing, also putting out another customer  
19 survey? Should we ask them to come back with a  
20 recommendation to us on that with a plan?

21                   **COMMISSIONER SKOP:** We could either do that or  
22 we could leave it to staff to -- again, cost  
23 considerations need to be taken into account. I'm  
24 comfortable delegating to staff. But in terms of the  
25 additional monitoring, I would suspect it would be

1 monitoring of a sample size of complaints or total  
2 complaints received, both at the Commission and by the  
3 company; a survey, if one is deemed appropriate to  
4 address the issues on Page 17 that have been brought  
5 out; meter reading accuracy; billing accuracy;  
6 environmental progress; and monitoring the aesthetic  
7 quality of the water in those seven systems that staff  
8 and the company can mutually agree upon through the end  
9 of 2010.

10 **COMMISSIONER STEVENS:** Would we have staff  
11 collaborate with Aqua so that we can do this in a  
12 cost-effective manner?

13 **COMMISSIONER SKOP:** Yes. That would be the  
14 intent.

15 **COMMISSIONER STEVENS:** Because I think  
16 there's -- they've already spent a lot of money.

17 **COMMISSIONER SKOP:** That would be the intent.

18 **COMMISSIONER STEVENS:** And we know who pays  
19 the money, so.

20 **COMMISSIONER SKOP:** I understand.

21 **MR. MAY:** Commissioner Skop, could I, could I  
22 make a -- well, I'm sorry.

23 **CHAIRMAN ARGENZIANO:** Hang on one second.  
24 Hang on one second.

25 Mr. Kiser.

1           **MR. KISER:** Madam Chairman, the one issue  
2           that's had a fair amount of discussion and is not  
3           included in that motion, and I just want to make certain  
4           that the Commission is comfortable with leaving that  
5           issue out, and that is the one over inactivity of  
6           billing, such as vacation time. Several reasons were  
7           given, you know, trying to explain how that's set up.  
8           But that's not in your motion. I want to make sure that  
9           you-all are, that's what you want, you want to leave  
10          that issue out, and that's not going to be addressed as  
11          we move forward.

12           **COMMISSIONER SKOP:** Madam Chair, again, that  
13          was not in the original monitoring, and, staff, correct  
14          me if I'm wrong. I think that deals with more of the  
15          desire not to pay a base facility charge, and, again, it  
16          was not incorporated in my motion.

17           **MR. WILLIS:** That is correct.

18           **MR. MAY:** Just a point of clarification. Two  
19          points of clarification. One, I just, I think I heard  
20          Commissioner Skop that the motion that was just set  
21          forth, it would not prejudice the decision or make a  
22          determination on whether the company's quality of  
23          service was adequate at this time. That would be left  
24          to be determined later after the future monitoring.

25           **COMMISSIONER SKOP:** Yes, that's correct. And

1 in the, in the preamble language of the recommendation  
2 or the proposed motion it states that preliminary  
3 monitoring results show substantial improvement, but we  
4 need to continue to monitor. So it does not take a  
5 position at this point. It requires a continuous  
6 monitoring.

7 **MR. MAY:** And the second point is the -- I  
8 just want everyone to understand that the original  
9 monitoring, it's, it is, it is terminated. The, neither  
10 the company nor the staff has been engaged in any  
11 monitoring activities for several months. So this would  
12 basically reinstitute the prior monitoring program, but  
13 also expand that monitoring program to address aesthetic  
14 issues, which were never part of the original monitoring  
15 program.

16 I just want everyone -- that's, that's a  
17 little bit different than what we have been doing in the  
18 past. And with that additional element, there'll be  
19 additional costs. I just want everyone to understand  
20 that.

21 **COMMISSIONER SKOP:** I understand that,  
22 Mr. May. But I think, if I heard you correctly, I think  
23 you're the one that raised the desire on the company's  
24 behalf to institute the aesthetic quality monitoring for  
25 seven systems. So that's where I got that from.

1           **MR. MAY:** But what I guess -- Madam Chair.

2           **CHAIRMAN ARGENZIANO:** Yes.

3           **MR. MAY:** I guess what I was, what I was  
4 proposing as a compromise to Commissioner Stevens was in  
5 lieu of continuing with the monitoring that has been  
6 going on for the last six months, is to continue  
7 monitoring but to focus that on aesthetic issues, which  
8 is what I heard most of today from the customers, and  
9 include Zephyr Shores in the seven systems, which that  
10 was, that was offered as a, as a compromise and as a  
11 cost savings initiative. I wasn't -- I didn't suggest  
12 we wanted to expand the monitoring, and I just am, you  
13 know --

14           **COMMISSIONER EDGAR:** Well, and the motion does  
15 go further than, than what I was trying to put out there  
16 for, for discussion, because it seems like we're casting  
17 a, with, with the motion as I understand it, casting a  
18 pretty wide, broad, large data net, and I was hoping  
19 that we could try to be a little more strategic and  
20 targeted and cost-effective, realizing everything that,  
21 that we've heard today. I -- and it, and it may be that  
22 we can't. I don't know.

23           But my understanding of the motion with the  
24 second that we are now discussing is that it does keep  
25 in or continue all that had been done, which would

1 include the monitoring, the sound recordings and  
2 surveys, I guess, I'm not sure, but then add, add more  
3 to that. And I guess I was trying to see if we could  
4 move as a group toward something quite frankly that I  
5 hoped would be a little more cost-effective and  
6 meaningful.

7 **CHAIRMAN ARGENZIANO:** Well, Commissioner Skop,  
8 then Commissioner Stevens.

9 **COMMISSIONER SKOP:** And I want to clarify the  
10 intent of the motion. Again, cost-effectiveness is a  
11 primary consideration. Again, staff could be delegated  
12 administrative authority to do this monitoring in a  
13 cost-effective manner.

14 But with respect to Commissioner Edgar's  
15 concerns, it's not my intent to have staff monitor  
16 every, every voice tape or what have you. I mean,  
17 certainly we have complaints that come into this  
18 Commission that are ready referenced, you can do a query  
19 in SQL or whatever database we use to figure out how  
20 many complaints we have for Aqua. That's a number that  
21 you can do a query and you've got it. Likewise, Aqua  
22 probably reports to staff the number of complaints it  
23 gets on a monthly basis by category.

24 Meter readings, if staff were to do an  
25 appropriate sample, 50 meters, 25, whatever staff deems



1 appropriate.

2 Billing accuracy, that's as simple as looking  
3 at your meter reading, comparing it to those customer  
4 bills.

5 Environmental progress, that's simple to  
6 monitor. And then it goes more toward the, more toward  
7 the focus of monitoring the aesthetic quality within  
8 those seven systems.

9 So I think the, although it seems like an  
10 expanded scope, it's really not. The emphasis is that  
11 I'm doing what we've been doing but on a more limited  
12 scope, just to keep the pulse on what's going on, but  
13 then look at the environmental progress and the  
14 aesthetic quality on those seven systems as staff deems  
15 appropriate.

16 **COMMISSIONER EDGAR:** It still sounds like an  
17 expanded scope to me, which may be what we want to do.  
18 I realize we have a motion and a second and are in  
19 discussion.

20 I'll try again. What I had suggested is that  
21 we, you know, all of this that we have had we put to  
22 staff and ask them to come back in a couple of weeks  
23 with a recommendation for Phase II of a monitoring plan.  
24 And it still seems to me that that would add, that to  
25 give that thoughtfulness to it and for our staff to be

1       able to tell us what they can do and then what they  
2       think would be the most effective as part of that next  
3       phase of the monitoring plan might be a better use of  
4       everybody's time and resources and be a more effective  
5       way of getting us where I think we're all trying -- I  
6       think we're all trying to get to the same place.

7               But I have heard lots and lots of things that  
8       we're going to be looking at and maybe delegating to  
9       staff. And certainly delegating to staff is often a  
10      good way to do things, but realizing that we have many,  
11      many people who have come here with specific complaints,  
12      I'd like to feel a little more comfortable after the  
13      discussion today that I know what it is we are going to  
14      more specifically be monitoring, how, what it is the  
15      information that we're going to be requesting and  
16      evaluating. And after this many hours, I just think  
17      that it might be a superior result if we ask our staff  
18      to take all this back and bring that back to us.

19             **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

20             **COMMISSIONER STEVENS:** What Commissioner Edgar  
21      just said I agree with. The problem I have with the  
22      motion is that I think, and I don't know who said the  
23      net was very large for the statistics, but I think we're  
24      diving into something that is very expensive and we're  
25      not planning. And in doing that, I don't think that's a

1 good, a good way to go.

2 We already did a statistical sample of the  
3 bill accuracy, the meter reading accuracy, and we  
4 already listened to tapes at the call center. Most of  
5 the complaints that I heard had to do with the  
6 aesthetics of the water, and I thought Mr. May and Aqua  
7 gave a good solution. If -- and, again, I know I'm only  
8 one guy, but if we give staff the ability to collaborate  
9 with Aqua, OPC, and some of the customers, and let them  
10 come back with a plan to recommend to us that may have a  
11 cost associated with it so that we know what we're  
12 looking at, I think that would be a better approach.  
13 Thank you.

14 **CHAIRMAN ARGENZIANO:** Since we all agree that  
15 there needs to be continued monitoring and the  
16 monitoring that has taken place already focused on the  
17 billing and the meter reading, isn't there still a way,  
18 maybe not expanding that again, but still monitoring  
19 what you heard? I heard people today who still had some  
20 problems, I don't think there's as many as before, but  
21 still had some. Can't we still monitor that without  
22 great expense? I mean, isn't there -- if people are  
23 calling in or having problems with billing, wouldn't you  
24 look into that?

25 **MR. WILLIS:** Well, Commissioner, we would.

1 But I think the expense they're talking about was the  
2 company's expense for doing the data request for us  
3 apparently.

4 **CHAIRMAN ARGENZIANO:** Right. And what I'm  
5 saying is maybe, as has been suggested, maybe that part  
6 of that, since it's been done, doesn't need to be done  
7 by the company, but it should be done by our staff to  
8 keep monitoring and maybe contacting some of the  
9 representatives of those communities to find out if  
10 they're having continuing problems. And asking those  
11 people to make sure they call in to the PSC, call in to  
12 our staff if you have continued problems. That's the  
13 kind of monitoring I'm talking about, not to start this  
14 whole thing up again with that.

15 But on the aesthetic issue, yes, that needs  
16 to -- because since it wasn't addressed to begin with,  
17 that is absolutely a problem that needs to be looked at.  
18 And I'm sure you have to work with the company on that  
19 one to do that.

20 So perhaps maybe that is a much less  
21 cost-expensive way -- a more cost-efficient way if  
22 staff -- I mean, staff would still monitor the calls  
23 that we get from the community or calling back, how are  
24 your billing -- you know, I mean, that's, that's a  
25 simple one, I think. I don't know that it has to be

1 back the same way it was before.

2 Commissioner Skop, one second. I know. I see  
3 you.

4 And perhaps maybe that's where, when I said  
5 continue monitoring before, it wasn't, wasn't specific  
6 enough to that, to that point. So can that still be  
7 done by staff?

8 **MR. WILLIS:** Yes. We can, we can monitor the  
9 complaints we get at the Commission. The company could  
10 still supply us with their complaints that they receive.

11 **CHAIRMAN ARGENZIANO:** Okay. And that  
12 shouldn't be costly.

13 **MR. WILLIS:** No.

14 **CHAIRMAN ARGENZIANO:** Okay. So then we take  
15 care of that part that way. I mean, I'm not going to  
16 say don't -- I don't think anybody is saying don't  
17 monitor that part anymore, and I think that's the way of  
18 doing it with cost efficiency in mind.

19 **MR. WILLIS:** The call center portion now, I'm  
20 not sure how much that costs the company to go back and  
21 reproduce all those tapes for us. I'm not sure where  
22 the majority of the costs came from for the company. So  
23 that I'm not sure of.

24 **CHAIRMAN ARGENZIANO:** The past calls that they  
25 received?

1                   **MR. WILLIS:** Yes.

2                   **CHAIRMAN ARGENZIANO:** Okay. I'm not even  
3 talking about that. I thought that was addressed in  
4 this, in staff's report here.

5                   Commissioner Skop.

6                   **COMMISSIONER SKOP:** I think I have a solution  
7 based on, that addresses Commissioner Stevens' concern.  
8 I would probably procedurally amend my motion on Issue 1  
9 to deny staff recommendation and replace it or  
10 substitute it with: "No. While preliminary monitoring  
11 results show substantial improvement in AUF's  
12 performance, additional monitoring is required to  
13 ultimately render a determination as to the adequacy of  
14 AUF's quality of service. Staff will prepare a  
15 supplemental monitoring plan to, including but not  
16 limited to staff recommendations as to monitoring the  
17 aesthetic water quality of seven systems, continuing to  
18 monitor customer complaints, continuing to monitor the  
19 accuracy of meter readings, continuing to monitor the  
20 accuracy of bills, monitoring environmental progress  
21 through the end of 2010 calendar year. And staff will  
22 bring that back to the Commission within the next 45  
23 days."

24                   **CHAIRMAN ARGENZIANO:** Okay. Hang on. How  
25 about we do this? Can the company respond to that, can

1 staff respond to that, and maybe OPC and AG? Let's do  
2 that, since we're going to talk, everybody talk  
3 about it. Everybody, this is the time.

4 **MR. KISER:** Madam Chairman?

5 **CHAIRMAN ARGENZIANO:** Yes.

6 **MR. KISER:** Before you do that, you need to  
7 get a second to the revised motion.

8 **COMMISSIONER EDGAR:** Second. Second.

9 **COMMISSIONER STEVENS:** Does Commissioner  
10 Klement have to accept the amendment, since it was  
11 already --

12 **CHAIRMAN ARGENZIANO:** He has to, he has to,  
13 yes. He has to, with --

14 **COMMISSIONER KLEMENT:** I accept the amended  
15 motion as a second.

16 **CHAIRMAN ARGENZIANO:** Okay. And now could we  
17 have discussion on that?

18 **COMMISSIONER EDGAR:** And I also appreciate the  
19 opportunity to hear, so if there are impacts that I'm  
20 not aware of.

21 **CHAIRMAN ARGENZIANO:** Absolutely.

22 **MR. FRANKLIN:** I think what I'm hearing, I  
23 think I'm understanding the evolution of this is going  
24 to a place that I think we can get comfortable with.

25 We would like to obviously take the hundred

1 thousand plus that we spent on the monitoring effort  
2 before, and we'd like to spend that money on cleaning up  
3 aesthetic water quality as opposed to monitoring call  
4 center results. So if that -- obviously the devil is in  
5 the details of the monitoring plan.

6 A higher level view of monitoring where the  
7 company doesn't have to hire two additional people,  
8 which is what we did the last time, if we could keep to  
9 our existing staff, using existing staff, do a  
10 cost-effective approach, and put really the bulk of our  
11 effort into working on aesthetic water quality with the  
12 customers, with the OPC and the Commission, and try to  
13 build, rather than, rather than surveying our customers  
14 from the Commission, asking do you have a problem, do  
15 you have a problem, do you have a problem with Aqua,  
16 getting together with the customer and saying, here's  
17 the plan that we have, here's the cost associated with  
18 it. What can we do, what can we live with, involving  
19 all the right parties and looking at these seven  
20 systems?

21 I think a collaborative approach like that  
22 would make, would take us a long way toward solving some  
23 of the customer, long-term customer issues and the water  
24 quality issues. So if that's what we're talking about,  
25 I think the company can support it.



1                   **CHAIRMAN ARGENZIANO:** Okay. No. Hang on.  
2                   Staff, can you --

3                   **MR. WILLIS:** Commissioners, I'm okay with it.  
4                   I think we probably do need to sit down with the company  
5                   and Public Counsel to come to some approach we can all  
6                   agree with.

7                   **CHAIRMAN ARGENZIANO:** Yes. Well, that's  
8                   exactly what we're talking about.

9                   **MR. WILLIS:** And I have no problem bringing  
10                  that back. I think it's probably a good idea for us to  
11                  put together what we call Phase II monitoring and bring  
12                  that back for your approval so that we know we're all  
13                  headed down the right path.

14                  **COMMISSIONER EDGAR:** And that was -- the  
15                  motion contemplated exactly that within 45 days. Yes.

16                  **COMMISSIONER SKOP:** Is 45 -- I'm sorry. Is 45  
17                  appropriate, or do you need 60?

18                  **MR. WILLIS:** No. I said 45, I think. I think  
19                  we can do it in 45.

20                  **COMMISSIONER SKOP:** Great. Thank you.

21                  **CHAIRMAN ARGENZIANO:** 45 days just to figure  
22                  out what you want to do and what you're going to  
23                  monitor?

24                  **MR. WILLIS:** Well, getting parties, getting  
25                  parties together. If we can get it back quicker, we'll

1 get it back quicker.

2 **CHAIRMAN ARGENZIANO:** Okay. I would hope that  
3 you could get it together a lot quicker than 45 days. I  
4 think in the next few days you could probably figure out  
5 where you're going to go.

6 If I could have Office of Public Counsel and  
7 the Attorney General, and then, sir, I'll let you speak  
8 for the, the customers, and then we're going to move on.  
9 I'm going to drag you up here, because while you're  
10 here, we want to hear what you've got to say.

11 **MR. BECK:** Thank you, Madam Chairman. We'd be  
12 glad to work with the company and the staff to try to  
13 set up a monitoring system. The one issue I would have  
14 is I think whatever it is still needs to take into  
15 account customer satisfaction with the service they're  
16 receiving. We would work toward including that in the  
17 plan when we meet with staff and the company.

18 **COMMISSIONER SKOP:** And my motion was  
19 including but not limited to, so that gives that  
20 flexibility between the parties to hash that out.

21 **CHAIRMAN ARGENZIANO:** Okay. The Attorney  
22 General's Office, Ms. Bradley.

23 **MS. BRADLEY:** I would concur, but would, I  
24 guess, ask for some clarification. We keep talking  
25 about aesthetics, and our primary concern and what I

1 keep hearing from the customers is can they drink the  
2 water? And just to clarify that that's what we're  
3 focusing on.

4 **COMMISSIONER SKOP:** Yes. Aesthetic quality,  
5 which includes smell, taste, drinkability, all those  
6 issues.

7 **CHAIRMAN ARGENZIANO:** Well, whatever we do  
8 here doesn't, doesn't change the laws of the State of  
9 Florida either, and DEP and the things that you have to  
10 do that the company is supposed to do anyway. As far  
11 as, you know, other things as far as bacteria counts or  
12 testing and normal stuff that you have to do, that still  
13 goes on.

14 **COMMISSIONER EDGAR:** And I think, Madam Chair,  
15 and to Ms. Bradley, that Commissioner Skop's motion did  
16 include something about meeting the environmental  
17 standards, which is part of what we've been doing.

18 **CHAIRMAN ARGENZIANO:** Yes. Absolutely.

19 **COMMISSIONER EDGAR:** I think that that pulls  
20 that together.

21 **CHAIRMAN ARGENZIANO:** I want to make sure  
22 we're not saying that doesn't count anymore.

23 Sir, if you could, if you would make your  
24 comments, and then we are going to move on.

25 **MR. BUSSEY:** Madam Chairman, as I understand

1 it, in order for us to get some relief on our rates, you  
2 would have to open up new proceedings.

3 **CHAIRMAN ARGENZIANO:** Now we're talking about  
4 another issue.

5 **MR. BUSSEY:** Well, I want to make a statement.

6 **CHAIRMAN ARGENZIANO:** Okay.

7 **MR. BUSSEY:** Okay. Yeah. I've said this a  
8 couple of times now. I'm going to say it one more time.  
9 We're subsidizing other places where Aqua does business.  
10 We're paying way too much money right now. If Aqua is  
11 going to ask us to pay for what you folks are talking  
12 about right now, we'd just as soon you sit down with  
13 Pasco County Commissioners and negotiate a sale.  
14 Because we don't want to be any, anywhere near what  
15 you're talking about if you want more money from us to  
16 do what you're talking about here. I'm sure you  
17 understand that.

18 **CHAIRMAN ARGENZIANO:** Well, that's what I was  
19 trying, that's what --

20 **MR. BUSSEY:** It's the third time I've said it  
21 now.

22 **CHAIRMAN ARGENZIANO:** That's what I said I  
23 thought I was hearing.

24 **MR. BUSSEY:** Okay. If there's going to be any  
25 increased cost to us for this, we're not interested.

1                   **CHAIRMAN ARGENZIANO:** Okay. That's what I  
2 said I thought I was hearing, and that's where -- that's  
3 a different -- we have a whole different situation in  
4 front of us.

5                   (Applause.)

6                   **COMMISSIONER STEVENS:** Madam Chair?

7                   **CHAIRMAN ARGENZIANO:** Commissioner Stevens.

8                   **COMMISSIONER STEVENS:** Marshall, in staff's  
9 study of the rate structures that are set up, are they  
10 subsidizing, is the Zephyr Shores subsidizing the other  
11 company or the other areas, or are the other areas  
12 subsidizing the fourth band?

13                  **MR. WILLIS:** The other areas are subsidizing  
14 Zephyr Shores. I checked that with Mr. Stallcup just a  
15 minute ago, and Zephyr Shores is being subsidized.

16                  **COMMISSIONER STEVENS:** Is being subsidized.  
17 Thank you.

18                  **MR. WILLIS:** Is being subsidized, yes.

19                  **CHAIRMAN ARGENZIANO:** Okay. We have a motion  
20 and a second.

21                         And as far as the rates, I don't know. I  
22 think you might want to talk to Office of Public Counsel  
23 and the Attorney General. I don't know. The rates were  
24 established by this Commission, and I don't know where  
25 you go from -- if, if -- what happens in a case when

1       their, the, the ratepayers are not happy? Can they  
2       appeal our decision? I mean, where does it go? I think  
3       that's what they're asking.

4               **MR. JAEGER:** The order was issued on May 29th  
5       and the time for reconsideration and appeal has long  
6       since passed. You do have continuing authority. If we  
7       go back into a rate case, I think what needs to be known  
8       is they've got \$375,000 per year of rate case expense.  
9       So it cost a million some odd just to put on that rate  
10      case, and we would be looking at that again if you open  
11      it up for another rate --

12             **CHAIRMAN ARGENZIANO:** Right. I'm not, I'm not  
13      saying -- I know -- you know where I stood on the whole  
14      thing to begin with. I don't like the subsidization. I  
15      don't, I didn't care for the solution. But there is a  
16      problem, and I don't know how to answer your question.  
17      I think it's a legal one, and I don't think there's  
18      anything we can do at this time for that.

19             I just want -- that's why I asked the  
20      question, and I wanted the company to see if you  
21      understood what I got here today. And I'm not telling  
22      you what, what to do or where you're going to do, but I  
23      heard that, I heard you first tell me you didn't, you  
24      know, if it's going to cost more to change the color of  
25      the water, they're not interested.

1           So I'm not sure then. That may be part of  
2 your monitoring. If people are saying they don't want  
3 to pay more, then I don't know that you should put more  
4 on the people right now if they don't want that to  
5 happen, and you may have to look at different legal  
6 remedies and speak to your legislators. I think -- I  
7 thought that's what you were saying.

8           Okay. So then that really changes things. If  
9 the people really decide that they don't want to have  
10 those things done aesthetically and so on for that extra  
11 cost, then I guess that's something that has to be  
12 figured out and monitored too. Because then that would  
13 be, I guess, making, making it -- I don't know if you'd  
14 say rubbing salt in a wound. They feel impacted by the  
15 rate increase and they don't want any, from what I hear,  
16 any additional charges. So that may be something we  
17 need to consider down the road, that they may not want  
18 those changes.

19           **COMMISSIONER EDGAR:** I'm sorry. Thank you.  
20 Thank you, Madam Chair.

21           One further question. I think inherent in  
22 Commissioner Skop's motion that Commissioner Klement and  
23 I, I believe, both seconded was Issue 2, which would  
24 obviously be to leave the docket open, since we're  
25 asking our staff to come back to us in 45 days or less.

1                   **COMMISSIONER SKOP:** It would inherently adopt  
2 the staff recommendation on Issue 2, but also the  
3 recommendation would need to be modified to I think  
4 incorporate the additional supplemental monitoring  
5 that's not listed in that as the staff recommendation  
6 currently.

7                   **COMMISSIONER EDGAR:** I just wanted to try to  
8 make sure we were getting it all wrapped up.

9                   **CHAIRMAN ARGENZIANO:** Okay. Any other  
10 questions? We have a motion and a second. All those in  
11 favor, say aye.

12                   (Unanimous vote.)

13                   Opposed? The motion is passed. And I thank  
14 everybody for coming today. I know. I just want to say  
15 thank you all for coming. Have a safe trip home. And  
16 please keep in touch with the PSC, our staff, with your  
17 concerns and problems, please. Thank you very much.

18                   And we're going to take a ten-minute break  
19 before we move on to Progress. Okay.

20                   (Agenda item concluded.)

21

22

23

24

25




1 STATE OF FLORIDA )  
2 : CERTIFICATE OF REPORTER  
3 COUNTY OF LEON )

4 I, LINDA BOLES, RPR, CRR, Official Commission  
5 Reporter, do hereby certify that the foregoing  
6 proceeding was heard at the time and place herein  
7 stated.

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

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

18 DATED THIS 3<sup>rd</sup> day of March,  
19 2010.

20  
21   
22 LINDA BOLES, RPR, CRR  
23 FPSC Official Commission Reporter  
24 (850) 413-6734  
25



GINA SPARAPANI  
4613 WINDY LN  
ZEPHYRHILLS, FLORIDA 33541  
813-715-6324

10.26.08



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12-17-09

GUS Alexakos

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12-17-2009

Gus ALEXAKOS  
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BOTTLE WATER IN  
KITCHEN CABINET

GUS ALEXAKOS  
4625 WINDY LN  
ZEPHYRHILLS, FL 33541  
813-780-2810





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BOTTLE WATER IN SHEP

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4625 WINDY LN

ZEPHYRHILLS, FLORIDA 33541

813-780-2810

~~Parties~~ Staff Handout  
Internal Affairs ~~Agenda~~  
on 3/16/10  
Item No. 18  
080121-WS

## Ruth Nettles

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**From:** Ralph Jaeger  
**Sent:** Monday, March 15, 2010 5:00 PM  
**To:** Ruth Nettles  
**Subject:** RE: Power Point Presentation

Consumer

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**From:** Ruth Nettles  
**Sent:** Monday, March 15, 2010 4:52 PM  
**To:** Ralph Jaeger  
**Subject:** Power Point Presentation

Consumer, Administrative, or Parties Correspondence?

Ruth Nettles  
Commission Deputy Clerk II  
Office of Commission Clerk  
850-413-6770

FPSC, CLK - CORRESPONDENCE  
Administrative Parties Consumer  
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Parties/Staff Handout  
Internal Affairs/Agenda  
on 03/16/10  
Item No. 18  
080121-WS

## Ruth Nettles

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**From:** Ralph Jaeger  
**Sent:** Monday, March 15, 2010 4:54 PM  
**To:** Ruth Nettles  
**Cc:** Mary Anne Helton; Curt Kiser; Marshall Willis; Jennifer Brubaker  
**Subject:** Power Point Presentation of Frank Reams in D. No. 080121-WS

At about 4:50 today, I gave you the hard copy of what is to be Mr. Reams power point presentation for Item 18 at tomorrow's agenda, Docket No. 080121-WS, Aqua Utilities Florida, Inc. Please place all pages in the Docket file. The first page begins with AUF Monitoring Plan, Findings, Report, Recommendations.

# **AUF Monitoring Plan**

## **Findings, Report, Recommendations**

**Our group, FLOWFlorida would like to add the following comments regarding the Staff recommendation recently issued for the Commissioners action and review as it relates to the AUF Monitoring Plan ordered May 29, 2009 by this Commission.**

**While the order had specific actions and time frames. AUF had time to prepare all departments concerned of the plan, and also make additional adjustments as needed or necessary to assure desired results.**

# AUF Monitoring Plan

**Our group, used the complaint activity data. We feel this method provides a totally unbiased look at the company's performance. As the company has no control over an individual customer who was not satisfied with answers given by the call center. Complaints are defined in the system as "billing" or "service" related. None the less much effort is required by the customer to file the complaint. As we review those reports today it becomes self evident of the "real customer experience" with the Aqua call center. The next several slides covers some Aqua operations in other States as well as Florida to broaden the scale and scope of our findings, regarding Aqua's customer service, methods, and procedures.**

# Customer Letter to NY PSC

**The next 5 slides offer insight in adequate detail to the “customers experience” when contacting Aqua Customer service for assistance, only those customers with unlimited patience prevail. One of our speakers today experienced a similar “road block” when attempting to contact the President of Aqua Florida by the email published on the front page of the statement.**

Carol & Peter Agramonte  
965 Bellmore Rd  
North bellmore NY 11710  
516-781-6311  
561-737-5197 (FL)

- Jaclyn Brilling, Secretary  
New York Public Service Commission  
Three Empire State Plaza 19<sup>th</sup>. Floor  
Albany, New York 12223

September 16, 2009

We have been in dispute with Aqua over an excessive water bill in the amount of \$378.86 for the months of May through July, 2009. Although they admit that they were in error, I would appreciate it if you would kindly review the sequence of events we have had to endure from May through the present.

5/9-09-Called Aqua- Advised them of extremely reduced water flow at 965 Bellmore Road, Bellmore, NY 11710-"Paul" comes to look at it, and says he finds no problems, but a "crew" would be set over to confirm this.

5-13-09-Crew from Aqua arrives by truck-measures water pressure to be slightly over 46PSI. Crew leaves and we hear nothing more from Aqua Water flow problem continues



# 965 Bellmore Road

7-01-09-We leave for Florida where we intend to stay until December 09-Address 5505 North Ocean Blvd. 8-104, Ocean Ridge, Fl. 33435-  
phone# 561-737-5197.

7-20-09-Aqua bill arrives in Florida- for period of 5-8-09 thru 7-7-09 in the amount of 378.86. (Water bills for the entire year of 2008 were 437.67.

7-21-09-Called Aqua spoke with Alice. Was told that someone would be sent to 965 Bellmore Road to make sure "there were no leaks". Alice said she would call me in Florida after the inspection.

7-30-09-No call from Alice.....I called and again spoke with Alice. She said that "as of today, (7-30-09) they had not gone to check for leaks nor to examine the meter". She said that she would call me after they had done this.

8-12-09- No call from Alice....I called this time and spoke with Rob. He assured me that he would immediately have a revised bill sent to our Florida address.

# 965 Bellmore Road

8-18-09-No bill no call.....I called again and spoke with Rob, who said the bill has been revised (\$180.91??)-Said he would take care of it and I should receive it shortly.

I then asked to speak with Alice, who said "the meter had been reread on 7-22." When I inquired as to why she hadn't called me, she had no explanation.

8-18-09- I wrote a letter to Aqua New York Water expressing my dissatisfaction.

8-26-09-No bill-No call.....I called yet again, and spoke with Rob, He said, "bill has been submitted to Billing Dept. but has not yet been posted". He further advised that there is a two person Billing Dept., and one is on vacation. "You will receive a bill shortly!"

9-2-09-Still no bill. Received a phone call from Matt Snyder, who stated that he is President of Aqua New York Water. He said we would be receiving a new bill with credit. He took our mailing address in Florida, and that he would make sure that the revised bill would be sent to us. He also, spoke with my husband, Peter, and stated that a new 1" meter would be installed at our home to improve the water flow situation.

# 965 Bellmore Road

9-10-09-/still no bill. I called once again. Matt Snyder was not available. I spoke with Theresa Barri, Supervisor, who said she would print out the bill and send it to our Florida address, which she had at hand. She also said the new 1" meter would be installed at 965 Bellmore Road on Tuesday 9-15-09.

9-12-09-TODAY'S MAIL-Insult to injury!

**FINAL TERMINATION NOTICE!!!!**

Water scheduled to be shut off on or after September 28, 2009!

9-14-09-Spoke to both Teresa Barri, Supervisor and Matt Snyder President-They were very apologetic and offered many excuses. I told Matt Snyder that I am appalled by the way Aqua is run. I also advised him that there are not excuses for this situation....(he agreed).!

9-15-09-Finally after eight phone calls!

Water bill arrives in mail for months of July thru September with adjustment of \$234.25 (how was this figure computed?) Total bill \$199.57 (seen enclosed)

# 965 Bellmore Road

Also a phone call from Mickey Kane of Aqua Engineering-He spoke with my husband. Told him they would replace existing,  $\frac{3}{4}$ " feeder and meter box w  $\frac{5}{8}$ " meter to accommodate a new 1" meter installation to increase flow. They will have to open the street, cutting out the old meter pit and tunneling a new 1" feeder under the sidewalk. Work to begin October 1 (not sept.15 as previously advised by Therese Barri, Supv., Aqua Water Service.)

This letter is mainly for your information as to the management (?) or should I say, mismanagement of Aqua New York Water. How ironic that they would like to raise our rates by 12% for this wonderful service.

I would appreciate a response from you in regard to this situation.

Thank you very much.

Carol Agramonte

5505 N. Ocean Blvd. 8-104

Ocean Ridge Fl 33435



## **News Release**

**Office of the Ohio Consumers' Counsel  
FOR IMMEDIATE RELEASE**

Contact: Anthony Rodriguez  
(614) 466-9547

### **Aqua Ohio fined \$132,000 for failure to resolve billing issues**

COLUMBUS, Ohio – August 24, 2009 – State regulators fined Aqua Ohio \$132,000 last week and will audit the company to insure billing problems affecting thousands of customers in the company's eight-county service area are fixed. The company also must spend \$25,000 to help low-income water consumers.

The Office of the Ohio Consumers' Counsel (OCC) pursued the case against Aqua Ohio after consumers repeatedly reported they were not receiving their water bills for months at a time and when they did the cumulative bill was high. They also said the company was not taking actual meter readings for many months, a violation of service standards. Some consumers said they didn't get a bill for more than six months. Also, the company assessed late fees even though customers had not received bills. The Public Utilities Commission of Ohio determined the billing problems had been ongoing since May 2007 to at least February 2009.

# NY PSC Order effective 1-29-2010

- Customer Service Incentive Mechanism (CSIM)

PSC Annual Complaint Rate	Proposed Amount
<3.7	None
>3.8	\$64,000
>4.5	\$80,000
>5.3	\$96,000

# Stay out Provision

- The company will receive a 20 basis point return on equity stay-out premium in return for the Company's commitment not to file for a base rate increase prior to February 6, 2013. Should the Company file for rate relief to become effective prior to February 6, 2013, the Company will establish a deferred credit for the benefit of ratepayers equal to the revenue requirement effect of the stay-out premium for the period February 6, 2010 up to the date new rates next take effect, if before February 6, 2013

### NewYork PSC billing refunds to consumers

JAN '09	\$	214,982.94
FEB '09	\$	133,061.32
MAR '09	\$	412,974.01
APR '09	\$	482,377.84
MAY '09	\$	181,789.36
JUNE '09	\$	160,864.19
JULY '09	\$	187,106.27
AUG '09	\$	1,095,079.41
SEPT '09	\$	177,760.45
OCT '09	\$	103,227.44
NOV '09	\$	201,680.09
DEC '09	\$	689,670.61
<b>2009 Total</b>	<b>\$</b>	<b>4,040,573.93</b>



To: Consumer Contact

Subject: E-Form Other Complaint TRACKING NUMBER: 13206

Complaint filed with PSC

Select County: LAKE

CUSTOMER INFORMATION

Name: James Branigan

Telephone: 3527879304

Email:

Address: 2101 Live Oak Dr. Fruitland Park, 34731

BUSINESS INFORMATION

Business Account Name: N/A

Account Number:

Address: N/A N/A Fla 34731

COMPLAINT INFORMATION

Complaint: Other Complaint against Aqua Utilities Florida, Inc.

Details:

I am disturbed about receiving a rate increase form for Piney Woods system. A water leak

Docket No. 080121-WS

Schedule 2

Exhibit No. \_\_ (KHD-1)

Page 515 of 576

5/20/2008 3:53 PM

**Office of Commission Clerk Official Filing**

occured at the corner of Melanie St. & E. Spring Lake Blvd. and continued to leak for a week before it was repaired. The resident on the corner called Aqua Utilities 5 times about the situation before action was taken. Thousands of gals. of water went into the lake.

Now they want to cover their costs by increasing my water rates. This is not going to get it.

-----Original Message-----

From: Lihvarcik, John M.

Sent: Thursday, May 08, 2008 11:36 AM

To: Heath, Brian E.; Fontaine, Will M.

Cc: Pellenz, Edward J.

Subject: Docket 080121

Brian/Will:

I received this email from the PSC regarding a leak at Piney Woods which continued to leak for a week before it was repaired.

I need to respond back to the PSC by tomorrow can you give me background information on this.

Jack

Ed:

Can you make sure I receive the response.

Docket No. 080121-WS

Schedule 2

Exhibit No. \_\_ (KHD-1)

Page 514 of 576

5/20/2008 3:53 PM

Office of Commission Clerk Official Filing

4/23/08 and did require an interruption of service and a boil water notice on Melanie Street that same day.

In summary the repair was delayed three to four days beyond the original schedule due to its priority ranking (two of those days were weekend days). All repairs are completed on a priority basis as soon as practical or necessary this repair would have been much more costly if we had done it after hours or on the weekend due to labor costs as apposed to the cost of the leaking water over a few days.

Brian E. Heath

Area Manager (North)

AQUA Utilities Florida, Inc.

P.O. Box 490310

Leesburg, Fl 34749

(352) 435-4021

# Aqua Complaints Jan 06 Feb 10

Month	2010	2009	2008	2007	2006
January	13	13	4	11	5
February	12	13	18	8	11
March	8-10	9	12	15	0
April		17	19	7	1
May		26	12	33	3
June		23	25	15	2
July		17	21	29	2
August		18	9	20	3
September		12	14	12	1
October		13	18	14	1
November		2	6	10	0
December		15	10	14	4
Total	25	178	168	188	33



# 7 LARGEST FLORIDA WATER COMPANIES WITH COMMISSION COMPLAINTS 2009

Aqua	20,000+	175
Alafaya	7,260	27
Lake Utility	9,390	6
Utilities of FI	16,185	4
North Sumpter Utility	31,852	3
Sanlando	12,125	2
People's Water Svc.	11,858	1

Aqua Customers by County & Commission complaints 1-1-06 3-08-2010

County	Co. #	Customers	Billing	Service	Total	%ofbase
Highlands	WS880	928	36	16	52	5.6%
Lake	WS881	4819	51	16	67	1.4%
Pasco	WS883	3190	85	28	113	3.5%
Polk	WS887	1658	38	12	50	3.0%
Putnam	WS885	1189	9	10	19	1.6%
Seminole	WS886	1533	55	32	87	5.7%
Volusia	WS887	379	10	2	12	3.2%
Washington	WS888	579	9	1	10	1.7%
Lee	SU821	68	8	10	18	26.5%
Alachua	WS688	569	49	24	73	12.8%
Sumter	WS768	119	9	4	13	10.9%
Desoto	WS798	556	5	2	7	1.3%
Marion	WU174	2420	24	11	35	1.4%
Palm Beach	WU787	481	12	4	16	3.3%
Brevard	WU879	269	5	1	6	2.2%
Orange	WU882	275	1	4	5	1.8%
		19032	406	177	583	3.1%





Senator  
Victor Crist, Vice Chair

## Pasco County Legislative Delegation



Representative  
Will Weatherford, Chair

January 26, 2011

The Honorable Nancy Argenziano, Chair  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0830

Dear Chairwoman Argenziano:

Last year, the Public Service Commission approved a rate increase for Aqua Utilities Florida, a large utility company that purchased and now operates several water and wastewater utility systems throughout Florida. Many of these systems operate within the districts represented by our delegation.

We appreciate the difficult task that the Commission was faced with in setting rates for a utility operating multiple, separate systems at a level that ensures funding to maintain an adequate infrastructure for each system. However, as these difficult economic times continue, the rate increases approved by the Commission have hit citizens hard. In some instances, customers have seen their base facilities charges – the cost of simply keeping an account even when no water or sewer service is used – doubled or even tripled. At the same time, “gallage” charges for actual usage have also increased. For example, customers served by the Zephyr Shores system that use more than 10,000 gallons per month have seen their gallage charges increased four-fold, from \$5 to almost \$20 per thousand gallons. Quite simply, these rates have become unaffordable for many citizens.

It appears that there is an opportunity to take full advantage of the economies of scale offered by a consolidated utility company to provide some rate relief to customers served by the historically “high-cost” systems acquired by Aqua. We understand the Commission’s concern that historically “low-cost” systems would be asked to support the “high-cost” systems, but it seems that customers served by the latter are those hardest hit by the rate increase.

While we appreciate the complexities of setting rates for this utility, we respectfully request, on behalf of our delegation's constituents served by Aqua Utilities Florida, that the Commission consider all measures available to minimize the rate impact on Aqua's customers.

Thank you for your consideration of this request. If you would like to discuss this further, please do not hesitate to contact me.

Sincerely,

---

Will Weatherford, Chair  
Representative, District 61

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Victor Crist, Vice Chair  
Senator, District 12

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Rocelda Stortis  
Senator, District 10

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Mike Fasano  
Senator, District 11

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Robert Schenck  
Representative, District 44

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Tom Anderson  
Representative, District 45

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John Legg  
Representative, District 46

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Peter Nehr  
Representative, District 48

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Rich Glorioso  
Representative, District 62

Cc: Florida Public Service Commissioners

ORDER NO. PSC-09-0385-FOF-WS

DOCKET NO. 080121-WS

PAGE 142

<u>Band 1</u>	<u>Band 3</u>	<u>Band 4 = capped systems</u>	<u>Band 4 (cont.)</u>
Jasmine Lakes Kings Cove Ocala Oaks Picciola Island Silver Lake Estates Tangerine	48 Estates Gibsonia Estates Interlachen Lake / Park Manor Lake Osborne Orange Hill Quail Ridge Ravenswood Venetian Village	Arredondo Beechers Point East Lake Harris Friendly Center Haines Creek Harmony Homes Hermits Cove Hobby Hills Holiday Haven Imperial Mobile Terrace Jungle Den Kingswood Lake Josephine Lake Suzy Leisure Lakes Morningview Oakwood Palm Port Palm Terrace	Palms MHP Pomona Park River Grove Rosalie Oaks Sebring Lakes Silver Lake Oaks Skycrest Stone Mountain Summit Chase The Woods Tomoka Village Water Welaka / Saratoga Harbor Wootens Zephyr Shores
<u>Band 2</u>  Carlton Village Fern Terrace Grand Terrace Lake Gibson Estates Piney Woods St. Johns Highlands Sunny Hills Valencia Terrace			

# Cap Band Rate Summary

## Water 5000 Gallons

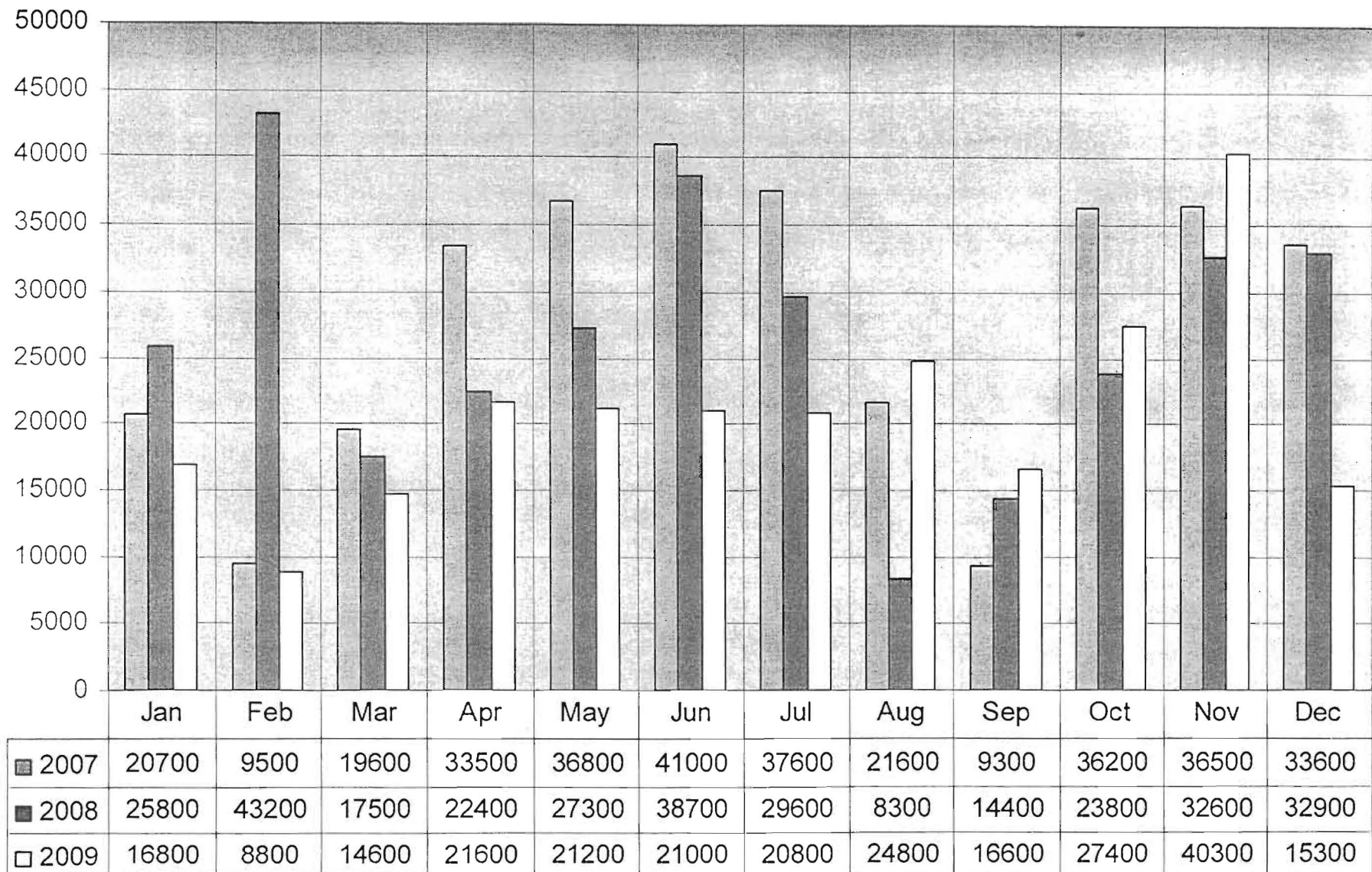
Band	ERC	% ERC	Increase/Mo	%to Tot.	Avg/erc
1-6	5592	33.2%	\$24,471.78	10.6%	\$4.38
2-8	2596	15.4%	\$28,582.49	12.4%	\$11.01
3-8	1606	9.5%	\$32,689.81	14.2%	\$20.35
4-34	7027	41.8%	\$144,824.24	62.8%	\$20.61
Total	16824		\$230,568.32		

# Cap Band Rate Summary

## Water 6000 Gallons

Band	ERC	%erc	Increase	% to Total	Avg ERC
1-6	5592	33.2%	\$38,284.02	11.8%	\$6.85
2-8	2596	15.4%	\$40,679.85	12.5%	\$15.57
3-8	1606	9.5%	\$42,598.83	13.1%	28.52
4-34	7027	41.8	\$202,726.72	62.5	\$28.85
Total	16821		\$324,289.42		

Elaine Glasscock usage in gallons 2007-2008-2009



2007 2008 2009

# Requested Action Items

- Commission review rate setting process to be more equitable for all ratepayers.
- Commission place an immediate suspension on all pending and future acquisitions by AUF, until customer commission complaints to this commission are in line with other water operations in Florida.

# Requested Action Items

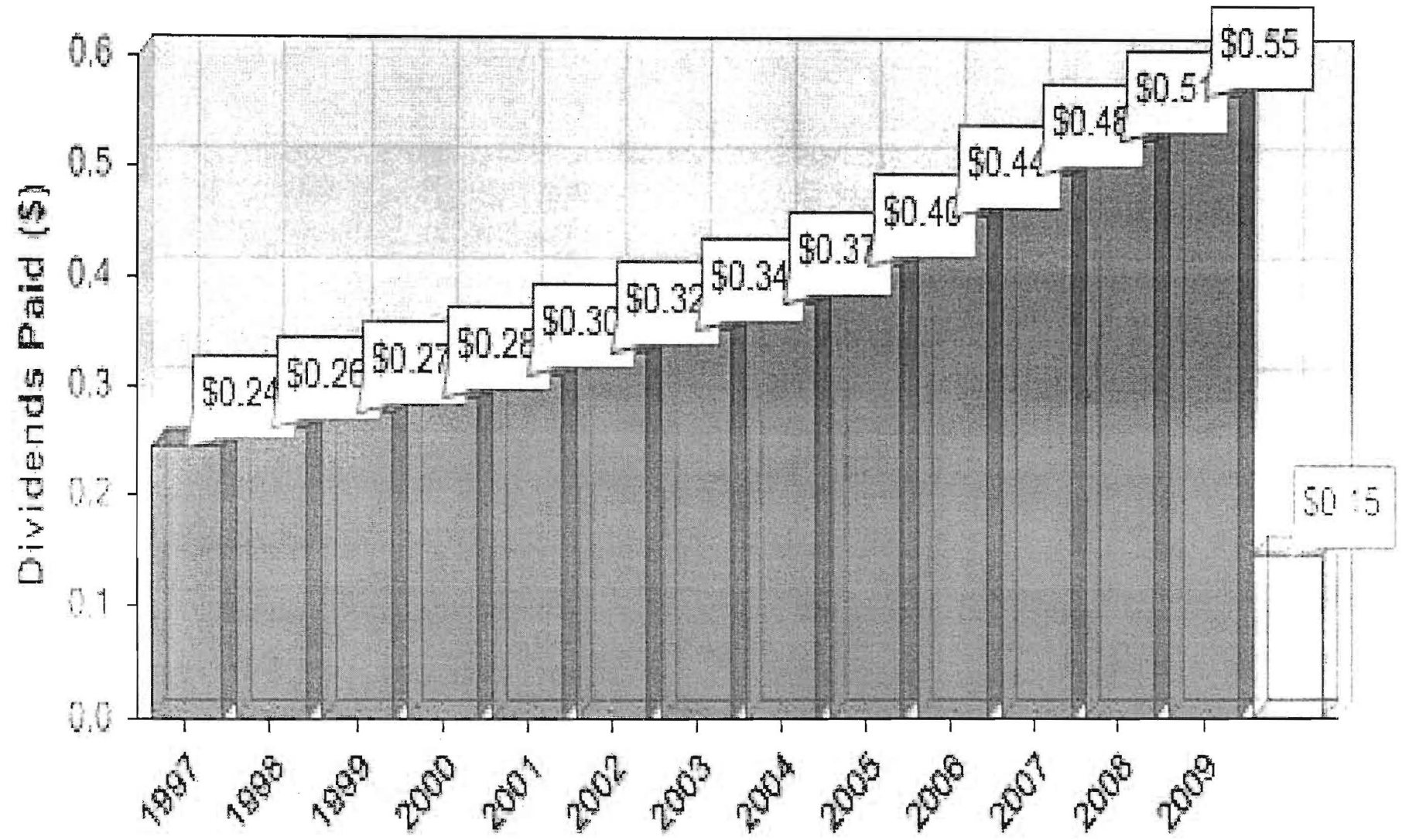
Consider enabling “Witness Poucher” seven recommendations.

ORDER NO. PSC-09-0385-FOF-WS

DOCKET NO. 080121-WS

PAGE 18 paragraph 4





# Universal Service Fund 2008

• High Cost	4.48 Billion
• Low Income	819 Million
• Rural Health Care	49.5 Million
• Schools and Libraries	1.8 Billion
• Total	7.1 Billion

**Administered by NECA National Exchange Carriers Association**

THANK YOU

QUESTIONS



Service To:  
**GUS ALEXAKOS**  
**4625 WINDY LN**  
**ZEPHYRHILLS, FL 33541-2125**  
**Lot: 00000032 Block:**

Account Number  
**000901336 0643998**  
 ZEPHYR SHORES  
 1336431 PWSID # FL6512018

**Aqua Utilities Florida, Inc.**  
 762 W. Lancaster Avenue  
 Bryn Mawr, PA 19010-3489

Tel: **877.987.2782**  
 Fax: **866.780.8292**  
 e Mail: **custserv@aquaamerica.com**

Questions about your water/sewer service?... Contact us before the due date  
 Bill Date **February 05, 2010** Total Amount Due **\$ 123.25** Due Date **March 01, 2010**

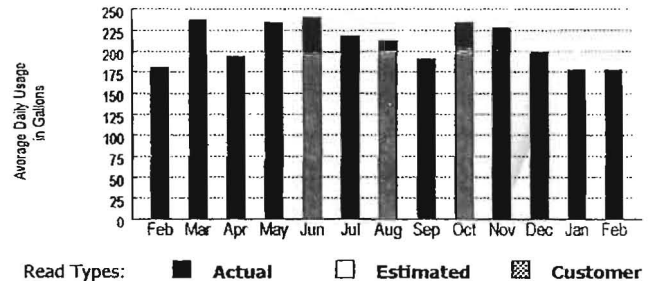
## Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
56620647	5/8	02/03/10	28	Actual	97600	5,000	Gallons
		01/06/10		Actual	92600		
Average Daily Usage = 178 Gallons		Total Days: 28		Total Usage:		5,000	Gallons

## Billing Detail

Amount Owed from Last Bill ..... \$ 282.07  
 Total Payments Received..... 282.07  
**Balance..... 0.00**  
 Water Base Facility Charge ..... 15.71  
 5,000 gallons @ \$0.00731 per gallon ..... 36.55  
 Current Water Charges..... 52.26  
 Sewer Base Facility Charge ..... 35.44  
 5,000 gallons @ \$0.00711 per gallon ..... 35.55  
 Current Sewer Charges ..... 70.99  
**Amount Due 03/01/10 ..... \$ 123.25**

## Water Usage History



## Message Center (see reverse side for other information)

- Please note, your account number is a 16-digit number. The full 16-digits including any zeros must be provided to ensure correct and prompt posting to your Aqua account

## AQUA Water/Sewer Bill

**Aqua Utilities Florida, Inc.**  
 762 W. Lancaster Avenue • Bryn Mawr, PA 19010-3489

Keep top portion for your records.  
 Return this portion with your payment.

Service To:  
**GUS ALEXAKOS**  
**4625 WINDY LN**  
**ZEPHYRHILLS, FL 33541-2125**  
**Lot: 00000032 Block:**

Account Number  
**000901336 0643998**  
 Total Amount Due **\$ 123.25** Due Date **March 01, 2010**

Amount Enclosed

\$

Please make check payable to Aqua Util. FL.  
 Print your account number on your check,  
 then mail to address on back.

Seq=25748 Cyc=33PJ 1up=824514 25748 1 AV 0.335

0643998

\*\*\*\*\*AUTO\*\*5-DIGIT 33541 C 73 P 80  
 GUS ALEXAKOS  
 4625 WINDY LN  
 ZEPHYRHILLS FL 33541-2125



**Parties/Staff Handout**  
**Internal Affairs/Agenda**  
 on 3/16/10  
 Item No. 18  
080121-WS

00090133606439980000000123252





Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, FL 34748-0310

T: 352.787.0980  
F: 352.787.6333  
www.aquautilitiesflorida.com

October 1, 2009

Alexakos Household  
4625 Windy Lane  
Zephyrhill, FL 33541

Dear Customer:

Thank you for your participation in the Lead and Copper Sampling Program performed in August, 2009. A total of 19 locations were sampled. The majority yielded results well below the Action Level (AL) established for these analyses.

Your location was sampled for lead and copper on August 19, 2009. Test results were as follows:

	Sample Result	AL
LEAD	0.00250 mg/L	0.015 mg/L
COPPER	0.017 mg/L	1.3 mg/L

Definition of Terms:

mg/L = milligrams per liter or parts per million

AL = Action Level – A level that, if exceeded in more than 10% of samples, triggers corrective action

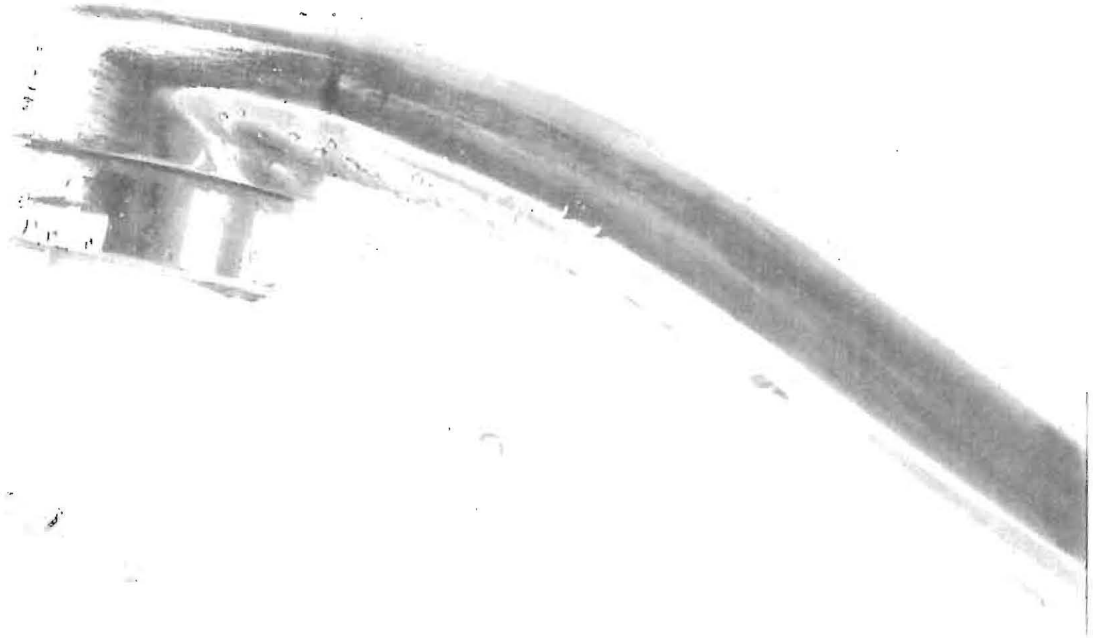
If you have any questions, please call us at (352) 787-0980.

Sincerely,

Aqua Utilities Florida, Inc.

Parties/Staff Handout  
Internal Affairs/Agenda  
on 3/16/12  
Item No. 18  
080121-WS

GUS ALEXAKOS  
4625 WINDY LANE  
ZEPHYRHILLS, FLORIDA 33541  
813-780-2810



te your time and  
vice.

# Satisfaction Survey

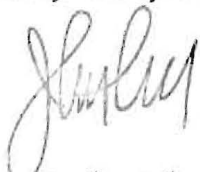
Parties/Staff Handout  
Internal Affairs/Agenda  
on 3/16/10  
Item No. 18  
080121-WS

Dear Aqua Utilities Florida Customer:

As an Aqua customer, your satisfaction with our water service is important to us. We're looking at ways to improve the system that serves you and your neighbors, and we'd like your feedback.

Please take a few moments to complete this survey and return it in the supplied envelope so we can learn more about you and your experience with Aqua.

Thank you for your help.



John M. Lihvarcik  
COO

1. On a scale of 1 to 5, rate the quality of service provided by Aqua.
2. Please indicate your satisfaction with:
  - a. Taste
  - b. Odor
  - c. Color
  - d. Hardness
  - e. Reliability
  - f. Response time
  - g. Customer service
  - h. Value
3. Do you use a water filter?
4. If your answer to question 3 is "yes," please indicate the type of filter you use:
  - a. Drinking water
  - b. Cooking water
  - c. Bathing water
  - d. Laundry water
  - e. Dishwater

1. On a scale of 1 to 5 (1 is least favorable, and 5 is most favorable) how do you rate the overall water service provided by Aqua Utilities Florida, Inc.?

1 2 3 4 5

2. Please indicate your satisfaction with your water (Very Satisfied, Satisfied, Not Satisfied):

a. Taste	Very Satisfied	Satisfied	Not Satisfied
b. Odor	Very Satisfied	Satisfied	Not Satisfied
c. Color	Very Satisfied	Satisfied	Not Satisfied
d. Hardness	Very Satisfied	Satisfied	Not Satisfied
e. Reliability of service	Very Satisfied	Satisfied	Not Satisfied
f. Response to service maintenance	Very Satisfied	Satisfied	Not Satisfied
g. Customer service	Very Satisfied	Satisfied	Not Satisfied
h. Value for your money	Very Satisfied	Satisfied	Not Satisfied

ONLY BECAUSE  
OF THEIR REP STEVE

3. Do you use a home purification or treatment system for your tap water? YES

NO

4. If your answer to the previous question is "YES", which uses of a home purification device apply:

a. Drinking  
b. Cooking  
c. Bathing  
d. Laundry  
e. Dishwashing

5. Do you use bottled water?

6. On a scale of 1 to 5 (1 is least favorable, and 5 is most favorable) how do you rate the water quality issues?

7. On a scale of 1 to 5 (1 is least favorable, and 5 is most favorable) how do you rate the communications from Aqua Utilities Florida, Inc.?

8. How would you prefer to receive bills (check all that apply)?

a. Billing statement  
b. Letter from representative  
c. Internet  
d. Email

9. How do you pay your bill?

a. In person  
b. By mail  
c. Online



5. Do you use bottled water? ☒ YES ☐ NO ← ALWAYS

6. On a scale of 1 to 5 (1 is not attentive, and 5 is very attentive), how would you rate Aqua's attention and response to water quality issues involved in providing water service?

☒ 1    2    3    4    5

7. On a scale of 1 to 5 (1 is do not agree, and 5 is strongly agree), do you believe that Aqua provides useful communications and information?

☒ 1    2    3    4    5

8. How would you prefer to get information about Aqua, on a scale of 1 to 5 (1 is least preferred, and 5 is most preferred)?

a. Billing statement	1	2	3	4	5
b. Letter from the company	1	2	3	<input checked="" type="radio"/> 4	5
c. Internet	1	2	3	4	5
d. Email	1	2	3	4	5

9. How do you pay your bills?

a. In person  
☒ b. By mail  
c. Online

BECAUSE  
MR. REP. STEVE

10. How long have you lived at this residence or been at this business location?

- a. 1-3 years
- b. 3-5 years
- c. 5-10 years
- d. 10-20 years
- e. 20-30 years
- f. More than 30 years

11. Would you identify your age group as:

- a. 18-25 years of age
- b. 26-35
- c. 36-50
- d. 51-65
- e. Over 65

12. Has your water quality improved or declined since you moved to this community? Please explain.

CAN'T DRINK IT! WE HAVE TO PURCHASE "ALL" DRINKING WATER  
NEED FILTERS ON BOTH WELLS

13. If you have had any dissatisfaction with your water quality or service, please describe it here.

WATER QUALITY EXTREMELY POOR  
THEIR SERVICE REP. STEVE-EXCELLENT

14. What suggestions

SELL THE  
AND AMERI

Your name (OPTIONAL):

Your phone number (OPTI

May we contact you if we

Thank you for sharing y  
insights. Your comment

We'll keep in touch.

14. What suggestions do you have to improve your current water service?

SELL THE COMPANY WHO CAN PROVIDE OUR ZEPHYRSHORES  
AND AMERICAN CONDO QUALITY DRINKING WATER!

Your name (OPTIONAL): GUS ALEXAKOS

Your phone number (OPTIONAL): 813-780-2810

May we contact you if we have any questions?

☒ YES

☐ NO

Thank you for sharing your perspectives and suggestions about your water service — we appreciate your time and insights. Your comments will help Aqua as we develop ways to enhance your water quality and service.

We'll keep in touch.



Aqua Utilities Florida, Inc. - 1100 Thomas Avenue, Leesburg, FL 34748  
www.aquaamerica.com - 877.WTR.AQUA

WATER

# CUSTOMER SERVICE FROM AQUA

JOSEPHINE SOMERVILLE

4-613 NEWCOMB Ave

ZEPHYRHORES

813-782-0183

WAS TURNED OFF 1-28-10 IN AM

FOR NO REASON-

NEVER RANG HER DOOR BELL

NEVER KNOCKED ON HER DOOR



Parties/Staff Handout  
Internal Affairs/Agenda  
on 3/16/10  
Item No. 18  
081021-WS



Service To:  
**JOSEPHINE SOMERVILLE**  
**4613 NEWCOMB AVE**  
**ZEPHYRHILLS, FL 33541-2154**  
**Lot: 00090008 Block:**

Account Number  
**000901295 0643959**  
ZEPHYR SHORES  
1336431 PWSID # FL6512018

**Aqua Utilities Florida, Inc.**  
762 W. Lancaster Avenue  
Bryn Mawr, PA 19010-3489

Tel: **877.987.2782**  
Fax: **866.780.8292**  
e Mail: **custserv@aquaamerica.com**

Questions about your water/sewer service?... Contact us before the due date.  
Bill Date  
**March 05, 2010**  
Total Amount Due  
**\$ 81.43**  
Current Charges Due Date  
**March 29, 2010**

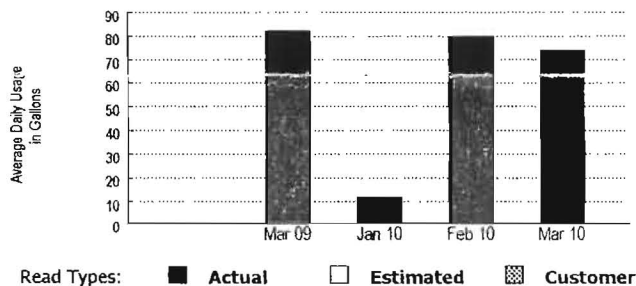
### Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
56620618	5/8	03/03/10	28	Actual	13200	2,100	Gallons
		02/03/10		Actual	11100		
Average Daily Usage = 75 Gallons		Total Days:	28	Total Usage:		2,100	Gallons

### Billing Detail

Amount Owed from Last Bill ..... \$ 578.60  
Total Payments Received..... 578.60  
**Remaining Balance ..... 0.00**  
Water Base Facility Charge ..... 15.71  
2,100 gallons @ \$0.00731 per gallon ..... 15.35  
Current Water Charges..... 31.06  
Sewer Base Facility Charge ..... 35.44  
2,100 gallons @ \$0.00711 per gallon ..... 14.93  
Current Sewer Charges ..... 50.37  
**Amount Due..... \$ 81.43**

### Water Usage History



CHK# 0930  
\$81.43 FL 3, 12-2010

### Message Center (see reverse side for other information)

- The due date refers to current charges only. If you do not pay your bill on time, your service could be subject to interruption. To ensure proper credit please remember to provide your full 16-digit account number when paying your bill.

Parties/Staff Handout  
Internal Affairs/Agenda  
on 3/16/10  
Item No. 18  
080121-WS



Service To:  
**JOSEPHINE SOMERVILLE**  
**4613 NEWCOMB AVE**  
**ZEPHYRHILLS, FL 33541-2154**  
**Lot: 00090008 Block:**

Account Number  
**000901295 0643959**  
 ZEPHYR SHORES  
 1336431 PWSID # FL6512018

**Aqua Utilities Florida, Inc.**  
 762 W. Lancaster Avenue  
 Bryn Mawr, PA 19010-3489

Tel: **877.987.2782**  
 Fax: **866.780.8292**  
 e Mail: **custserv@aquaamerica.com**

Questions about your water/sewer service?... Contact us before the due date

Bill Date **February 05, 2010** Total Amount Due **\$ 578.60** Due Date **March 01, 2010**

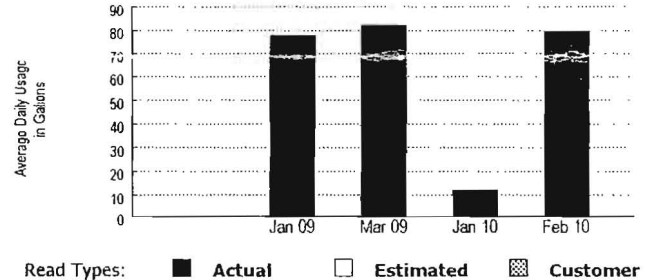
## Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
56620618	5/8	02/03/10	5	Actual	11100	400	Gallons
		01/29/10		Actual	10700		
Average Daily Usage = 80 Gallons		Total Days: 5		Total Usage:		400	Gallons

## Billing Detail

Amount Owed from Last Bill ..... \$ 564.31  
 Total Payments Received ..... 0.00  
**Balance** ..... **564.31**  
 Water Base Facility Charge ..... 2.62  
 400 gallons @ \$0.00731 per gallon ..... 2.92  
 Current Water Charges ..... 5.54  
 Sewer Base Facility Charge ..... 5.91  
 400 gallons @ \$0.00711 per gallon ..... 2.84  
 Current Sewer Charges ..... 8.75  
**Amount Due 03/01/10** ..... **\$ 578.60**

## Water Usage History



Read Types: ☒ Actual ☐ Estimated ☐ Customer

## Message Center (see reverse side for other information)

- Please note, your account number is a 16-digit number. The full 16-digits including any zeros must be provided to ensure correct and prompt posting to your Aqua account

Keep top portion for your records.



Service To:  
**JOSEPHINE SOMERVILLE**  
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**ZEPHYRHILLS, FL 33541-2154**  
**Lot: 00090008 Block:**

Account Number  
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Tel: **877.987.2782**  
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e Mail: **custserv@aquaaamerica.com**

Questions about your water/sewer service?... Contact us before the due date.  
Bill Date  
**February 02, 2010**  
Total Amount Due  
**\$ 564.31**  
Due Date  
**February 24, 2010**

### Meter Data

Meter	Size	Billing Period	Days	Read Type	Meter Readings	Usage	Units
56620618	5/8	01/29/10	305	Actual	10700	3,600	Gallons
		03/30/09		Actual	7100		
Average Daily Usage = 11 Gallons		Total Days: 305		Total Usage:		3,600	Gallons

### Billing Detail

Amount Owed from Last Bill .....	\$ 127.56
Total Payments Received .....	127.56
<b>Balance .....</b>	<b>0.00</b>
Water Base Facility Charge Water at Old Rate .....	0.22
12 gallons @ \$0.00537 per gallon .....	0.06
Current Water Charges At Old Rate .....	0.28
Water Base Facility Charge Water at Interim Rate .....	109.16
Next 2,491 gallons @ \$0.00659 per gallon .....	16.39
Current Water Charges At Interim Rate .....	125.55
Water Base Facility Charge Water at Current Rate .....	48.70
Next 1,098 gallons @ \$0.00731 per gallon .....	8.03
Current Water Charges at Current Rate .....	56.73
Current Water Charges .....	182.56
Sewer Base Facility Charge Sewer at Old Rate .....	0.57
12 gallons @ \$0.01435 per gallon .....	0.17
Current Sewer Charges At Old Rate .....	0.74

Sewer Base Facility Charge Sewer at Interim Rate .....	245.89
Next 2,491 gallons @ \$0.00701 per gallon .....	17.44
Current Sewer Charges At Interim Rate .....	263.33
Sewer Base Facility Charge Sewer at Current Rate .....	109.87
Next 1,098 gallons @ \$0.00711 per gallon .....	7.81
Current Sewer Charges at Current Rate .....	117.68
Current Sewer Charges .....	381.75
<b>Amount Due 02/24/10 .....</b>	<b>\$ 564.31</b>

*pd*  
*Feb 16/2010*  
*564.31*

### Message Center (see reverse side for other information)

- Please note, your account number is a 16-digit number. The full 16-digits including any zeros must be provided to ensure correct and prompt posting to your Aqua account

STATE OF FLORIDA

COMMISSIONERS:  
NANCY ARGENZIANO, CHAIRMAN  
LISA POLAR EDGAR  
NATHAN A. SKOP  
DAVID E. KLEMENT  
BEN A. "STEVE" STEVENS III



DIVISION OF SERVICE, SAFETY &  
CONSUMER ASSISTANCE  
DAN HOPPE  
DIRECTOR  
(850) 413-6480

## Public Service Commission

January 29, 2010

JOSEPHINE SOMERVILLE  
4613 NEWCOMB AVE  
ZEPHYRHILLS, FL 33541

Dear MRS. SOMERVILLE:

Thank you for contacting the Florida Public Service Commission. We have reviewed and referred your complaint to AQUA UTILITIES FLORIDA, INC. Your case reference number is 0921050W.

**What you can expect now that your complaint has been filed.**

The utility will be contacting you to address your concerns and must respond directly to you within three weeks from the date we received your complaint. The utility will attempt to resolve the matter directly with you and is required to notify us regarding the resolution of the complaint. We ask that you allow the utility to work directly with you to resolve your complaint.

**How the Commission can assist you and what action you can take.**

The Florida Public Service Commission only regulates matters that fall within the scope of our jurisdiction. We will review your complaint and the utility's response to your case to ensure the utility has complied with the applicable statutes, rules and regulations of the Florida Public Service Commission and the utility's tariff. Please be advised that if this is a billing complaint, commission staff may request payment and billing information regarding your account.

Matters like these are usually resolved quickly and effectively, requiring no further Commission intervention. However, if you need further assistance from the Commission after receiving the utility's response, please contact the Commission's Bureau of Consumer Assistance by telephone at 1-800-342-3552 or in writing at the postal or email address shown below. *If we do not hear from you within 30 calendar days from the date of this letter, we will presume that you are in agreement with the company's proposed resolution or plan of action.*

Thank you for the opportunity to assist you in this matter. If you would like to know more about the Public Service Commission, please visit our Web site at [www.floridapsc.com](http://www.floridapsc.com).

Sincerely,

*Ruth McHargue*

Regulatory Program Administrator  
Division of Service, Safety  
& Consumer Assistance

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CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action/Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)



## Zephyr Shores

<u>Water</u>	
Base Facility Charge	\$ 15.71
Gallorage:	
Block 1, 0-5,000	\$ 7.31
Block 2, 5,001 - 10,000	\$ 8.98
Block 3, Over 10,000	\$ 20.66
<u>Monthly Bill at:</u>	
Average Usage - 1,400 gallons	\$ 25.94
Highest Consumption - 2,000 gallons	\$ 30.33

<u>Wastewater</u>	
Base Facility Charge	\$ 35.44
Gallorage:	\$ 7.11
<u>Monthly Bill at:</u>	
Average Usage - 1,400 gallons	\$ 45.38
Highest Consumption - 2,000 gallons	\$ 49.65

<u>TOTAL MONTHLY BILL AT:</u>	
Average Usage - 1,400 gallons	\$ 71.33
Highest Consumption - 2,000 gallons	\$ 79.98

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**Aqua Utilities Florida, Inc.**  
**Residential Customer Water Rates**

As of 12/06/2009	Effective 10/29/2009								Effective 8/4/2009
	Class/Meter Size	Group 1	Group 2	Group 3	Group 4	Breeze Hill	Chuluota	Fairways	Peace River
<b>Residential</b>									
	5/8" X 3/4"	\$ 14.13	\$ 16.29	\$ 16.68	\$ 15.71	\$ 15.51	\$ 11.17	\$ 7.59	\$16.44
	3/4"	\$ 21.19	\$ 24.44	\$ 25.02	\$ 23.58	\$ 23.27	\$ 16.77		\$24.66
	1"	\$ 35.31	\$ 40.73	\$ 41.71	\$ 39.29	\$ 38.76	\$ 27.95		\$41.10
	1-1/2"	\$ 70.63	\$ 81.46	\$ 83.41	\$ 78.58	\$ 77.53	\$ 55.90		\$82.20
	2"	\$ 113.01	\$ 130.34	\$ 133.46	\$ 125.73	\$ 124.05	\$ 89.46		\$131.52
	3"	\$ 226.02	\$ 260.68	\$ 266.91	\$ 251.46	\$ 248.10	\$ 178.91		\$263.03
	4"	\$ 353.16	\$ 407.31	\$ 417.05	\$ 392.91	\$ 387.65	\$ 279.55		\$410.99
	6"	\$ 706.30	\$ 814.62	\$ 834.08	\$ 785.82	\$ 775.32	\$ 559.12		\$821.97
	8"	\$ 1,130.09	\$ 1,303.39	\$ 1,334.54	\$ 1,257.30		\$ 894.59		\$1,315.16
	10"	\$ 1,624.51	\$ 1,873.62	\$ 1,918.39	\$ 1,807.38		\$1,285.97		\$1,890.54
<b>Gallons</b>									
	Block 1, 0-5,000	\$ 2.00	\$ 3.82	\$ 5.01	\$ 7.31	\$ 2.70	\$ 4.24	\$ 1.77	4.94
	Block 2, 5,001 - 10,000	\$ 2.51	\$ 4.77	\$ 6.26	\$ 8.98	\$ 2.70	\$ 4.24	\$ 1.77	6.17
	Block 3, Over 10,000	\$ 6.01	\$ 11.46	\$ 15.03	\$ 20.66	\$ 2.70	\$ 4.24	\$ 1.77	14.81

**Residential Customer Bills**

at:

3,000	\$ 20.13	\$ 27.74	\$ 31.72	\$ 37.64	\$ 23.61	\$ 23.91	\$ 12.90	\$ 31.26
5,000	\$ 24.13	\$ 35.37	\$ 41.75	\$ 52.25	\$ 29.02	\$ 32.39	\$ 16.44	\$ 41.14
10,000	\$ 36.66	\$ 59.22	\$ 73.05	\$ 97.14	\$ 42.53	\$ 53.62	\$ 25.29	\$ 71.99
<b>Average usage (7,500 gal.)</b>	<b>\$ 27.89</b>	<b>\$ 42.53</b>	<b>\$ 51.14</b>	<b>\$ 65.72</b>	<b>\$ 33.07</b>	<b>\$ 38.76</b>	<b>\$ 19.09</b>	<b>\$ 50.40</b>

Systems in Group:

Group 1	Group 2	Group 3	Group 4
King's Cove	Fern Terrace	Gibsonia Estates	Beecher's Point
Ocala Oaks	Grand Terrace	Interlachen Lakes Estates / Park Manor	East Lake Harris Estates
Picciola Island	Lake Gibson Estates	Lake Osborne	Friendly Center
Silver Lake Est. / Western Shores	Piney Woods	Orange Hill / Sugar Creek	Haines Creek
Tangerine	St. Johns Highlands	Quail Ridge	Harmony Homes
	Sunny Hills	Ravenswood	Hermits Cove
	Valencia Terrace	Venetian Village	Hobby Hills
			Holiday Haven
			Imperial
			Jungle Den
			Kingswood
			Lake Josephine
			Lake Suzy
			Leisure Lakes
			Morningview
			Oakwood
			Palm Port
			Palm Terrace
			Palms MHP
			Pomona Park
			River Grove
			Rosalie Oaks
			Sebring Lakes
			Silver Lake Oaks
			Skycrest
			Stone Mountain
			Summit Chase
			The Woods
			Tomoka/Twin Rivers
			Village Water
			Welaka/Saratoga Harbour
			Wooten
			Zephyr Shores

Aqua Utilities Florida, Inc.  
Residential Customer Wastewater Rates

As of 12/06/2009	Effective 10/29/2009								Effective 8/4/2009
	Class/Meter Size	Group 1	Group 2	Group 3	Group 4	Breeze Hill	Chuluota	Fairways	Peace River
Residential									
All Meter Sizes		17.13 \$	35.44 \$	29.41 \$	75.47 \$	19.04 \$	23.78 \$	12.65 \$	29.03
Gallonge		4.75 \$	7.11 \$	8.99 \$	9.37 \$	3.39 \$	8.66 \$	3.80 \$	8.87
Cap at 6,000 gall.									
Sarasota cap - 10,000 gall									
(Surcharge - Sarasota only)									

Residential Customer Bills  
at:

3,000	\$	31.38	\$	56.75	\$	56.37	\$	103.59	\$	29.21	\$	49.75	\$	24.04	\$	55.64
5,000	\$	40.88	\$	70.96	\$	74.34	\$	122.34	\$	35.99	\$	67.07	\$	31.63	\$	73.38
10,000	\$	45.63	\$	78.07	\$	83.33	\$	131.71	\$	39.38	\$	75.73	\$	35.42	\$	82.25
Average usage (7,500 gal.)	\$	45.63	\$	78.07	\$	83.33	\$	131.71	\$	39.38	\$	75.73	\$	35.42	\$	82.25

Systems in Group:	Group 1	Group 2	Group 3	Group 4
	King's Cove	Arredondo	Beecher's Point	FI Central Commerce Park
	Leisure Lakes	Holiday Haven	Jungle Den	Village Water
	Summit Chase	Jasmine Lakes	Lake Gibson Estates	
	Valencia Terrace	Lake Suzy	Rosalie Oaks	
		Morningview		
		Palm Port		
		Palm Terrace		
		Park Manor		
		Silver Lake Oaks		
		South Seas		
		Sunny Hills		
		The Woods		
		Venetian Village		
		Zephyr Shores		



## **Chuluota Water System**

The Chuluota water system in Seminole County serves nearly 1,500 Aqua customers. Aqua acquired the system in 2004.

Water utilities in Chuluota have struggled with water quality issues for nearly 40 years. The water in the Chuluota region originates in the Floridan aquifer, and the natural groundwater in the region is characteristically difficult to treat for public drinking water purposes. At the time of purchase, Aqua was faced with solving a "black water" issue and had to change the water treatment. A change to free chlorine cleared up the discolored water but posed a new challenge with disinfection byproducts known as total trihalomethanes (TTHMs). This development required a complete redesign of the disinfection processes at the two water treatment plants.

Aqua has implemented both a chloramination treatment, which reduces TTHM formation in the distribution system, and a rigorous distribution system monitoring program. We also have completed installation of a new water main to eliminate some dead-ends in the system to keep the water fresh and reduce TTHM formation.

Last year, Aqua conducted pilot tests of additional treatment processes at Chuluota's Water Treatment Plant No. 2 to address TTHM levels and odors, and we selected an ion exchange treatment system for installation. Construction started earlier this year. The treatment process consists of vessels containing special ion exchange resins designed for the removal of natural organic carbon and sulfide. The resins are periodically regenerated with brine. Pilot tests showed the process to be very effective in removing the natural precursors that form TTHMs and the sulfides that contribute to taste and odor in the water. During 2009 and 2010, Aqua will spend \$2 million on upgrades to the Chuluota water system, including the new ion exchange system.

Aqua also is working on plans to deliver the raw water from WTP No. 1 through WTP No. 2 so that all of the water distributed to the Chuluota system will go through the new ion exchange treatment in the most cost-effective and efficient manner.

All work related to the water system is expected to be completed this summer (2010).

Aqua is also completing \$350,000 in wastewater treatment upgrades to produce public-access irrigation water. This treatment strategy will help Aqua ameliorate the impact of groundwater withdrawals and eliminate the need to build a new spray field. Aqua's cost analysis shows that this was the lowest-cost alternative to our ratepayers to address permitting concerns with our wastewater facility.

Aqua Utilities Florida, Inc.  
1100 Thomas Avenue  
Leesburg, FL 34748  
[www.aquautilitiesflorida.com](http://www.aquautilitiesflorida.com)  
352.787.0980

3.15.10

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## **Zephyr Shores Water System**

Zephyr Shores is a community of about 500 Aqua Utilities Florida customers in Pasco County.

Aqua has worked diligently over the past several years to improve the operation and reliability of the Zephyr Shores system. As the Florida Public Service Commission noted in Aqua's last rate case decision, Aqua installed a second well and a generator to the system and entered a consent order with the Florida Department of Environmental Protection (FDEP) to address reliability and permitting issues. That consent order was closed on October 29, 2007. A consent order was issued in April 2009 for the late submittal of Quarterly Arsenic Samples, and that order was satisfied on August 24, 2009.

In the past year, Aqua has worked to tackle the aesthetic qualities — the look, smell and taste — of tap water in the system. Although these aesthetic qualities are considered "secondary" water quality standards, and Aqua has not exceeded the secondary standards for iron and manganese, Aqua has moved forward with initiatives to address customer concerns.

Like many Floridians, customers in Zephyr Shores get their water from the Floridan aquifer. The water can contain natural minerals that can accumulate in distribution system pipes. Sudden changes in flow in the distribution system can disturb deposits in the mains and cause discolored water. To address this issue, Aqua recently installed new flushing equipment and devised a systematic flushing schedule to clean the water mains. The program involves operating valves in a specific sequence to maximize the effectiveness of the flushing. This plan will address accumulated natural deposits in the mains and will reduce the incidents of discolored water.

Natural minerals in the water can also cause staining or deposit scale on fixtures over time and leave spots on glasses and dishes. Aqua has designed, permitted and installed a "sequestration" treatment system that will reduce the effects of natural minerals in the water. The FDEP has scheduled a clearance inspection for March 16, 2010, and Aqua expects to place the new treatment system in service shortly thereafter.

Many Zephyr Shores residents are "seasonal customers" — they live elsewhere during the summer months and return to Florida for the winter. That means water can sit in their service line or household plumbing for months, creating odors and discolored water. Customers might need to flush water through their fixtures and household plumbing after water has been standing in the pipes for an extended period of time.

Aqua management has been meeting with Zephyr Shores customers regularly to discuss customer concerns and create strategies to improve the look, taste and smell of their water. We will continue to talk with our customers and keep them informed as our plans progress.

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